

**NEW ISSUES
BOOK ENTRY ONLY**

**RATING: Moody's: "Baa2"
SEE "RATING"**

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, based on existing statutes, regulations, court decisions and administrative rulings, and assuming compliance with the tax covenants described herein, interest on the Series 2023A 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") and is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals. However, for tax years beginning after December 31, 2022, interest on the Series 2023A Bonds held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that interest on the Series 2023B Bonds is included in gross income for federal income tax purposes pursuant to the Code. Bond Counsel is further of the opinion that, based on existing law, for so long as interest on the Series 2023A Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is further of the opinion that, based on existing statutes, interest on the Series 2023B Bonds is not exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. See "TAX MATTERS" herein regarding certain other tax considerations.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
EDUCATIONAL REVENUE BONDS
(FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. — ROOSEVELT
CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT)**



\$31,315,000

Educational Revenue Bonds

**(Friends of Roosevelt Children's Academy Charter
School, Inc. - Roosevelt Children's Academy Charter
School Project), Series 2023A**

Consisting of

\$685,000

Educational Revenue Bonds

**(Friends of Roosevelt Children's Academy Charter
School, Inc. - Roosevelt Children's Academy Charter
School Project), Series 2023B (Taxable)**

Dated: Date of Issuance

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

The above-referenced Nassau County Local Economic Assistance Corporation Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A and Series 2023B (Taxable) are special limited revenue obligations of Nassau County Local Economic Assistance Corporation payable exclusively from Trust Revenues as described in this Official Statement. Undefined capitalized terms on this cover are defined in the text hereof or in APPENDIX I of this Official Statement.

The Series 2023 Bonds are special limited obligations of the Issuer, payable as to principal, Sinking Fund Installments, Redemption Price and interest, from and secured in part by (a) all loan repayments made or to be made by Friends of Roosevelt Children's Academy Charter School, Inc. under the Loan Agreement (except payments made with respect to the Issuer's Reserved Rights) and the Note, (b) all other amounts pledged to the Trustee by the Issuer or the Borrower to secure the Series 2023 Bonds or performance of their respective obligations under the Loan Agreement, the Lease Agreement and the Indenture, (c) the Net Proceeds (except proceeds with respect to the Issuer's Reserved Rights) of insurance settlements and Condemnation awards with respect to the Facility, (d) all payments received or otherwise realized by the Trustee under the Borrower DACA, the Lease Agreement and the Mortgage, (e) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (i) moneys, earnings and investments held in the Rebate Fund, (ii) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of which has been duly given, and (iii) as specifically otherwise provided, (f) any amounts realized through the exercise of any and all contract rights granted or assigned to the Trustee under the Security Documents and (g) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture. Notwithstanding anything to the contrary, the following amounts shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and such amounts shall not secure any amount payable on the Series 2023 Bonds: amounts held in the Rebate Fund.

THE SERIES 2023 BONDS AND THE INTEREST THEREON ARE A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SERIES 2023 BONDS ARE NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF INCLUDING, WITHOUT LIMITATION, NASSAU COUNTY, NEW YORK, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK. THE SERIES 2023 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED THEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" in this Official Statement.

Proceeds derived from the sale of the Series 2023 Bonds will be used by the Borrower for the purpose of paying or reimbursing the costs associated with: (a) the construction on the approximately one acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York of a new, approximately 50,787 sq. ft. school building facility; (b) the acquisition of and installation in and around the Improvements of certain items of machinery, fixtures, equipment and other items of tangible personal property and (c) funding of a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Series 2023 Bonds. Upon issuance of the Series 2023 Bonds, the Borrower will be the owner of the Land and Facility to be constructed thereon, and the Borrower will simultaneously lease the Facility to Roosevelt Children's Academy Charter School, a New York not-for-profit education corporation. See "THE SERIES 2023 PROJECT AND PLAN OF FINANCE" in this Official Statement.

The Series 2023 Bonds will be issued as fully registered bonds initially issued in the minimum authorized denomination of \$5,000 or any integral multiple thereof in the name of Cede & Co., as registered owner and nominee for The Depository Trust Borrower, New York, New York. Purchases of the Series 2023 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive physical certificates. The Series 2023 Bonds are subject to optional and mandatory redemption as described in this Official Statement. Interest on the Series 2023 Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2023. See "THE SERIES 2023 BONDS" in this Official Statement. **Purchase of the Series 2023 Bonds involves a degree of risk and the Series 2023 Bonds are a speculative investment. See "RISK FACTORS" in this Official Statement. Investors must read the entire Official Statement, including the Appendices hereto.**

SEE THE INSIDE FRONT COVER FOR THE MATURITY SCHEDULES FOR THE SERIES 2023 BONDS

The Series 2023 Bonds are offered, subject to prior sale, when, as and if accepted by D.A. Davidson & Co. and subject to an opinion as to the validity of the Series 2023 Bonds and the tax-exempt status of the Series 2023A Bonds by Harris Beach PLLC, Uniondale, New York, Bond Counsel; the approval of certain legal matters for the Issuer by its General Counsel, for the Borrower and the Charter School by its counsel, Cohen Schneider Law, P.C., New York, New York, and for the Trustee by its counsel, Paparone Law PLLC, New York, New York, and for the Underwriter by its counsel, Ballard Spahr LLP, Denver, Colorado, and certain other conditions. It is expected that delivery of the Series 2023 Bonds will be made on or about May 10, 2023 through the facilities of DTC.



D|A| DAVIDSON

DATED MAY 2, 2023

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
EDUCATIONAL REVENUE BONDS
(FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. — ROOSEVELT
CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT)**

MATURITY SCHEDULE

**\$31,315,000
Educational Revenue Bonds
(Friends of Roosevelt Children's Academy Charter School, Inc. —
Roosevelt Children's Academy Charter School Project)
Series 2023A**

\$ 4,480,000	4.000% Term Bond maturing July 1, 2033	Yield: 3.800%	Price: 101.666	CUSIP: 63165C AA0 [®] , ¹
\$ 8,765,000	5.000% Term Bond maturing July 1, 2043	Yield: 4.600% ²	Price: 103.207 ²	CUSIP: 63165C AB8 [®] , ¹
\$18,070,000	5.000% Term Bond maturing July 1, 2055	Yield: 4.950% ²	Price: 100.388 ²	CUSIP: 63165C AC6 [®] , ¹

**\$685,000
Educational Revenue Bonds
(Friends of Roosevelt Children's Academy Charter School, Inc. —
Roosevelt Children's Academy Charter School Project)
Series 2023B (Taxable)**

\$685,000 6.000% Term Bond maturing July 1, 2026, Yield: 6.000%, Price: 100.000 CUSIP: 63165C AD4[®],¹

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¹ None of the Issuer, Trustee, Borrower, or Charter School take responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Series 2023 Bonds.

² Yield and Price shown are to the earliest call date of July 1, 2033.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
EDUCATIONAL REVENUE BONDS
(FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. — ROOSEVELT
CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT)**

Issuer

Nassau County Local Economic Assistance Corporation
Mineola, New York

Bond Counsel

Harris Beach PLLC
Uniondale, New York

Borrower Board of Directors

Rev. Reginald Tuggle, Chairperson
Dr. Sydney Pigott, Secretary
Dr. Dean Olsen, Treasurer

Charter School Board of Trustees

Rev. Reginald Tuggle, Chairperson
Denise Washington, Esq., Vice Chairperson
Wanda Arroyo Coronel, Trustee
Toni Burden, Trustee
John SH Chien, Trustee
Darrell J. Garner, Trustee
Pastor Scott Williams, Trustee
Jamel V. Vandenburg, MPA, Trustee

Borrower's and Charter School's Counsel

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

Underwriter

D.A. Davidson & Co.
Denver, Colorado

Underwriter's and Disclosure Counsel

Ballard Spahr LLP
Denver, Colorado

Trustee, Bond Registrar, and Paying Agent

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

Trustee's Counsel

Paparone Law PLLC
New York, New York

No person has been authorized by the Issuer, the Underwriter, the Borrower or the Charter School to give any information regarding the Series 2023 Bonds, the Borrower, the Charter School, the Series 2023 Project, the offering contained herein, or related matters or to make any representations other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Official Statement has been furnished by or on behalf of the Issuer, the Borrower or the Charter School and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Neither the Issuer nor any of its members, directors, officers, agents, employees or representatives has reviewed this Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, directors, officers, agents, employees or representatives makes any representation as to the completeness, sufficiency, or truthfulness of the statements set forth in this Official Statement. None of the members, directors, officers, agents, employees or representatives of the Issuer nor any other person executing the Series 2023 Bonds are subject to personal liability by reason of the issuance of the Series 2023 Bonds. Other than the information under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer," the Issuer assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2023 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee neither has nor assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

References in this Official Statement to New York law, the Series 2023 Bonds, the Indenture, the Loan Agreement, the Depositary Agreement, the Borrower DACA, the Covenant Agreement, the Environmental Compliance and Indemnification Agreement, the Pledge and Security Agreement, the Assignment of Contracts and Interest in Licenses, Permits and Agreements, 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 Charter School.

THE SERIES 2023 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 2023 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2023 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 2023 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET," OR SIMILAR WORDS. THE BUDGET PROJECTION CONTAINED IN APPENDIX C ATTACHED TO THIS OFFICIAL STATEMENT 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 CHARTER SCHOOL DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS OR TO THE BUDGET PROJECTION IF OR WHEN ITS EXPECTATIONS CHANGE OR EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS OR FORECASTS ARE BASED OCCUR OR FAIL TO OCCUR.

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Official Statement

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION EDUCATIONAL REVENUE BONDS (FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. — ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT)

\$31,315,000

Educational Revenue Bonds
(Friends of Roosevelt Children's Academy Charter
School, Inc. — Roosevelt Children's Academy
Charter School Project),
Series 2023A

\$685,000

Educational Revenue Bonds
(Friends of Roosevelt Children's Academy Charter
School, Inc. — Roosevelt Children's Academy Charter
School Project), Series 2023B (Taxable)

INTRODUCTION

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

Issuer

The Issuer is a local development corporation existing under the laws of the State of New York, having its principal office at One West Street, 4th Floor, Mineola, New York 11501. The Issuer was formed pursuant to Resolution No. 255-2010 adopted by the County Legislature on September 20, 2010 and approved by the County Executive of Nassau County on September 21, 2010 ("**County Resolution**"), in accordance with the provisions of Section 1411 of the General Municipal Law of the State for the exclusively charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest. See "THE ISSUER" in this Official Statement.

Borrower

Friends of Roosevelt Children's Academy Charter School, Inc. (the "**Borrower**"), a New York not-for-profit corporation and exempt from federal taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"), formed for the sole purpose of furthering the educational and charitable purposes of Roosevelt Children's Academy Charter School, a New York not-for-profit education corporation and exempt from federal taxation pursuant to section 501(c)(3) of the Code (the "**Charter School**"). The Borrower received a 501(c)(3) determination letter on January 1, 2021, with an effective date of September 1, 2020, from the Internal Revenue Service. See "THE BORROWER" and "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL" in this Official Statement.

Charter School

The Charter School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Code. The Charter School currently operates within the boundaries of Roosevelt Union Free School District (the “**District**”), in the Town of Hempstead (the “**Town**”), in the State of New York (the “**State**”), offering kindergarten through grade 8. The Charter School was authorized on May 26, 2000 by The State University of New York’s Charter Schools Institute (“**SUNY**” or the “**Authorizer**”). The Charter School has received a renewal of its Charter through June 30, 2025 for the operation of a school serving kindergarten through grade 8, expected to enroll up to 900 students, with the ability to enroll up to 1,080 students per its agreement with SUNY. The Charter School received a 501(c)(3) determination letter in January of 2003 from the Internal Revenue Service. See “THE CHARTER SCHOOL” and “APPENDIX A—ROOSEVELT CHILDREN’S ACADEMY CHARTER SCHOOL” in this Official Statement. 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 Official Statement.

The Charter School currently operates its school at two locations. Students in grades kindergarten through 4th attend school at 105 Pleasant Avenue, Roosevelt, New York and 106 Pleasant Avenue, Roosevelt, New York (collectively, the “**Pleasant Avenue Campus**”). Students in grades 5th through 8th attend school at 200 Centennial Avenue, Roosevelt, New York (the “**Centennial Avenue Campus**”). Series 2023 Bond net proceeds will be used to construct improvements to the approximately one acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, New York, including a new, approximately 50,787 sq. ft. school building facility (the “**Facility**”).

Series 2023 Bonds

The Issuer is issuing its (a) Educational Revenue Bonds (Friends of Roosevelt Children’s Academy Charter School, Inc. — Roosevelt Children’s Academy Charter School Project), Series 2023A in the aggregate principal amount of \$31,315,000 (the “**Series 2023A Bonds**”) and (b) Educational Revenue Bonds (Friends of Roosevelt Children’s Academy Charter School, Inc. — Roosevelt Children’s Academy Charter School Project), Series 2023B (Taxable) in the aggregate principal amount of 685,000 (the “**Series 2023B Bonds**”) and collectively with the Series 2023A Bonds, the “**Series 2023 Bonds**”) for the purposes set forth below under “—Plan of Finance and Use of Proceeds”.

The Series 2023 Bonds are being issued pursuant to a Trust Indenture, dated as of May 1, 2023 (the “**Indenture**”), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), including any amendments or supplements thereto. The Series 2023 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof (“**Authorized Denominations**”). See “THE SERIES 2023 BONDS” in this Official Statement.

Plan of Finance and Use of Proceeds

The Issuer will loan the proceeds derived from the sale of the Series 2023 Bonds to the Borrower pursuant to the terms of a Loan Agreement, dated as of May 1, 2023 (the “**Loan Agreement**”), by and between the Issuer and the Borrower.

Series 2023A Bonds. Proceeds of the Series 2023A Bonds will be used by the Borrower to: (a) finance the construction, renovation, furnishing and equipping of a three-story approximately 50,787 square foot building (the “**Improvements**”) to be located on an approximately one acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, New York; (b) fund a debt service reserve fund for the benefit of the

Series 2023A Bonds; (c) fund capitalized interest on the Series 2023A Bonds; and (d) pay for certain costs related to the issuance of the Series 2023A Bonds (collectively, the **"Series 2023A Project"**).

The Facility to be constructed is currently owned by the Charter School and ownership thereof will be transferred to the Borrower upon issuance of the Series 2023 Bonds, and the Borrower will simultaneously lease the Facility to the Charter School pursuant to the terms of a Lease, dated as of April 26, 2023 (the **"Lease"**).

Series 2023B Bonds. Proceeds of the Series 2023B Bonds will be used by the Borrower to pay for certain costs related to the issuance of the Series 2023 Bonds (collectively, the **"Series 2023B Project"** and together with the Series 2023A Project, the **"Series 2023 Project"**).

The rents due under the Lease are planned to be sufficient to pay debt service on the Series 2023 Bonds as well as such other facilities-operational expenses as may be agreed to between Borrower and the Charter School from time to time. See **"THE SERIES 2023 PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS"** and **"APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL"** in this Official Statement.

Security for the Series 2023 Bonds

Pursuant to the Indenture, the Series 2023 Bonds are secured by (1)(a) all right, title and interest of the Issuer in and to the (i) all loan repayments made or to be made by Friends of Roosevelt Children's Academy Charter School, Inc. under the Loan Agreement (except payments made with respect to the Issuer's Reserved Rights) and the Note, (ii) all other amounts pledged to the Trustee by the Issuer or the Borrower to secure the Series 2023 Bonds or performance of their respective obligations under the Loan Agreement, the Lease Agreement and the Indenture, (iii) the Net Proceeds (except proceeds with respect to the Issuer's Reserved Rights) of insurance settlements and Condemnation awards with respect to the Facility, (iv) all payments received or otherwise realized by the Trustee under the Borrower DACA (defined below), the Lease and the Mortgage, (v) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (A) moneys, earnings and investments held in the Rebate Fund, (B) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of which has been duly given, and (C) as specifically otherwise provided, (vi) any amounts realized through the exercise of any and all contract rights granted or assigned to the Trustee under the Security Documents and (vii) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture (Notwithstanding anything to the contrary, the following amounts shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and such amounts shall not secure any amount payable on the Series 2023 Bonds: amounts held in the Rebate Fund) (collectively **"Trust Revenues"**); (2) any and all moneys and securities from time to time held by the Trustee under the terms of the Indenture, except (a) moneys deposited with or paid to the Trustee for the redemption of the Series 2023 Bonds, notice of which has been duly given, and (b) moneys on deposit in the Rebate Fund (as hereinafter defined); (3) any and all contract rights of the Issuer under the Security Documents; (4) any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture, by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee (collectively **"Trust Estate"**). The amounts payable by the Charter School under the Lease (the **"Rents"**) will be in amounts totaling not less than the debt service on the Series 2023 Bonds as the same become due and payable, but without acceleration, as well as such other facilities-operational expenses as may be agreed to between Borrower and the Charter School from time to time. The Borrower will enter into a Depositary Agreement, dated as of May 10, 2023 (the **"Depositary Agreement"**), by and between the Borrower and U.S. Bank Trust Company, National Association as depository bank (the **"Depositary Bank"**) for the creation of a deposit account (the **"Borrower Account"**) for the deposit of certain funds

received by the Borrower, including, but not limited to, the prompt deposit of Rents paid pursuant to the Lease from the Charter School. Pursuant to the terms of the Account Control Agreement (the "**Borrower DACA**") dated as of May 10, 2023, by and among the Trustee, as secured party thereunder, the Borrower and the Depositary Bank, the Borrower will grant a security interest in the Borrower Account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Bond Fund established under the Indenture. Rents are to be paid by the Charter School from Gross Revenues to the Depositary Bank into the Borrower Account created under the Depositary Agreement. Upon an Event of Default, the Trustee may exercise control of and have the right to make withdrawals from the Borrower Account subject to the Borrower DACA pursuant to the terms thereof.

All obligations of the Charter School due under the Lease are payable from the Gross Revenues of the Charter School. Gross Revenue is defined in the Covenant Agreement (as defined below) as all funds, money, grants, donations, or other distributions received by the Charter School from the State or any other sources, together with all other revenues, income or receipts of any kind whatsoever (collectively, "**Gross Revenues**"). There is no pledge of the Charter School's revenues nor guaranty from the Charter School. The Lease payments by the Charter School to Borrower are unsecured contractual obligations.

The Series 2023 Bonds will also be secured by a Mortgage and Security Agreement and Assignment of Leases and Rents (Project Loan) and a Mortgage and Security Agreement and Assignment of Leases and Rents (Building Loan), each dated as of May 10, 2023, and each from the Borrower and the Charter School to the Issuer (as each of the same may hereafter be amended or supplemented (collectively the "**Mortgage**"), which Mortgage will be assigned by the Issuer to the Trustee pursuant to an Assignment of Mortgage dated as of May 10, 2023 (the "**Assignment of Mortgage**") from the Issuer to the Trustee for the benefit of the holders of the Series 2023 Bonds. The Borrower and the Issuer will additionally enter into a Building Loan Agreement dated as of May 10, 2023 (the "**Building Loan Agreement**").

The Charter Schools Act prohibits the Charter School from pledging or assigning Education Aid and other amounts payable by the New York State Education Department ("**NYSED**") or the federal government to the Charter School. Upon an Event of Default, the Trustee may exercise control of and have the right to make withdrawals from the Borrower Account subject to the Borrower DACA pursuant to the terms thereof.

There is no pledge of the Charter School's revenues nor guaranty from the Charter School securing the Series 2023 Bonds. The Lease payments by the Charter School to Borrower are unsecured contractual obligations. The Borrower's expected sources of revenue for the Loan Payments is from Rent due under the Lease. The Series 2023 Bonds are additionally secured by the Mortgage on the Facility. No other property of the Charter School or the Borrower is pledged for the repayment of the Series 2023 Bonds. See "**RISK FACTORS—Dependence on Borrower's Ability to Pay Loan Payments; Ability of School to Pay the Rents.**"

Pursuant to a Covenant Agreement, dated as of May 10, 2023 (the "**Covenant Agreement**"), by and among the Charter School, the Issuer, and the Trustee, the Charter School will fulfill certain covenants and agreements in order to provide additional security for timely payment of amounts due under the Lease, for the benefit of the holders of the Series 2023 Bonds and any Additional Bonds issued under the Indenture. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS**" in this Official Statement.

Additionally, pursuant to an Environmental Compliance and Indemnification Agreement, dated as of May 10, 2023 (the "**Environmental Compliance and Indemnification Agreement**"), by the Charter School and the Borrower for the benefit of the Issuer and the Trustee, the Charter School will make certain covenants for the benefit of the Issuer and the Trustee.

The Borrower has agreed to enter into a Pledge and Security Agreement (the “**Pledge and Security Agreement**”) evidencing a grant of the security interest to the Trustee as contained in the Pledge and Security Agreement. Pursuant to the Pledge and Security Agreement, as security for the payment and performance of all obligations and liabilities of the Borrower pursuant to the Loan Agreement, the Project Documents (as defined in the Indenture), the Bond Purchase Agreement including all regularly scheduled payments and Obligations, the Borrower continuously pledges, grants a security interest in, lien upon and assigns to the Trustee all of the Borrower’s rights, title and interest in and to the following, whether now owned or hereafter acquired (collectively the “**Collateral**”): (a) the Gross Revenues of the Borrower from any source in connection with the Facility, including Rent under the Lease; (b) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and (c) all proceeds of any of the above.

The Borrower has additionally agreed to enter into an Assignment of Contracts and Interest In Licenses, Permits and Agreements (the “**Assignment of Contracts**”) to grant to the Trustee a lien on and perfected security interest in, the Contracts and Permits (each as defined in the Assignment of Contracts), as security for the payment and performance of all obligations of the Borrower to the Trustee under the Assignment of Contracts, and under the Promissory Notes, the Indenture, and the Mortgage, and as security for all obligations of any nature of the Borrower to the Trustee, the intended assignee of the Issuer.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” and “APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE” in this Official Statement.

Special, Limited Obligations

THE SERIES 2023 BONDS AND THE INTEREST THEREON ARE A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SERIES 2023 BONDS ARE NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF INCLUDING, WITHOUT LIMITATION, NASSAU COUNTY, NEW YORK, AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK. THE SERIES 2023 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED THEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

Risk Factors

Purchase of the Series 2023 Bonds involves a degree of risk and the Series 2023 Bonds are a speculative investment. A prospective purchaser of the Series 2023 Bonds is advised to read this entire Official Statement including the Appendices attached hereto in their entirety, particularly the section entitled “RISK FACTORS” in this Official Statement, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2023 Bonds.

Optional and Mandatory Redemption

See “THE SERIES 2023 BONDS—Redemption of Series 2023 Bonds” in this Official Statement.

Exchange and Transfer

While the Series 2023 Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners may be made as described in “THE SERIES 2023 BONDS” and “APPENDIX H—BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

Payment

Interest accrues on the Series 2023 Bonds at the rates set forth on the inside front cover of this Official Statement from their date of issuance and is payable on January 1 and July 1 of each year, commencing July 1, 2023 (each an “**Interest Payment Date**”). The Series 2023 Bonds mature as set forth on the inside front cover of this Official Statement. Interest on and the principal of the Series 2023 Bonds is payable as described under the heading “THE SERIES 2023 BONDS” in this Official Statement.

Trustee, Bond Registrar and Paying Agent

U.S. Bank Trust Company, National Association in New York, New York, is acting as Trustee, Bond Registrar and Paying Agent. See “THE TRUSTEE” in this Official Statement.

Form

The Series 2023 Bonds will be registered under a book-entry system in the name of The Depository Trust Borrower (“**DTC**”) or its nominees. See “THE SERIES 2023 BONDS” in this Official Statement.

Tax Status

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, based on existing statutes, regulations, court decisions and administrative rulings, and assuming compliance with the tax covenants described herein, interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (as previously defined, the “**Code**”) and is not an “item of tax preference” for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that interest on the Series 2023B Bonds is included in gross income for federal income tax purposes pursuant to the Code. Bond Counsel is further of the opinion that, based on existing law, for so long as interest on the Series 2023A Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is further of the opinion that, based on existing statutes, interest on the Series 2023B Bonds is not exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). See “TAX MATTERS” herein regarding certain other tax considerations.

Continuing Disclosure Agreement

Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the “**Rule**”), the Borrower and the Charter School have agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2023 Bonds to provide certain financial information, other operating data and notices of material events. Neither the Borrower nor the Charter

School has been subject to any prior continuing disclosure undertaking under the Rule. See "CONTINUING DISCLOSURE," and "APPENDIX G—FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

Delivery Information

The Series 2023 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 2023 Bonds will be made on or about May 10, 2023 through the facilities of DTC in New York, New York, against payment therefor.

Bond Counsel and Other Counsels; Underwriter

Harris Beach PLLC, Uniondale, New York, is acting as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Borrower and the Charter School by its counsel, Cohen Schneider Law, P.C., New York, New York. Certain legal matters will be passed upon for the Trustee by its counsel, Paparone Law PLLC, New York, New York and for the Underwriter by its counsel, Ballard Spahr LLP, Denver, Colorado. D.A. Davidson & Co., Denver, Colorado will serve as the Underwriter for the Series 2023 Bonds. See "UNDERWRITING" in this Official Statement.

Additional Information

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

Audited Financial Statements

The audited financial statements of the Charter School for the fiscal years ended June 30, 2022 and June 30, 2021 are included in this Official Statement as APPENDIX D and APPENDIX E, respectively. The financial statements in APPENDIX D and APPENDIX E were audited by Reid CPAs, LLP. See "AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL" and "APPENDIX D—AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND 2021" and "APPENDIX E—AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2021 AND JUNE 30, 2020" in this Official Statement. The financial statements for the fiscal year ended June 30, 2022 are the most recent audited financial statements available for the Charter School.

Budget Projection

The Budget Projection (the "**Budget Projection**") attached hereto in APPENDIX C is a projection of the future financial performance of the Charter School based upon certain assumptions made by the Charter School and contained therein. NO ASSURANCES CAN BE GIVEN THAT THE OPERATIONS OF THE CHARTER SCHOOL WILL EQUAL OR EXCEED THE SERIES 2023 PROJECTED FUTURE

FINANCIAL PERFORMANCE SET FORTH IN THE BUDGET PROJECTION. The Budget Projection is for the five (5) fiscal years of the Charter School ending June 30, 2024 through June 30, 2028.

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

Miscellaneous

This Official Statement (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgage, the Lease, the Assignment of Mortgage, the Environmental Compliance and Indemnification Agreement, the Pledge and Security Agreement, the Assignment of Contracts and Interest in Licenses, Permits and Agreements, the Covenant Agreement, the Continuing Disclosure Agreement, the Issuer, the Facility, the Series 2023 Project, the Borrower, the Charter School and the Series 2023 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 Nassau County Local Economic Assistance Corporation is a local development corporation existing under the laws of the State of New York, having its principal office at One West Street, 4th Floor, Mineola, New York 11501. The Issuer was formed pursuant to Resolution No. 255-2010 adopted by the County Legislature on September 20, 2010 and approved by the County Executive of Nassau County on September 21, 2010 ("**County Resolution**"), in accordance with the provisions of Section 1411 of the General Municipal Law of the State for the exclusively charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of, or retention of; an industry in the community or area, and lessening the burdens of government and acting in the public interest.

THE SERIES 2023 BONDS AND THE INTEREST THEREON ARE A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SERIES 2023 BONDS ARE NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF INCLUDING, WITHOUT LIMITATION, NASSAU COUNTY, NEW YORK, AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK. THE SERIES 2023 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED THEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

Except for the information contained herein under the caption "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION" insofar as it relates to the Issuer, the Issuer has not provided any of the

information contained in this Official Statement. The Issuer is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the Borrower, the Lender, and the Underwriter or any other person. NO COVENANT OR AGREEMENT CONTAINED IN THE SERIES 2023 BONDS OR IN THE APPLICABLE INDENTURE OR THE APPLICABLE LOAN AGREEMENT, OR IN ANY DOCUMENT CONNECTED THEREWITH SHALL BE DEEMED TO BE THE COVENANT OR AGREEMENT OF ANY MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER IN HIS/HER INDIVIDUAL CAPACITY. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL, SINKING FUND REDEMPTION AMOUNT OR REDEMPTION PRICE OF, OR THE INTEREST ON, THE SERIES 2023 BONDS OR FOR ANY CLAIM BASED THEREON OR ON THE INDENTURE OR THE LOAN AGREEMENT, AGAINST ANY MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE, PAST, PRESENT OR FUTURE, OF THE ISSUER, OR OF ANY SUCCESSOR CORPORATION, AS SUCH, EITHER DIRECTLY, OR THROUGH THE ISSUER OR ANY SUCH SUCCESSOR CORPORATION, WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE, OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY, OR OTHERWISE, ALL SUCH LIABILITY OF SUCH MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, BEING RELEASED AS A CONDITION OF, AND AS CONSIDERATION FOR, THE EXECUTION AND DELIVERY OF THE SERIES 2023 BONDS AND THE APPLICABLE INDENTURE. THE SERIES 2023 BONDS ARE NEITHER A GENERAL OBLIGATION OF THE ISSUER, NOR A DEBT OR INDEBTEDNESS OF NASSAU COUNTY OR THE STATE OF NEW YORK AND NEITHER NASSAU COUNTY NOR THE STATE OF NEW YORK WILL BE LIABLE THEREON.

THE BORROWER

The Borrower is a New York not-for-profit corporation formed on September 1, 2020. The Borrower is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to "unrelated business taxable income" within the meaning of Section 512(a) of the Code) and which is not a "private foundation" as defined in Section 509(a) of the Code. The Borrower received a 501(c)(3) determination letter on April 15, 2021 with an effective date of September 1, 2020, from the Internal Revenue Service.

The Borrower adopted its Bylaws on October 21, 2020. Pursuant to the Borrower's Bylaws, the Borrower's property, business, and affairs are vested in the Borrower and managed by a self-perpetuating Board of Directors, which has the powers and duties necessary or appropriate for the administration of the affairs of the Borrower as are permitted by law, the Certificate of Incorporation of the Borrower and the Bylaws. The Borrower's Board of Directors consists of no fewer than three and not more than seven directors. The number of Directors may be increased or decreased by action of a majority of the entire Borrower's Board of Directors, provided, however, that no decrease shall shorten the term of any incumbent Director. Directors on the Borrower's Board of Directors are elected by the board at its annual meeting. Each Director serves until the next succeeding annual meeting and until such director's successor is elected or qualified.

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

Board of Directors		
Name	Occupation	Office
Rev. Reginald Tuggle	Pastor (retired)	Board Chair
Dr. Sydney Pigott	Dentist	Secretary
Dr. Dean Olsen	Physician	Treasurer

The Facility will be owned by the Borrower and leased to the Charter School pursuant to the Lease.

THE CHARTER SCHOOL

Roosevelt Children's Academy Charter School (the "**Charter School**") is an education corporation within the boundaries of Roosevelt Union Free School District (the "**District**"), in the Town of Hempstead (the "**Town**"), in the State of New York (the "**State**").

The Charter School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the "**Charter Schools Act**"), and an organization described in Section 501(c)(3) of the Code. The Charter School currently operates within the boundaries of the District in the Town. The Charter School was authorized on May 26, 2000 by The State University of New York's Charter Schools Institute ("**SUNY**" or the "**Authorizer**"). The Charter School has received a renewal of its Charter through June 30, 2025 for the operation of a school serving kindergarten through grade 8, expected to enroll up to 900 students, with the ability to enroll up to 1,080 students per its agreement with SUNY. The Charter School received a 501(c)(3) determination letter in January of 2003 from the Internal Revenue Service. See also "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL" in this Official Statement. 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 Official Statement.

The Charter School currently operates its school at two locations. Students in grades kindergarten through 4th attend school at 105 Pleasant Avenue, Roosevelt, New York and 106 Pleasant Avenue, Roosevelt, New York (the "**Pleasant Avenue Campus**"). Students in grades 5th through 8th attend school at 200 Centennial Avenue, Roosevelt, New York (the "**Centennial Avenue Campus**"). Series 2023 Bond net proceeds will be used to construct improvements to the approximately one acre parcel of land (the "**Facility Land**") located at 111-115 Pleasant Avenue, Roosevelt, New York, including a new, approximately 50,787 sq. ft. school building facility (the "**Facility**"). The Charter School acquired the Facility Land in March of 2018, for approximately \$2,528,000, which was consistent with the appraised value at that time. Upon issuance of the Series 2023 Bonds, title to the Facility Land will be transferred to the Borrower, and the Facility to be constructed will be leased to the Charter School pursuant to the terms of the Lease.

The Charter School is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to "unrelated business taxable income" within the meaning of Section 512(a) of the Code) and which is not a "private foundation" as defined in Section 509(a) of the Code. The Charter School operates as a New York not-for-profit education corporation and as such is governed by the law applicable to such entities and its Charter and Bylaws. The Charter School's Charter and Bylaws provide that the Charter School is controlled by a Board of Trustees. For more information with respect to the Charter School and its history and operations, see "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL" in this Official Statement. The Charter School will have no obligations under the Loan Agreement or under the Promissory Notes to make Loan Payments under the Loan Agreement or pay debt service on the Series 2023 Bonds.

See also "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL" in this Official Statement. 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 Official Statement.

THE SERIES 2023 PROJECT AND PLAN OF FINANCE

Use of Proceeds of the Series 2023A Bonds

Proceeds of the Series 2023A Bonds will be used by the Borrower to: (a) finance the construction, renovation, furnishing and equipping of a three-story approximately 50,787 square foot building located on an approximately one acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, New York; (b) fund a debt service reserve fund for the benefit of the Series 2023A Bonds; (c) fund capitalized interest on the Series 2023A Bonds; and (d) pay for certain costs related to the issuance of the Series 2023A Bonds.

See "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL"

Series 2023 Project costs in excess of the amount deposited into the Project Fund from Series 2023 Bond proceeds will need to be paid from legally available funds of the Charter School. See "RISK FACTORS—Construction Risk Relating to the Facility."

Use of Proceeds of the Series 2023B Bonds

Proceeds of the Series 2023B Bonds will be used by the Borrower to pay for certain costs related to the issuance of the Series 2023 Bonds.

SOURCES AND USES OF FUNDS

Following are the estimated sources and uses for funds (excluding investment income) associated with the Series 2023 Project and the issuance of the Series 2023 Bonds:

Sources of Funds

Series 2023A Bond Proceeds	\$31,315,000.00
Original Issue Premium	425,841.95
Series 2023B Bond Proceeds	<u>685,000.00</u>
Total Sources of Funds	<u>\$32,425,841.95</u>

Uses of Funds

Deposit to Project Fund	\$27,342,754.37
Deposit to the Series 2023 Capitalized Interest Account	1,803,840.42
Deposit to Reserve Fund	2,041,750.00
Costs of Issuance and Real Estate Closing Costs ¹	<u>1,237,497.16</u>
Total Uses of Funds	<u>\$32,425,841.95</u>

¹ Includes Underwriter's compensation, legal fees and expenses, printing, title insurance, Trustee fees, Issuer fees, accountant fees, real estate costs and other expenses associated with the issuance of the Series 2023 Bonds.

DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to each of the Series 2023A Bonds and the Series 2023B Bonds, as well the total debt service on the Series 2023 Bonds, assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Funds and Accounts established under the Indenture. Interest on the Series 2023 Bonds will be paid on January 1 and July 1 of each year, commencing July 1, 2023. Principal of the Series 2023 Bonds will be paid on July 1 of each year, commencing July 1, 2025.

Year Ending (July 1)	Series 2023A		Series 2023B		Total Debt Service
	Principal Amount	Interest Amount	Principal Amount	Interest Amount	
2023	\$ --	\$215,468	\$ --	\$ 5,823	\$ 221,291
2024	--	1,520,950	--	41,100	1,562,050
2025	--	1,520,950	475,000	41,100	2,037,050
2026	295,000	1,520,950	210,000	12,600	2,038,550
2027	530,000	1,509,150	--	--	2,039,150
2028	550,000	1,487,950	--	--	2,037,950
2029	575,000	1,465,950	--	--	2,040,950
2030	595,000	1,442,950	--	--	2,037,950
2031	620,000	1,419,150	--	--	2,039,150
2032	645,000	1,394,350	--	--	2,039,350
2033	670,000	1,368,550	--	--	2,038,550
2034	700,000	1,341,750	--	--	2,041,750
2035	730,000	1,306,750	--	--	2,036,750
2036	770,000	1,270,250	--	--	2,040,250
2037	805,000	1,231,750	--	--	2,036,750
2038	845,000	1,191,500	--	--	2,036,500
2039	890,000	1,149,250	--	--	2,039,250
2040	935,000	1,104,750	--	--	2,039,750
2041	980,000	1,058,000	--	--	2,038,000
2042	1,030,000	1,009,000	--	--	2,039,000
2043	1,080,000	957,500	--	--	2,037,500
2044	1,135,000	903,500	--	--	2,038,500
2045	1,190,000	846,750	--	--	2,036,750
2046	1,250,000	787,250	--	--	2,037,250
2047	1,315,000	724,750	--	--	2,039,750
2048	1,380,000	659,000	--	--	2,039,000
2049	1,450,000	590,000	--	--	2,040,000
2050	1,520,000	517,500	--	--	2,037,500
2051	1,600,000	441,500	--	--	2,041,500
2052	1,680,000	361,500	--	--	2,041,500
2053	1,760,000	277,500	--	--	2,037,500
2054	1,850,000	189,500	--	--	2,039,500
2055	<u>1,940,000</u>	<u>97,000</u>	--	--	<u>2,037,000</u>
TOTAL	<u>\$31,315,000</u>	<u>\$32,882,618</u>	<u>\$685,000</u>	<u>\$100,623</u>	<u>\$64,983,241</u>

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of New York's current system for funding charter schools. Prospective purchasers of the Series 2023 Bonds should note that the overview contained below and the summary of relevant New York state law provisions contained in "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" hereto are provided for the convenience

of prospective purchasers but are not and do not purport to be comprehensive. Potential purchasers should note that the law applicable to charter schools in New York has developed over time and is subject to further changes in the future. See "RISK FACTORS—Changes in Law; Annual Appropriation; Inadequate Education Aid Payments" in this Official Statement.

General

Charter schools in New York are eligible to receive funds from State, federal and private sources. The principal source of charter school funding in New York is "Charter School Basic Tuition" which is paid directly to a charter school by the school district of residence of each student enrolled in the charter school. The enrollment of students attending charter schools is included in the enrollment, attendance, membership and, if applicable, count of students with disabilities of the school district in which the pupil resides. The amount of Charter School Basic Tuition for a particular school year paid by a school district is derived from formulas based on the school district's "Expense Per Pupil" as defined in the State Education Law. See "—Charter School Basic Tuition" below for a more detailed description. In addition, the school district of residence of a student with a disability attending a charter school is required to pay directly to such charter school any federal or state aid attributable to such student in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. 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 "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Official Statement.

Charter School Basic Tuition

Charter School Basic Tuition is calculated according to a series of statutory formulas, which are detailed and complicated. By way of overview, a description of the Charter School Basic Tuition formula is provided in this section. Pursuant to Section 2856 of the Charter Schools Act, Charter School Basic Tuition is equal to the school district's "Expense Per Pupil" for the year prior to the "Base Year" (i.e., the school year immediately preceding the current year) increased by the percentage change in the state total "Approved Operating Expense" from two (2) years prior to the Base Year to the Base Year, with certain adjustments set forth for each school year. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Financing of Charter Schools" in this Official Statement for a detailed description of the Charter School Basic Tuition for each school year. The calculation for Expense Per Pupil is a function of Approved Operating Expense for the year prior to the Base Year divided by the sum, computed using year prior to the Base Year pupil counts, of: (a) "Total Aidable Pupil Units" and (b) "Weighted Pupils With Disabilities." See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Charter School Basic Tuition" in this Official Statement for a detailed discussion of the Charter School Basic Tuition formula and applicable definitions, including "Approved Operating Expense."

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

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

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

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

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

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

(b) for placement for 30% or more of the school week in a resource room or special services or programs including related services required for 30% or more of the school week, or in the case of pupils in grades 7-12 or a multi-level middle school program or in the case of pupils in grades 4-6 in an elementary school operating on a period basis, the equivalent of five (5) periods per week, but not less than the equivalent of 180 minutes in a resource room or in other special services or programs including related services, or for at least two (2) hours per week of direct or indirect consultant teacher services, the special services weighting is 90%.

The Charter School Basic Tuition is set annually in June. School districts 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 Official Statement.

Federal and State Aid Attributable to a Student with a Disability

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

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

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

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

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

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

THE SERIES 2023 BONDS

Interest; Maturity; Payment

Generally. The Series 2023 Bonds will bear interest from their date, all as set forth on the inside front cover hereof. Interest on the Series 2023 Bonds will be payable semi-annually on January 1 and July 1 (each an “**Interest Payment Date**”) of each year, commencing on July 1, 2023. Interest on the Series 2023 Bonds will be calculated on the basis of a 360-day year with twelve (12) months of thirty (30) days.

The Series 2023 Bonds will be issued in the form of fully registered bonds without coupons in Authorized Denominations. The principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, on the Series 2023 Bonds will be payable when due by wire of the Trustee to The Depository Trust Borrower, New York, New York (“**DTC**”), which will in turn remit such principal, Sinking Fund Installments, interest and redemption premium, if any, to Participants, which Participants will in turn remit such principal, Sinking Fund Installments, interest and redemption premium, if any, to the Beneficial Owners of the Series 2023 Bonds as described in this Official Statement. See “APPENDIX H—BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

In the event the Series 2023 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, Sinking Fund Installments for, and Redemption Price of the Series 2023 Bonds will be payable by check or draft or wire transfer to the persons in whose names such Bonds are registered on the registration books maintained by the Trustee as Bond Registrar at the maturity or redemption thereof, or with respect to any payment in full of any Series 2023 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 2023 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2023 Bond as shown on the bond registration books of the Trustee at the close of business on the regular Record Date for such interest, by check or draft mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or if such Series 2023 Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Series 2023 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

Payment Default. Interest on any Series 2023 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 2023 Bond on the relevant regular Record Date and shall be payable to the owner in whose name such Series 2023 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 2023 Bonds

General Optional Redemption.

Series 2023 Bonds. General Optional Redemption.

The Series 2023A Bonds are subject to redemption, on or after July 1, 2023, in whole at any time or in part on any Interest Payment Date (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$5,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement), at the

Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2023A Bonds to be redeemed, plus accrued interest to the date of redemption.

The Series 2023B Bonds are not subject to optional redemption.

Extraordinary Redemption. The Series 2023 Bonds are also subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Borrower (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price 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:

(a) 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 Borrower 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

(b) 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 Borrower 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

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

If the Series 2023 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Borrower shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Borrower stating that, as a result of the occurrence of the event giving rise to such redemption, the Borrower has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Sinking Fund Installment Redemption.

(a) The Series 2023A Bonds maturing on July 1, 2033 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2026	\$295,000
2027	530,000
2028	550,000
2029	575,000
2030	595,000
2031	620,000
2032	645,000
2033 ¹	670,000

¹ Final maturity.

The Series 2023A Bonds maturing on July 1, 2043 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2034	\$ 700,000
2035	730,000
2036	770,000
2037	805,000
2038	845,000
2039	890,000
2040	935,000
2041	980,000
2042	1,030,000
2043 ¹	1,080,000

¹ Final maturity.

The Series 2023A Bonds maturing on July 1, 2055 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2044	\$1,135,000
2045	1,190,000
2046	1,250,000
2047	1,315,000
2048	1,380,000
2049	1,450,000
2050	1,520,000
2051	1,600,000
2052	1,680,000
2053	1,760,000
2054	1,850,000
2055 ¹	1,940,000

¹ Final maturity.

The Series 2023B Bonds maturing on July 1, 2026 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2025	\$475,000
2026 ¹	210,000

¹ Final maturity.

Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Series 2023 Bonds are to 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 excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility, in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2023 Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption Upon Failure to Operate the Facility for Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2023 Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (x) the Borrower 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, or (y) the Borrower has committed a material violation of a material Legal Requirement, or (ii) the Borrower shall fail to obtain or maintain the public liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Borrower shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Borrower of written notice of such default or failure from the Issuer and a demand by the Issuer on the Borrower to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2023 Bonds, together with interest accrued thereon to the date of redemption.

Mandatory Taxability Redemption. The Series 2023A Bonds are to be redeemed in whole as soon as practicable after the occurrence of an Event of Taxability and the receipt by the Trustee of written notice from any Holder or the Borrower of the occurrence of an Event of Taxability (but in no event later than one hundred twenty (120) days following the date the Trustee is notified of an Event of Taxability pursuant to this paragraph) at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date.

Notice of Redemption. When redemption of any Bonds is requested or required pursuant to the Indenture, the Trustee is to give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Series 2023 Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Series 2023 Bonds or portions thereof to be payable and, if less than all of the Series 2023 Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to at least two (2) of the national information services that disseminate redemption notices. The Trustee is to call Series 2023A Bonds for redemption as provided in the Indenture as soon as practicable (but in no event more than one hundred twenty (120) days following the date the Trustee is notified of Event of Taxability pursuant to the Indenture without the need for further direction from the Issuer or the Borrower. Any notice mailed as provided under this heading shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee is to give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee is to mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any redemption date is to be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this paragraph is to be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

If notice of redemption shall have been given as aforesaid, the Series 2023 Bonds of such Series called for redemption shall become due and payable on the redemption date, provided, however, that with

respect to any optional redemption of the Series 2023 Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2023 Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Series 2023 Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Series 2023 Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

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

So long as the Securities Depository is effecting book entry transfers of the Series 2023 Bonds, the Trustee shall provide the notices specified above only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2023 Bond so affected, shall not affect the validity of the redemption of such Bond.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

Special Limited Revenue Obligations

THE SERIES 2023 BONDS AND THE INTEREST THEREON ARE A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SERIES 2023 BONDS ARE NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF INCLUDING, WITHOUT LIMITATION, NASSAU COUNTY, NEW YORK, AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK. THE SERIES 2023 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED THEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

General

Under the Loan Agreement, the Issuer agrees to issue the Series 2023 Bonds and to lend the proceeds thereof to the Borrower to finance the Series 2023 Project, and the Borrower is obligated unconditionally to repay the Loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2023 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein. Among other things, the Borrower will covenant not to grant any liens (other than the lien effected by the Loan Agreement

and Permitted Encumbrances) on all or any portion of the Facility. The obligation of the Borrower to make Loan Payments under the Loan Agreement and the Promissory Notes sufficient to pay the Series 2023 Bonds is an absolute and unconditional obligation of the Borrower; provided, however, that the ability of the Borrower to generate additional revenues is limited in the event payments of the Rents by the Charter School under the Lease are insufficient for the Borrower to make Loan Payments. Under the Loan Agreement, Loan Payment Dates are each January 5, March 5, May 5, July 5, September 5 and November 5. See "APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE—Form of Loan Agreement" in this Official Statement.

Pursuant to the terms of the Mortgage, the Borrower will grant to the Issuer and the Trustee Mortgages liens on and security interests in the Facility, subject to Permitted Encumbrances, which Mortgages will be assigned by the Issuer to the Trustee pursuant to the terms of the Assignment of Mortgage. The liens and security interests created by the Indenture and the Mortgage are for the equal and ratable benefit of the owners of the Series 2023 Bonds. The Loan Agreement and the Mortgage contain the general liability insurance and property insurance requirements for the Borrower. See "RISK FACTORS" in this Official Statement for a discussion of certain limitations on the enforceability of the security for the Series 2023 Bonds.

Lease

The Borrower will lease the Facility to the Charter School subject to the terms and conditions of the Lease. The Lease commences upon the closing and transfer of title to the Facility to the Borrower simultaneously with the issuance and delivery of the Series 2023 Bonds and terminates on June 30, 2071, if not earlier terminated in accordance with its terms. The amounts payable by the Charter School under the Lease (the "**Rents**" or "**Lease Rent Payments**") will be in amounts totaling not less than the debt service on the Series 2023 Bonds as the same become due and payable, but without acceleration, amounts due under the Lease as well as such other facilities-operational expenses as may be agreed to between Borrower and the Charter School from time to time. The Borrower will enter into a Deposit Agreement, dated as of May 10, 2023 (the "**Depositary Agreement**"), by and between the Borrower and U.S. Bank Trust Company, National Association as depository bank (the "**Depositary Bank**") for the creation of a deposit account (the "**Borrower Account**") for the deposit of certain funds received by the Borrower, including, but not limited to, the prompt deposit of Rents paid pursuant to the Lease from the Charter School. Pursuant to the terms of the Deposit Account Control Agreement (the "**Borrower DACA**") dated as of May 10, 2023, by and among the Trustee, as secured party thereunder, the Borrower and the Depositary Bank, the Borrower will grant a security interest in the Borrower Account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Bond Fund established under the Indenture. Rents are to be paid by the Charter School from Gross Revenues to the Depositary Bank into the Borrower Account created under the Depositary Agreement. Upon an Event of Default, the Trustee may exercise control of and have the right to make withdrawals from the Borrower Account subject to the Borrower DACA pursuant to the terms thereof. Amounts held in the Borrower Account may not be sufficient to pay the debt service obligations on the Series 2023 Bonds.

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

See "APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE—Form of Lease" in this Official Statement" for a more complete description of the Lease.

Mortgages; Building Loan Agreement; Environmental Compliance and Indemnification Agreement

The Series 2023 Bonds will also be secured by (a) a Mortgage lien on and security interests in the Borrower's fee title to and the Charter School's leasehold interest in the Facility pursuant to (i) a Mortgage and Security Agreement (Building Loan) and (ii) a Mortgage and Security Agreement (Indirect Loan), recorded against the Facility (collectively, the "**Mortgages**"); each dated as of May 10, 2023 and each from the Borrower and the Charter School to the Issuer; as assigned by the Issuer to the Trustee under the terms of (b) (i) an Assignment of Mortgage and Security Agreement (Building Loan) and (ii) an Assignment of Mortgage and Security Agreement (Indirect Loan), with respect to the Mortgage; each dated as of May 10, 2023 (collectively, the "**Assignment of Mortgage**"). The Borrower and the Issuer will execute and deliver the Building Loan Agreement in connection with the foregoing. The Series 2023 Bonds are further secured by a lien and security interest in the Trust Estate of the Borrower pursuant to, and as defined in the Indenture. Additionally, the Borrower and the Charter School shall execute and deliver a certain Environmental Compliance and Indemnification Agreement, dated as of May 10, 2023 (the "**Environmental Compliance and Indemnification Agreement**") in favor of the Issuer and the Trustee.

Pledge and Security Agreement

The Borrower has agreed to enter into a Pledge and Security Agreement (the "**Pledge and Security Agreement**") evidencing a grant of the security interest to the Trustee as contained in the Pledge and Security Agreement. Pursuant to the Pledge and Security Agreement, as security for the payment and performance of all obligations and liabilities of the Borrower pursuant to the Loan Agreement, the Project Documents (as defined in the Indenture), the Bond Purchase Agreement including all regularly scheduled payments and Obligations, the Borrower continuously pledges, grants a security interest in, lien upon and assigns to the Trustee all of the Borrower's rights, title and interest in and to the following, whether now owned or hereafter acquired (collectively the "**Collateral**"): (a) the Gross Revenues of the Borrower from any source in connection with the Facility, including Rent under the Lease; (b) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and (c) all proceeds of any of the above.

"Gross Revenue" is defined in the Pledge and Security Agreement as all accounts, receivables, receipts, revenues, rentals, income and other moneys received by or on behalf of the Borrower from any source in connection with the Facility (including without limitation the Lease), including, without limitation, all other operating and non-operating revenues, and all rights to receive the same whether in the form of accounts receivables, contract rights, chattel paper, instruments, general intangibles of the Borrower and the proceeds thereof, the proceeds of any insurance coverage's on and condemnation awards in respect of the Series 2023 Project or any gain on the sale or other disposition of the Mortgaged Premises (as defined in the Mortgage); all of the foregoing, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Borrower in connection with the Facility; and including all gifts, grants, bequests, donations and contributions, except those heretofore or hereafter made, designated at the time of making by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payments due from the Borrower under the Loan Agreement, the Bond Purchase Agreement, and except any income derived therefrom to the extent required by such designation or restriction.

Assignment of Contracts

The Borrower has agreed to enter into an Assignment of Contracts and Interest In Licenses, Permits and Agreements (the "**Assignment of Contracts**") to grant to the Trustee a lien on and perfected security interest in, the Contracts and Permits (each as defined in the Assignment of Contracts), as security for the payment and performance of all obligations of the Borrower to the Trustee under the Assignment of Contracts, and under the Promissory Notes, the Indenture, and the Mortgage, and as security for all obligations of any nature of the Borrower to the Trustee, the intended assignee of the Issuer (collectively, the "**Obligations**").

Pursuant to the Assignment of Contracts, the Borrower assigns, transfers, and sets over unto the Trustee, all of the rights, title, interests and privileges which the Borrower has and may have in (a) Agreement by and between VRD Contracting (the "**Contractor**") and the Borrower; (b) Agreement by and between Robert Phillip Ferraro Architect, P.C. (the "**Architect**") and Borrower; (c) all insurance policies and surety bonds (if applicable) with respect to the Series 2023 Project; (d) all other agreements between the Borrower and any other party relating to the construction or operation of the Project, to the extent assignable (collectively, the "**Contracts**"), and all of the licenses, permits, approvals and agreements by and among the Borrower, or issued to the Borrower, by all boards, agencies, departments, governmental or otherwise (collectively referred to as "**Permits**"), which Contracts and Permits relate or pertain to the acquisition, ownership, construction, installation, equipping and operation of the Facility.

Covenants of the Charter School; Additional Indebtedness

Covenant as to Cash on Hand. In the Covenant Agreement, the Charter School agrees to maintain unrestricted Cash on Hand in its operations fund sufficient to cover at least forty (40) days of its Operating Expenses, interest expenses and facility lease payments. The Cash on Hand is to be tested on June 30 of each year, commencing June 30 2023, and the Charter School is to provide a certificate and supporting calculations to the Dissemination Agent (as that term is defined in the Continuing Disclosure Agreement), no later than November 30 of each year, commencing November 30, 2023 for the Fiscal Year ending June 30, 2023, evidencing that the Charter School's Cash on Hand met the requirements set forth in the Covenant Agreement. Amounts on deposit in such operation fund may be used for any lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, do not permit the Charter School to maintain such level of Cash on Hand, then the Charter School is to, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

If the Cash on Hand for any testing date is less than forty (40) days of the Charter School's Operating Expenses, interest expenses and facility lease payments for the prior Fiscal Year, then the Charter School will promptly employ an Independent Consultant to review and analyze the operations and administration of the Charter School, inspect the Facility, and submit to the Charter School and written reports, and make such recommendations as to the operation and administration of the Charter School's charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The reports shall be made available to Bondholders at their written request. The Charter School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, provided such recommendations are consistent with the Charter Schools Act and the Charter Contract, to adopt and carry out such recommendations.

Under the Covenant Agreement, it constitutes an Event of Default if the Cash on Hand is less than forty (40) days on the June 30 testing date for two (2) consecutive Fiscal Years.

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

Under the Covenant Agreement, "**Operating Expenses**" means all reasonable and necessary expenses of the Charter School paid or accrued, to operate a public school and provide educational services, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, and (d) professional services; provided however, there shall be excluded from Operating Expenses: (i) any allowance for depreciation, (ii) expenses incurred in connection with Capital Improvements, (iii) expenses paid from grants from state, federal or local sources, or from any Person, which were included as part of Gross Revenues, (iv) expenses paid from the proceeds of any insurance or condemnation awards, and (vi) to the extent it is considered an Operating Expense, amortization of debt service costs on the Series 2023 Bonds.

Coverage Ratio Covenant. The Charter School covenants in the Covenant Agreement to maintain Net Income Available for Debt Service in an amount equal to at least 1.10 times Annual Debt Service Requirements for the applicable Fiscal Year on all Indebtedness then outstanding. Such covenant will be tested annually based upon the results of the annual audited financial statements of the Charter School, commencing with the audit for the Fiscal Year ending June 30, 2025.

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

So long as the Charter 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 does not constitute a default if the Charter School's Net Income Available for Debt Service is less than 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date as described above. Notwithstanding the foregoing, in the event that the Charter School's Net Income Available for Debt Service is less than (a) 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date for two (2) consecutive years; or (b) 1.0 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date, an Event of Default is to be deemed to have occurred under the Covenant Agreement.

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

Under the Covenant Agreement, "**Annual Debt Service Requirements**" of any specified Person means, for any Fiscal Year, the principal of (and premium, if any) and interest and other debt service charges attributable to such principal, premium or interest (which include for purposes hereof, any fees or premiums for any letter of credit, surety bond, policy of insurance, bond purchase agreement, or any similar credit or liquidity support secured in connection therewith payable in such Fiscal Year) on all Indebtedness of such

Person coming due during such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply:

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

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

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

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

(e) in the case of capital or operating lease Indebtedness, only the rent charges thereunder attributable to principal of (and premium, if any) and interest on other Indebtedness of the Charter School or the Institution shall be included in the calculation of the Annual Debt Service Requirements, and rent charges attributable to the operation or maintenance of the leased facility shall be excluded from the calculation of the Annual Debt Service Requirements.

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

Additional Indebtedness. Indebtedness issued upon satisfaction of the following:

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

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

(c) Projected Coverage for Additional Indebtedness. Projected Coverage for Additional Indebtedness. Delivery of a report of an Independent Consultant, stating that the Charter School's estimated Net Income Available for Debt Service is projected to be equal to at least 1.10 times Maximum Annual Debt Service Requirements for all Indebtedness then outstanding, plus Maximum Annual Debt Service Requirements for the proposed Indebtedness to be incurred, in the first year the project financed with the proposed indebtedness is placed in service as verified by such Independent Consultant.

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

Filing of Financial Statements and Other Information

Audits; Financial Statements; Reports; Annual Certificate. The Charter School agrees to furnish or cause to be furnished to the Dissemination Agent the documents required pursuant to the Continuing Disclosure Agreement in compliance with the Rule.

The Charter School agrees in the Covenant Agreement to, not later than November 30 of each year hereafter, beginning November 30, 2023, file with the Trustee, the Issuer and the Dissemination Agent, with instructions to post such certificate on EMMA, a certificate stating that Charter School is in compliance with the Cash on Hand and Net Income Available for Debt Service requirements of the Covenant Agreement and setting forth the calculations therefor.

Charter School agrees in the Covenant Agreement to, not later than June 30 of each year hereafter, beginning June 30, 2023, file with the Trustee, the Issuer and the Dissemination Agent, with instructions to post such certificate on EMMA, a compliance certificate stating that Charter School is in compliance with the Security Documents, in the form attached to the Covenant Agreement.

The Charter School agrees in the Covenant Agreement to cause all reports of the Owner's Representative to be prepared and delivered to the Dissemination Agent, with instructions to post such reports on EMMA, by the fifteenth day of each month during the Construction Window. Such reports shall contain the following information: (a) brief description of construction activity for applicable reporting period, including: construction work performed on site during reporting period, status of procurement of

equipment, and material issues with vendor performance (including delivery issues, performance problems or material cost overruns); (b) adherence to expected construction timeline (including estimated number of days ahead or behind); (c) adherence to expected construction budget (including material work order, dollar or percentage deviation from budget); and (d) promptly upon sending or receipt, copies of any material correspondence between the Institution, and any governmental entity regarding compliance with Environmental Regulations, potential material violations of state or local law, or other material correspondence relating to the Institution's construction of or operations of the Facility.

The Charter School agrees in the Covenant Agreement to provide to the Trustee, acting as dissemination agent, a copy (which may be sent electronically) of Charter School's adopted annual budget within 30 days of adoption thereof for the next preceding Fiscal Year no later than June 30 of each year and a copy of revisions, if any, to Charter School's annual budget as approved by its Board of Trustees within 30 days of adoption thereof.

Certain Defined Terms

See "APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE" for certain definitions used in this Official Statement relating to the Covenant Agreement, the Indenture, the Lease, the Loan Agreement, and the Environmental Compliance and Indemnification Agreement, the Pledge and Security Agreement, the Assignment of Contracts and Interest in Licenses, Permits and Agreements.

The Indenture

The Series 2023 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby. As security for the Series 2023 Bonds, the Issuer has pledged the following: (1)(a) all right, title and interest of the Issuer in and to the (a) all loan repayments made or to be made by or on behalf of the Borrower under the Loan Agreement (except payments made with respect to the Issuer's Reserved Rights) and the Note, (b) all other amounts pledged to the Trustee by the Issuer or the Borrower to secure the Series 2023 Bonds or performance of their respective obligations under the Loan Agreement, the Lease Agreement and the Indenture, (c) the Net Proceeds (except proceeds with respect to the Issuer's Reserved Rights) of insurance settlements and Condemnation awards with respect to the Facility, (d) all payments received or otherwise realized by the Trustee under the Borrower DACA, the Lease Agreement and the Mortgage, (e) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (i) moneys, earnings and investments held in the Rebate Fund, (ii) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of which has been duly given, and (iii) as specifically otherwise provided, (f) any amounts realized through the exercise of any and all contract rights granted or assigned to the Trustee under the Security Documents and (g) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture (Notwithstanding anything to the contrary, the following amounts shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and such amounts shall not secure any amount payable on the Series 2023 Bonds: amounts held in the Rebate Fund) (collectively "**Trust Revenues**"); (2) any and all moneys and securities from time to time held by the Trustee under the terms of the Indenture, except (a) moneys deposited with or paid to the Trustee for the redemption of the Series 2023 Bonds, notice of which has been duly given, and (b) moneys on deposit in the Rebate Fund (as hereinafter defined); (3) any and all contract rights of the Issuer under the Security Documents; (4) any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture, by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee (collectively "**Trust Estate**").

Loan Payments; Payments under the Loan Agreement and the Promissory Note

The Borrower covenants in the Loan Agreement 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 Depositary Bank, on behalf of the Borrower, directly to the Trustee for deposit in the Bond Fund (except to the extent that amounts are on deposit in the applicable account of the Bond Fund and available therefor) as follows:

- (i) directly to the Trustee in immediately available funds as basic loan payments for the Project five (5) Business Days before the first day of each month, commencing five (5) Business Days before the first day of the sixth (6th) month immediately preceding the date on which interest on the Series 2023 Bonds becomes due, one-sixth (1/6) of the an amount equal to the interest component of the next Debt Service Payment becoming due and payable on the Series 2023 Bonds on the immediately succeeding Loan Payment Date for such Series 2023 Bonds; provided, however, that, if with respect to such Series 2023 Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Series 2023 Bonds, on each payment date prior to such interest payment date the Borrower shall pay with respect to such Series 2023 Bonds an amount equal to the interest coming due on such Series 2023 Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Series 2023 Bonds. To the extent that the Trustee has transferred amounts on deposit in the Capitalized Interest Account of the Project for deposit in the Interest Account of the Bond Fund, the Borrower shall receive a credit against such amounts due and owing under this provision equal to such amounts.
- (ii) The Borrower shall also pay directly to the Trustee in immediately available funds as basic loan payments for the Project five (5) Business Days before the first day of July immediately preceding the July 1 on which an annual principal and/or Sinking Fund Payment of the Series 2023 Bonds becomes due, one-twelfth (1/12) of the principal and/or Sinking Fund Payment on such Series 2023 Bonds coming due on such Debt Service Payment Date; provided, however, that, if with respect to the Series 2023 Bonds there are less than twelve (12) such payment dates prior to the date (or immediately succeeding interest payment date) on which principal or Sinking Fund Installments come due on such Series 2023 Bonds, on each payment date prior to such date (or interest payment date) the Borrower shall pay with respect to such Series 2023 Bonds an amount equal to the principal and/or Sinking Fund Payment of such Series 2023 Bonds coming due on such date (or interest payment date) multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such date; provided, further, that, the Borrower shall receive credit against such amounts due and owing under this provision for any amounts on deposit in the Bond Fund for the payment of principal and interest on the Series 2023 Bonds.
- (iii) 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 a mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Initial Bonds being redeemed on such redemption date;
- (iv) upon receipt of written notice from the Trustee pursuant to the Indenture that a withdrawal has been made from the applicable account of the Reserve Fund which results in a deficiency in the amount required to be on deposit to the credit of the applicable account of the Reserve Fund, the Borrower will make available to the Trustee for deposit in the applicable account of the Reserve Fund moneys to replenish such withdrawal from the applicable account of the Reserve Fund over a twelve-month (12) period in monthly payments payable (5) Business Days

before the first day of each month, each such payment to be in an amount equal to one-sixth (1/12) of the amount of the deficiency, commencing immediately succeeding the date of receipt by the Borrower from the Trustee of such notice.

The Borrower's obligation under the Loan Agreement and 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 Borrower, 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 in the Loan Agreement, or (z) any provider of a credit facility or liquidity facility with respect to the Series 2023 Bonds shall be honoring its obligations thereunder. The Borrower will not suspend or discontinue any such payment or terminate the Loan Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Borrower under the Loan Agreement, for any cause whatsoever, and the Borrower 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 Borrower 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.

THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE BORROWER OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE INITIAL BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE SERIES 2023 PROJECT. THE BORROWER IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE BORROWER. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE BORROWER OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

Bond Fund

Pursuant to the terms of the Indenture, there is created a Bond Fund, and upon receipt of funds, 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 Interest Account of the Bond Fund and applied to the payment of interest on such Series of Bonds.
- (b) Amounts disbursed from the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund for the payment of interest on the Series 2023A Bonds and the Series 2023B Bonds, respectively, during the Capitalized Interest

Period, which shall be credited to the applicable Interest Account of the Bond Fund and applied to the payment of interest on the Series 2023 Bonds;

(c) Amounts transferred from the applicable accounts of the Reserve Fund which are in excess of the amount required to be held in such accounts of the Reserve Fund as of such date, which shall be credited to Series 2023A Project Account until the Completion Date and thereafter to the applicable Interest Account of the Bond Fund and applied to the payment of interest on the applicable series of Bonds.

(d) 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 Compliance Agreement and the Indenture) (i) in the applicable Account of the Bond Fund pursuant to the Indenture or in the applicable Redemption Account of the Bond Fund pursuant to the Indenture, which shall be kept segregated from any other moneys within such Account, or (ii) in the applicable account of the Bond Fund pursuant to the second sentence of the Indenture.

(e) Loan payments received by the Trustee pursuant to the Loan Agreement, and the Depositary Agreement which shall be deposited in and credited, to the applicable Interest Account, the applicable Principal Account, and the applicable Sinking Fund Installment Account of the Bond Fund, as applicable.

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

(g) Any amounts transferred from the Earnings Fund pursuant to the Indenture which shall be deposited in and credited to the Interest Account of the Bond Fund pro-rata.

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

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

(j) 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 Compliance Agreement and the Indenture) to the Redemption Account of the Bond Fund pursuant to the Indenture.

(k) 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 Redemption Account of the Bond Fund.

Application of Moneys in the Bond Fund

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

The Trustee is to (i) on each Interest Payment Date pay or cause to be paid out of the applicable Interest Account in the Bond Fund the interest due on the Series 2023 Bonds, and (ii) further pay out of the

applicable Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Bonds.

The Trustee is to on each principal payment date on the Series 2023 Bonds pay or cause to be paid to the respective Paying Agents therefor out of the applicable Principal Account of the Bond Fund, the principal amount, if any, due on the Series 2023 Bonds (other than such as will be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds.

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

Amounts in the applicable Redemption Account of the Bond Fund are to be applied, at the written direction of the Borrower, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Series 2023 Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the applicable Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Series 2023 Bonds are so redeemable will be applied to the redemption of Bonds on such redemption date. Any amounts deposited in the applicable Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held in accordance with Article X) will be transferred to the applicable Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in this paragraph, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed will be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed are to have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited are to constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The Series 2023 Bonds to be purchased or redeemed are to be selected by the Trustee in the manner provided the Indenture. Amounts in the applicable Redemption Account to be applied to the redemption of Bonds are to 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 Series 2023 Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

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

The Issuer is to receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the

Borrower to the Trustee on or before the 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 applicable 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). Each Bond so delivered, cancelled or previously purchased or redeemed is to 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 applicable Sinking Fund Installment Account on the due date of such Sinking Fund Installment is to be reduced accordingly, and any excess over such principal amount is to 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 are to be accordingly reduced.

The Borrower is to 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 Borrower indicating whether or not and to what extent the provisions of the Indenture are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

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

On the Closing Date for the Series 2023 Bonds, the Trustee is to deposit (i) proceeds of the Series 2023A Bonds in an amount equal to the Reserve Fund Requirement with respect to the Series 2023A Bonds into the Reserve Fund Series 2023A Bonds Account and (ii) proceeds of the Series 2023B Bonds in an amount equal to the Reserve Fund Requirement with respect to the Series 2023B Bonds into the Reserve Fund Series 2023B Bonds Account. In addition, there are to be credited to the Reserve Fund: (a) loan repayments under the Loan Agreement to be deposited thereto; and (b) amounts transferred from the Bond Fund.

Upon the issuance of any Additional Bonds, the Trustee is to deposit an amount equal to the Reserve Fund Requirement relating to such Additional Bonds into the Reserve Fund.

If, on any Bond Payment Date, the amount on deposit in the applicable accounts of the Bond Fund, subsequent to the receipt of all payments pursuant to the Loan Agreement and the Depositary Agreement, is not sufficient to pay the principal and/or interest due on such Bond Payment Date with respect to any Bonds then Outstanding, the Trustee is to, transfer from the applicable account of the Reserve Fund and deposit into the applicable account of the Bond Fund an amount of money sufficient, when added to the amounts then on deposit in such account of the Bond Fund and available to make the Debt Service Payments coming due on such Series of Bonds on such Bond Payment Date, to enable the Trustee to make all such Debt Service Payments coming due on such Series of Bonds on such Bond Payment Date.

Moneys on deposit in the Reserve Fund will be invested, pending application, in Qualified Investments pursuant to the Indenture and the earnings credited to the applicable Interest Account of the Bond Fund. On the seventh (7th) Business Day prior to each Interest Payment Date during the term of the Series 2023 Bonds, the Trustee is to ensure that any investment earnings on moneys on deposit in the Reserve Fund have been transferred to the applicable Interest Account of the Bond Fund and is to be

credited to the Borrower's obligation to make loan repayments under the Loan Agreement. Amounts on deposit in the Reserve Fund is to at all times consist of cash and/or Qualified Investments and at no time shall the Borrower, the Trustee or the Issuer deposit or cause to be deposited in the Reserve Fund any insurance policy, surety bond, letter of credit or similar instrument in lieu of or in partial substitution for cash or Qualified Investments on deposit in the Reserve Fund.

The Trustee is to notify the Borrower in writing of any withdrawal from the Reserve Fund, or any deficiency in the amounts required to be on deposit to the credit of the Reserve Fund determined upon the semiannual valuation thereof. Pursuant to the Loan Agreement, the Borrower has agreed to replenish any withdrawal from, or deficiency in, the Reserve Fund over a twelve (12) month period in bi-monthly payments, each such payment to be in an amount equal to one-sixth ($1/6$) of the amount of the deficiency, payable on July 1, September 1, November 1, January 1, March 1 and May 1, commencing immediately succeeding the date of receipt by the Borrower from the Trustee of notice of such withdrawal or deficiency.

The Trustee is to transfer the amounts on deposit in the Series 2023B Bonds Account of the Reserve Fund to the Series 2023A Bonds Account of the Reserve Funds upon final maturity of the Series 2023B Bonds. On the final maturity date of the Series 2023 Bonds, any moneys on deposit in the Reserve Fund may be used to pay the principal of and interest on the Series 2023 Bonds on such final maturity date. In addition, if the principal of all the Series 2023 Bonds shall become due and payable, whether by maturity, by redemption or otherwise, the Trustee is to transfer from the Reserve Fund and deposit into the Bond Fund any balance remaining in the account in the Reserve Fund.

Semiannually, at least fifteen (15) Business Days prior to each Interest Payment Date, the amounts in the Reserve Fund are to be valued by the Trustee as provided in the Indenture.

In the event that on such date with respect to the Series 2023A Bonds, the amount in the applicable accounts of the Bond Fund shall be less than the amount required for payment of interest on and principal of such Series 2023A Bonds (including payment of sinking fund redemption amounts, if any) due and payable on such Bond Payment Date, the Trustee is to, (1) transfer from the Series 2023A Bonds Account of the Reserve Fund to the Series 2023A Interest Account, Series 2023A Principal Account and Series 2023A Sinking Fund Installment Account of the Bond Fund such amount as will increase the balance in such accounts of the of the Bond Fund to an amount sufficient to make such payment and (2) immediately notify the Issuer and the Charter School of such transfer. In the event that after making the transfers set forth above, if the balance on deposit in such accounts of the Bond Fund remains insufficient to make the payments due on the Series 2023A Bonds, after making the transfer set forth in the Indenture, the Trustee is to transfer amounts on deposit in the Series 2023B Bonds Account of the Reserve Fund to the to the Series 2023A Interest Account, Series 2023A Principal Account and Series 2023A Sinking Fund Installment Account of the Bond Fund in an amount sufficient to make the payment due on the Series 2023A Bonds.

In the event that on such date with respect to the Series 2023B Bonds, the amount in the applicable accounts of the Bond Fund shall be less than the amount required for payment of interest on and principal of such Series 2023B Bonds (including payment of sinking fund redemption amounts, if any) due and payable on such Bond Payment Date, the Trustee is to, (1) transfer from the Series 2023B Bonds Account of the Reserve Fund to the to the Series 2023B Interest Account, Series 2023B Principal Account and Series 2023B Sinking Fund Installment Account of the Bond Fund such amount as will increase the balance in the Series 2023B Bonds Account of the Bond Fund to an amount sufficient to make such payment and (2) immediately notify the Issuer and the Charter School of such transfer. The Trustee is prohibited from using any amounts on deposit in the Series 2023A Bonds Account of the Reserve Fund to make payments on the Series 2023B Bonds.

The Trustee is to notify the Borrower in writing of any deficiency in the amounts required to be on deposit in the Reserve Fund.

Project Fund

Pursuant to the terms of the Indenture, there is to be deposited in Series 2023A Project Account and the Series 2023B Project Account in the Project Fund net proceeds of the Series 2023A Bonds and the Series 2023B Bonds, respectively.

Moneys on deposit in the Series 2023A Project Account is to be disbursed and applied by the Trustee to pay Project Costs and moneys on deposit in the Series 2023B Project Account is to be disbursed and applied by the Trustee to pay certain Costs of Issuance pursuant to the provisions of the Loan Agreement and the Indenture. Moneys on deposit in the Project Fund with respect to the Additional Bonds is to be disbursed in accordance with the provisions of the supplemental indenture authorizing issuance of such Additional Bonds.

The Trustee is to apply the amounts in the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund for the payment of interest on the Series 2023A Bonds and the Series 2023B Bonds, respectively, as the same shall become due until the earlier of the Completion Date (as evidenced in accordance with the provisions of the Loan Agreement) or the exhaustion of amounts in such Accounts (the "**Capitalized Interest Period**"). On the seventh (7th) Business Day immediately preceding each Interest Payment Date during the Capitalized Interest Period, the Trustee is to transfer from the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund to the applicable Interest Account of the Bond Fund an amount which, together with any amounts on deposit in such Interest Account and available therefor, shall be sufficient to pay the interest on the Series 2023A Bonds and the Series 2023B Bonds, respectively, becoming due on such Interest Payment Date. Upon the Completion Date, the Trustee is to transfer any balance remaining in the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund, first, to the extent of the amount of interest accrued on the Series 2023A Bonds and the Series 2023B Bonds, respectively, from the Interest Payment Date immediately preceding the Completion Date through but not including the Completion Date, to the applicable Interest Account of the Bond Fund, and second, the balance to the Series 2023A Project Account of the Project Fund to pay any remaining Project Costs.

The Trustee is hereby authorized to disburse from the Series 2023A Project Account of the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Borrower, make wire transfers) for each disbursement from the Series 2023A Project Account of the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Borrower; provided, however, that the Trustee is to retain in the Series 2023A Project Account of the Project Fund an amount equal to the lesser of (i) one percent (1%) of the original principal amount of the Series 2023 Bonds or (ii) \$500,000, until an Authorized Representative of the Borrower has delivered the completion certificate and other documents required by the Loan Agreement.

The requisition from the Series 2023A Project Account of the Project Fund is to be accompanied by bills or invoices (stamped "paid" by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Borrower), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer of its Inducement Resolution for the Project. Such requisition shall be as set forth in Exhibit D — "Form of Requisition from the Series 2023A Project Account of the Project Fund" and is to be submitted to the Trustee. The Trustee is to disburse amounts from the Series 2023A Project Account of the Project Fund not later than five (5) Business Days following the receipt of the executed requisition and accompanying

bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date is to have disbursements made by the Trustee on such Closing Date. The Trustee 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 of the Facility is to be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Series 2023A Project Account of 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.

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

The Trustee is to on written request furnish to the Issuer and the Borrower within a reasonable time period a written statement of disbursements from each Account of 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 evidence submitted to the Trustee for such disbursement.

The completion of the Project is to be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Borrower referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, is to, after making any transfer to the Rebate Fund as directed pursuant to the Tax Compliance Agreement and the Indenture, be deposited by the Trustee in an applicable account of the Bond Fund based on consultation with Bond Counsel. 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, is to, after making any such transfer to the Rebate Fund, be deposited in an applicable account of the Bond Fund based on consultation with Bond Counsel. The Trustee is to promptly notify the Borrower of any amounts so deposited in the Bond Fund pursuant to the Indenture

In the event the Borrower is required to or elects to cause the Series 2023 Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Indenture of the Tax Compliance Agreement and the Indenture) is to be deposited in the applicable Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Series 2023 Bonds are to be accelerated upon the occurrence of an Event of Default under the Indenture, the balance in the Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Compliance Agreement and the Indenture) are to be deposited in the applicable accounts of the Bond Fund.

Except as provided as otherwise provide dint he Indenture, all earnings on amounts held in the Project Fund are to be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the

Trustee of amounts to the Rebate Fund are to first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Project Fund.

Events of Default under the Loan Agreement

Each of the following events constitutes an "Event of Default" under the Loan Agreement:

- (a) Failure of the Borrower to pay any loan payment that has become due and payable under the Loan Agreement which, in any case, results in an Event of Default under the Indenture;
- (b) Failure of the Borrower to pay any amount (except as set forth in (a) above) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under certain sections 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 Borrower specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five per cent (25%) in aggregate principal amount of the Bonds Outstanding;
- (c) Failure of the Borrower to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in (a) or (b) above) (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Borrower specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five per cent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Borrower fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; provided, however, that failure by the Borrower to observe or perform any covenant, condition or agreement contained in the Loan Agreement shall not constitute an Event of Default under the Loan Agreement;
- (d) The Borrower shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;
- (e) A proceeding or case shall be commenced, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Borrower, or of all or any substantial part of its respective assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Borrower shall be entered in an involuntary case under such Bankruptcy Code;

(f) Any representation or warranty made by the Borrower (i) in the application and related materials submitted to the Issuer or the initial purchaser(s) of the Bond for approval of the Project or its financing, or (ii) in the Loan Agreement or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement, or (iv) in the Tax Compliance Agreement, or (v) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Lease Agreement including the Mortgage; or

(h) An "Event of Default" under the Indenture or under any other Security Document shall occur and be continuing.

Events of Default under the Indenture

Under the Indenture, each of the following events is hereby defined as and shall constitute an "Event of Default":

(a) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(b) Failure in the payment of the principal or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;

(c) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in clause (a) or (b) above and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Borrower 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 Borrower fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

(d) The occurrence of an "Event of Default" under the Loan Agreement or any other Security Document.

Upon (1) the occurrence of an Event of Default under clause (a) or (b) above, the Trustee shall, or (2) the occurrence of an Event of Default under clause (c) or (d) and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Majority Holders, the Trustee shall, by notice in writing delivered to the Borrower, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement and thereupon the principal of the Bonds then Outstanding and the interest accrued thereon shall become immediately due and payable, and interest shall continue to accrue thereon until the date of payment.

(a) If there shall occur an Event of Default under (d) or (e) under the Loan Agreement described in the preceding section “—Events of Default Under the Loan Agreement”, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

(b) The right of the Trustee or of the Majority Holders 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 Borrower’s interest in the Facility shall not have been sold or relet 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.

(c) Pursuant to the Loan Agreement, the Issuer has granted to the Borrower full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Borrower to constitute a default under the Indenture, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Borrower as performance by the Issuer.

Acceleration

Upon the occurrence of certain events, on the conditions, in the manner and with the effect set forth in the Indenture and the Loan Agreement, payment of the principal of and accrued interest on the Series 2023 Bonds and Additional Bonds may be accelerated under the Indenture and the Loan Agreement. Rents payable under the Lease are the sole expected sources of revenue to the Borrower available to pay Loan Payments. The Rent payments due under the Lease are not subject to acceleration. See “RISK FACTORS,” “APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE—Form of Loan Agreement—*Events of Default*,” and “—Remedies on Default,” and “APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE—Form of Trust Indenture—*Events of Default; Acceleration of Due Date*” in this Official Statement.

Reserve Fund

On the Closing Date for the Series 2023 Bonds, the Trustee shall deposit (i) proceeds of the Series 2023A Bonds in an amount equal to the Reserve Fund Requirement with respect to the Series 2023A Bonds into the Reserve Fund Series 2023A Bonds Account and (ii) proceeds of the Series 2023B Bonds in an amount equal to the Reserve Fund Requirement with respect to the Series 2023B Bonds into the Reserve Fund Series 2023B Bonds Account. In addition, there shall be credited to the Reserve Fund: (a) loan repayments under the Loan Agreement to be deposited thereto; and (b) amounts transferred from the Bond Fund. Upon the issuance of any Additional Bonds, the Trustee shall deposit an amount equal to the Reserve Fund Requirement relating to such Additional Bonds into the Reserve Fund.

The Reserve Fund Requirement is defined in the Indenture to mean (i) with respect to the Initial Bonds, as of any particular date of computation, calculated on a combined basis but attributable to each Series of the Initial Bonds on a pro-rata basis taking into account the original par amount of such Series of the Initial Bonds, which is equal to the least of (a) ten percent (10%) of the original principal amount of the Initial Bonds, or (b) one hundred percent (100%) of the greatest amount required in the then current or any future Bond Year to pay the sum of: (1) interest on the Initial Bonds payable in such Bond Year, excluding accrued interest received upon the issuance of such Bonds and capitalized interest financed by the issuance of such Bonds, and (2) the principal and the Sinking Fund Installments due on the Initial Bonds in such Bond Year, or (c) one hundred twenty-five percent (125%) of the average annual debt service on the Initial Bonds. The Reserve Fund Requirement with respect to any Additional Bonds shall be as set forth in the Supplemental Indenture entered into in connection therewith, provided however, that proceeds of such Additional Bonds deposited in an account of the Reserve Fund established in connection therewith, shall not exceed the amount that may be used to finance a reasonably required reserve or replacement fund under Section 148 of the Code (the "**Reserve Fund Requirement**")

If, on any Bond Payment Date, the amount on deposit in the applicable accounts of the Bond Fund, subsequent to the receipt of all payments pursuant to the Loan Agreement and the Depositary Agreement, is not sufficient to pay the principal and/or interest due on such Bond Payment Date with respect to any Bonds then Outstanding, the Trustee shall, transfer from the applicable account of the Reserve Fund and deposit into the applicable account of the Bond Fund an amount of money sufficient, when added to the amounts then on deposit in such account of the Bond Fund and available to make the Debt Service Payments coming due on such Series of Bonds on such Bond Payment Date, to enable the Trustee to make all such Debt Service Payments coming due on such Series of Bonds on such Bond Payment Date.

Moneys on deposit in the Reserve Fund will be invested, pending application, in Qualified Investments pursuant to the Indenture and the earnings credited to the applicable Interest Account of the Bond Fund. On the seventh (7th) Business Day prior to each Interest Payment Date during the term of the Bonds, the Trustee shall ensure that any investment earnings on moneys on deposit in the Reserve Fund have been transferred to the applicable Interest Account of the Bond Fund and shall be credited to the Borrower's obligation to make loan repayments under the Loan Agreement. Amounts on deposit in the Reserve Fund shall at all times consist of cash and/or Qualified Investments and at no time shall the Borrower, the Trustee or the Issuer deposit or cause to be deposited in the Reserve Fund any insurance policy, surety bond, letter of credit or similar instrument in lieu of or in partial substitution for cash or Qualified Investments on deposit in the Reserve Fund.

The Trustee shall notify the Borrower in writing of any withdrawal from the Reserve Fund, or any deficiency in the amounts required to be on deposit to the credit of the Reserve Fund determined upon the semiannual valuation thereof. Pursuant to the Loan Agreement, the Borrower has agreed to replenish any withdrawal from, or deficiency in, the Reserve Fund over a twelve (12) month period in bi-monthly payments, each such payment to be in an amount equal to one-sixth (1/6) of the amount of the deficiency, payable on July 1, September 1, November 1, January 1, March 1 and May 1, commencing immediately succeeding the date of receipt by the Borrower from the Trustee of notice of such withdrawal or deficiency.

The Trustee shall transfer the amounts on deposit in the Series 2023B Bonds Account of the Reserve Fund to the Series 2023A Bonds Account of the Reserve Funds upon final maturity of the Series 2023B Bonds. On the final maturity date of the Bonds, any moneys on deposit in the Reserve Fund may be used to pay the principal of and interest on the Bonds on such final maturity date. In addition, if the principal of all the Bonds shall become due and payable, whether by maturity, by redemption or otherwise, the Trustee shall transfer from the Reserve Fund and deposit into the Bond Fund any balance remaining in the account in the Reserve Fund.

Semiannually, at least fifteen (15) Business Days prior to each Interest Payment Date, the amounts in the Reserve Fund shall be valued by the Trustee as provided in the Indenture.

In the event that on such date with respect to the Series 2023A Bonds, the amount in the applicable accounts of the Bond Fund shall be less than the amount required for payment of interest on and principal of such Series 2023A Bonds (including payment of sinking fund redemption amounts, if any) due and payable on such Bond Payment Date, the Trustee shall, (1) transfer from the Series 2023A Bonds Account of the Reserve Fund to the Series 2023A Interest Account, Series 2023A Principal Account and Series 2023A Sinking Fund Installment Account of the Bond Fund such amount as will increase the balance in such accounts of the of the Bond Fund to an amount sufficient to make such payment and (2) immediately notify the Issuer and the Charter School of such transfer. In the event that after making the transfers set forth above, if the balance on deposit in such accounts of the Bond Fund remains insufficient to make the payments due on the Series 2023A Bonds, after making the transfer set forth immediately below, the Trustee shall transfer amounts on deposit in the Series 2023B Bonds Account of the Reserve Fund to the to the Series 2023A Interest Account, Series 2023A Principal Account and Series 2023A Sinking Fund Installment Account of the Bond Fund in an amount sufficient to make the payment due on the Series 2023A Bonds.

In the event that on such date with respect to the Series 2023B Bonds, the amount in the applicable accounts of the Bond Fund shall be less than the amount required for payment of interest on and principal of such Series 2023B Bonds (including payment of sinking fund redemption amounts, if any) due and payable on such Bond Payment Date, the Trustee shall, (1) transfer from the Series 2023B Bonds Account of the Reserve Fund to the to the Series 2023B Interest Account, Series 2023B Principal Account and Series 2023B Sinking Fund Installment Account of the Bond Fund such amount as will increase the balance in the Series 2023B Bonds Account of the Bond Fund to an amount sufficient to make such payment and (2) immediately notify the Issuer and the Charter School of such transfer. The Trustee is prohibited from using any amounts on deposit in the Series 2023A Bonds Account of the Reserve Fund to make payments on the Series 2023B Bonds.

The Trustee shall notify the Borrower in writing of any deficiency in the amounts required to be on deposit in the Reserve Fund.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Bonds, the Series 2023 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture, the Mortgage and the other Security Documents may be discharged prior to maturity or redemption of the Series 2023 Bonds. In that case, the Series 2023 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See "APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE—Form of Trust Indenture" in this Official Statement.

RISK FACTORS

No person should purchase any Series 2023 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 2023 BONDS AND THE INTEREST THEREON ARE A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SERIES 2023 BONDS ARE NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF INCLUDING, WITHOUT LIMITATION, NASSAU COUNTY, NEW YORK, AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, OR THE STATE OF NEW YORK. THE SERIES 2023 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED THEREIN AND IN THE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

Speculative Investment

Purchase of the Series 2023 Bonds involves a degree of risk and the Series 2023 Bonds are a speculative investment. Such securities may exhibit price fluctuations due to changes in the interest rate or bond yield levels. As a result, the value of the Series 2023 Bonds may fluctuate significantly in the short-term. Further, such securities have a less liquid resale market. As a result, potential investors may have difficulty selling or depositing of the Series 2023 Bonds. The Series 2023 Bonds should not be purchased by any potential investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2023 Bonds.

Dependence on Borrower's Ability to Pay Loan Payments; Ability of School to Pay the Rents

Payment of principal of, redemption premium, if any, and interest on, the Series 2023 Bonds is intended to be made from Loan Payments made by the Borrower under the Loan Agreement and the Promissory Notes, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2023 Bond proceeds or investment earnings. The Borrower has no significant liquid assets or business other than the assets and business related to the Facility from the Lease and the Mortgage. The ability of the Borrower to make Loan Payments will depend on the Borrower's ability to generate revenues sufficient to pay the Loan Payments, which will primarily depend on the ability of the Charter School to make payments under the Lease. See "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL" and "APPENDIX C—BUDGET PROJECTION" in this Official Statement.

The Charter School's general revenues are a combination of state payments provided under several State and federal programs, including the Education Aid payments. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Official Statement. Prior enrollment history of the Charter School is no guaranty of future enrollment and revenues. See "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL" and "APPENDIX C—BUDGET PROJECTION" in this Official Statement.

The amounts and the timing of future revenues of the Charter School cannot be determined with assurance. Prior revenues and expenditures of the Charter School are no guaranty as to future revenues and expenditures of the Charter School. Any event that would cause a delay, reduction or elimination of Education Aid would have a material adverse effect on the ability of the Charter School to pay the Rents

under the Lease and therefore on the ability of the Borrower to make payments under the Loan Agreement and the Promissory Notes representing debt service on the Series 2023 Bonds.

There is no pledge of the Charter School's revenues nor guaranty from the Charter School securing the Series 2023 Bonds. The Lease payments by the Charter School to Borrower are unsecured contractual obligations. The Borrower's expected sources of revenue for the Loan Payments is from Rent due under the Lease. The Series 2023 Bonds are additionally secured by the Mortgage on the Facility. No other property of the Charter School or the Borrower is pledged for the repayment of the Series 2023 Bonds.

Impact of COVID-19 on the Charter School

In late 2019, a novel strain of coronavirus ("**COVID-19**") emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. On March 1, 2020, the first case of COVID-19 was confirmed in the State. In response, New York Governor Andrew M. Cuomo declared a State of Emergency due to the COVID-19 pandemic on March 7, 2020. On March 16, 2020, Governor Cuomo issued Executive Order 202.4, which required all K-12 schools to temporarily close. Subsequent Executive Orders 202.11, 202.14, 202.18, and 202.28 extended such closure and ordered schools to remain in a remote learning stance for the remainder of the 2019-2020 academic school year.

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

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

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

SEE "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL—THE CHARTER SCHOOL—COVID-19 Related Changes" for a description of some of the Charter School's responses to COVID-19.

No Acceleration of Rents Upon an Acceleration of the Series 2023 Bonds

The Rents payable by the Charter School under the Lease are scheduled to at least pay amounts due under the Loan Agreement with respect to the regularly scheduled principal of and interest on the Series 2023 Bonds, but the Rents due under the Lease are not subject to acceleration even if there has been an acceleration of the principal of the Series 2023 Bonds.

No Taxing Authority; Dependence on Education Aid payments

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

Delay in or Termination or Reduction of Education Aid

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. 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 failure by the State Legislature to appropriate funds sufficient to fund the operation of charter schools could have a material adverse effect on the ability of the Charter School to make the Rents 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.

Non-Renewal or Revocation of Charter

The Charter may be terminated by the Authorizer for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the revocation procedure, and other information regarding the Charter and the Charter Schools Act, see "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK," "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL—CHARTER CONTRACT," and "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Official Statement.

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

No Pledge of Revenues by the Charter School

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

Factors Associated with Education

There are a number of factors affecting schools in general, including the Charter School, that could have an adverse effect on the Charter School's financial position and its ability to make the payments required under the Lease, and therefore on the ability of the Borrower to make Loan Payments under the Loan Agreement. These factors include, but are not limited to (a) the ability to attract a sufficient number of students; (b) future legislation and regulations affecting charter schools and the educational system in general; (c) increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; (d) increased costs of attracting and retaining or a decreased availability of a sufficient number of teachers, including as related to any unionization of the Charter School's work force with consequent impact on wage scales and operating costs of the Charter School; (e) cost and availability of insurance for charter schools in the State; and (f) changes in existing statutes pertaining to the powers of the Charter School and legislation or regulations which may affect program funding. The Charter School cannot assess or predict the ultimate effect of these factors on its operations or the financial results of operations.

Competition for Students

The Charter School competes for students primarily within the geographic area of the District and other surrounding districts, and with other public schools and charter schools within the area. The charter schools within a close proximity to the Facility are in competition with the Charter School for students. In the view of the Charter School, these schools are representative of the schools with which the Charter School competes for students. One of the many impacts of the COVID-19 pandemic on education has been a national trend of decreased enrollment of students, particularly those in lower grades, such as kindergarten. The decrease in enrollment will increase competition for students among schools. See "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL—THE CHARTER SCHOOL—Service Area" and "—Competing Schools" in this Official Statement. No assurance can be given that the Charter 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 2023 Bonds, or that additional schools will not be created in or near the Charter School's service area.

Litigation

Educational institutions like the Charter School are often subject to litigation. Educator's professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against education providers such as the Charter School. Litigation may also arise from the corporation and operational activities of the Charter School or from employee-related matters. As with education's professional liability, many of these risks are covered by insurance but some are not.

For example, some contract disputes and worker's compensation claims are not covered by insurance or other sources, and may be a liability of the Charter School if determined or settled adversely. Although the Charter School maintains insurance policies covering educator's professional and general liability, management of the Charter School is unable to predict the availability, cost or adequacy of such insurance in the future. Any inability of the Charter School in the future to secure affordable, adequate

insurance may expose the Charter School to litigation risks that may adversely affect the Charter School's ability to generate adequate funds to pay debt service on the Series 2023 Bonds.

Cybersecurity

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

Foreclosure Delays and Deficiency

Should Loan Payments be insufficient to pay the principal of and interest on the Series 2023 Bonds, the Trustee may seek to foreclose each of the Mortgages as provided in the Indenture and subject to the provisions set forth above, and sell the Facility securing the Series 2023 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 2023 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 Borrower and the Charter School in the event of any default or dispute under the Loan Agreement.

Effect of Federal Bankruptcy Laws on Security for the Series 2023 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 2023 Bonds. Furthermore, if the security for the Series 2023 Bonds is inadequate for payment in full of the Series 2023 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the Borrower, if any. See "ENFORCEABILITY OF OBLIGATIONS" in this Official Statement. 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 2023 Bonds, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Bondholders have "adequate protection," it may (a) substitute other security subject to the lien of the Bondholders, and (b) subordinate the lien of the Bondholders (i) to claims by persons supplying goods and services to the Borrower after bankruptcy and (ii) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Mortgage that make bankruptcy and related proceedings by the Borrower an event of default thereunder.

Reliance on Projections

The Charter School's projections of revenue and expenditures for the fiscal year ending June 30, 2023 and the projections of future revenues and expenses contained in "APPENDIX C—BUDGET PROJECTION" herein were prepared by the Charter School and have not been independently verified by any other party. The projections are forward-looking statements and are subject to the general qualifications and limitations described under "RISK FACTORS" above. Neither the Underwriter nor the Issuer has independently verified such projections, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate

only to the Charter School's fiscal years through 2028, and consequently do not cover the entire period that the Series 2023 Bonds will be outstanding.

The projections are derived from the Charter School's assumptions about future student enrollment, revenues, and expenses. There can be no assurance that the actual enrollment and revenues and expenses for the Charter School will be consistent with the assumptions underlying such projections. Further, no guarantee can be made that such projections of revenues and expenses will correspond with the results actually achieved in the future, because there is no assurance that actual events will correspond with the assumptions made by the Charter School, and the ongoing effects of the COVID-19 pandemic have added greater uncertainties about future prospects. Actual operating results may be affected by many factors, including, but not limited to, the failure to complete construction of the Facility, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced State of New York funding, or otherwise), employee relations, changes in applicable government regulation, changes in demographic trends, changes in education competition, changes in State or local economic conditions, and other effects of the COVID-19 pandemic that cannot be predicted or guaranteed at this time. Refer to "APPENDIX C—BUDGET PROJECTION" to review certain information relevant to the projections and to consider the various factors that could cause actual results to differ significantly from projected results. Refer to "RISK FACTORS," above, for qualifications and limitations applicable to forward-looking statements.

NO GUARANTEE CAN BE MADE THAT THE PROJECTED INFORMATION CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, CHANGES IN THE STATE'S FUNDING SYSTEM, UNANTICIPATED INCREASES IN COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), THE COVID-19 PANDEMIC, EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND LOCAL OR GENERAL ECONOMIC CONDITIONS.

Key Personnel

The Charter School's mission, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve on the Charter School's Board of Trustees and as the Charter School's senior leadership (the "Key Personnel"). The loss of any Key Personnel could adversely affect the Charter School's operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the Charter School's Key Personnel, see "APPENDIX A—ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL—CHARTER SCHOOL GOVERNANCE, ADMINISTRATION AND TEACHERS" in this Official Statement.

Additional Indebtedness

Pursuant to the Covenant Agreement and the Loan Agreement, the Charter School and the Borrower, respectively, will covenant that it will only incur Indebtedness in accordance with the restrictions imposed by the Covenant Agreement. No assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Borrower or the Charter School will not incur Additional Indebtedness in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS—Covenants of the Charter School; Additional Indebtedness—*Limitations on Indebtedness*" and "APPENDIX I—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE AND

SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE—Form of Trust Indenture” in this Official Statement.

Forward-Looking Statements

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

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

Real Property Tax Exemption

Under present State law and rulings, buildings and the property appurtenant thereto that are owned by a not-for-profit corporation are exempt from property taxes levied by political subdivisions of the State, beginning on the date that the nonprofit corporation acquires ownership of such property and buildings, so long as the property and buildings are used for educational purposes and not used or held for profit (although such property is subject to special assessments for local improvements to the property). However, 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 materially adverse effect on the Charter School or the Borrower. The financial projections contained herein have been prepared with the assumptions outlined in this paragraph.

Tax-Exempt Status of the Borrower

The Borrower is a New York not-for-profit corporation determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the Borrower fails to meet the requirements necessary to preserve its status as a not-for-profit corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the Borrower could experience expenses which are greater than those projected in "APPENDIX C—BUDGET PROJECTION" and revenues which are lower than those projected in "APPENDIX C—BUDGET PROJECTION", which would adversely affect the Borrower's ability in the future to pay the Loan Payments due under the Loan Agreement and the Promissory Notes. In addition, if the Borrower were to lose its status as a not-for-profit corporation and a tax-exempt organization, the tax-exempt status of the Series 2023A Bonds would also be adversely affected. The Borrower will covenant in the Tax Compliance Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the Borrower's status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

Tax-Exempt Status of the Charter School

The Charter School is a New York not-for-profit education corporation authorized to operate one public charter school pursuant to its Charter. The Charter School has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the Charter School fails to meet the requirements necessary to preserve its status as a not-for-profit education corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the Charter 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 Charter School's ability in the future to pay the Rental Payment due under the Lease with respect to Series 2023 Bonds. In addition, if the Charter School were to lose its status as a not-for-profit education corporation and a tax-exempt organization, the tax-exempt status of the Series 2023A Bonds would also be adversely affected. The Charter School will covenant in the Covenant Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the Charter School's status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

IRS Compliance Program

The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds through its Tax-Exempt and Government Entities Division. Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Series 2023A Bonds, as described under the caption "TAX MATTERS—Federal Income Taxes—*Series 2023A Bonds (the "Tax-Exempt Bonds")*" in this Official Statement. However, neither the Borrower nor the Charter 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 2023A Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series 2023A Bonds. If the Internal Revenue Service examines the Series 2023A Bonds, such examination

may have an adverse impact on the marketability and price of the Series 2023A Bonds. See "TAX MATTERS—Federal Income Taxes—*Series 2023A Bonds (the "Tax-Exempt Bonds")*" in this Official Statement.

Tax-Exempt Status of the Series 2023A Bonds

The tax-exempt status of the interest on the Series 2023A Bonds is conditioned upon the Charter School and the Borrower complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2023A Bonds. Failure of the Borrower or the Charter School to comply with the terms and conditions of the Loan Agreement, the Tax Compliance Agreement, the Indenture, the Lease and other documents as described herein may result in the loss of the tax-exempt status of the interest on the Series 2023A Bonds retroactive to the date of issuance of the Series 2023A Bonds. If interest on the Series 2023A Bonds should become includable in gross income for purposes of federal income taxation, the market for and value of the Series 2023A Bonds would be adversely affected. See "TAX MATTERS—Federal Income Taxes—*Series 2023A Bonds (the "Tax-Exempt Bonds")*" in this Official Statement.

Unionization of Teachers

Representatives of the Charter School believe its relationship with teachers is "good". Teachers at the Charter School belong to the RCA Union (the "Union"). As part of the Union, teachers have collective bargaining powers that charter schools with non-union teachers do not necessarily have. The Charter School Chief Operating Officer, Charter School Board Members, and a member from the law firm who works with the Charter School on personnel matters negotiate with the Union President and the Union attorney over the terms of the teacher contracts not less than annually.

Resale of Series 2023 Bonds/Lack of Secondary Market

There is no guarantee that a secondary trading market will develop for the Series 2023 Bonds. Prospective bond purchasers should be prepared to hold their Series 2023 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 Charter School and the Borrower and could adversely affect the security and sources of payment for the Series 2023 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter Schools Act in a manner which is adverse to the interests of the owners of the Series 2023 Bonds.

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

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

Construction Risk Relating to the Facility

Construction, equipping and furnishing of a new building such as the Facility are subject to the risks of cost overruns and delays due to a variety of factors. Any delay in completion of the Facility could have an adverse effect on the Charter School and the Charter School's operations at the Facility.

The Facility is expected to be complete by October of 2024. The Charter School anticipates converting 106 Pleasant Avenue from a gym into four kindergarten classrooms to house students until construction of the Facility is complete. Whether the Facility will be completed on schedule depends upon a large number of factors, many of which may be beyond the control of the Borrower and the Charter School for the Facility. These include, but are not limited to, financial difficulties of the general contractor and subcontractors, adverse weather, strikes, delays in the delivery of or shortages of materials, delays in the issuance of required building permits, environmental restrictions, the continuing effects of the COVID-19 pandemic or similar unknown or unforeseeable contingencies. Although construction work will be inspected periodically, there can be no assurance that the Facility 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 Facility.

Permitting Risk Relating to the Facility

The Town of Hempstead Board of Appeals has granted zoning approvals to permit the construction of the Facility. The Town Board of the Town of Hempstead granted site plan approval in favor of the development of the Facility and the development of the Facility has received approval from the Nassau County Department of Public Works as is required by New York General Municipal Law §239-4. Building permits are required to construct and complete the Project. There can be no assurances that the Borrower will receive all such permits in the timeline required for opening of the Facility in October of 2024. Significant delays in the permitting process could cause Project cost increases.

Damage or Destruction

The Loan Agreement, the Mortgage, and the Lease require that the Facility are 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 Borrower and the Charter School obtain insurance policies. Representatives of the Borrower and the Charter School each believe that the risks associated with its properties and its operations are adequately provided for through the insurance policies it maintains. The Borrower and the Charter School will provide property insurance on the Facility through a standard commercial insurance policy.

Environmental Risks

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

Phase I Summary. Nelson, Pope & Voorhis, LLC ("**Nelson**") was retained by the Charter School to conduct a Phase I Environmental Site Assessment, dated October 12, 2017 (the "**Phase I**"). The subject property is located at 111-115 Pleasant Avenue, Roosevelt, New York (as previously defined, the "**Facility**"). Nelson identified one recognized environmental condition ("**RECs**") related to the Facility:

(a) Approximately 10 open-grate and solid covered stormwater leaching pools are located in the driveway and loading docks on the east side of the existing building.

The Phase I revealed no other evidence of RECs, controlled environmental conditions or historical RECs associated with the Facility based on the site reconnaissance, interviews and regulatory agency records review.

Phase II Summary. Nelson was also retained by the Charter School to conduct a Limited Phase II Environmental Site Assessment, dated November 24, 2017 (the "**Phase II**") to address the REC that was identified in the Phase I. A sampling and analysis program was designed to determine if the on-site stormwater leaching pools had been impacted by prior and exiting uses of the Facility. Several of the analyzed volatile, semi-volatile, and metal constituents exhibited elevated concentrations, and exceed the regulatory guidance values of the NYSDEC. Nelson recommended that all leaching pools be remediated under the auspices of the U.S. Environmental Protection Agency ("**US EPA**"), which oversees the remediation of subsurface structures in the County. The leaching pools were remediated in 2018, and all wells are planned to be removed as part of the Series 2023 Project, costs for which are included in the GC Agreement and are estimated to be approximately \$10,000. Upon permanent closure of the wells, inventory information is to be updated with the US EPA. In the interim, the US EPA stated that all stormwater leaching pools are authorized in accordance with 40 Code of Federal Regulations (CFR) § 144.26, and operation of the stormwater leaching pools is authorized pursuant to 40 CFR § 144.24.

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 Charter School. While representatives of the Charter School believe that it is in material compliance with applicable environmental laws for the Facility, there is no assurance that the Charter 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 Borrower with respect to compliance with human health and safety and environmental laws and regulations could adversely affect its financial condition and its ability to own and operate the Facility.

Appraisals

The Charter School engaged Becker Real Estate Appraisals, Inc. to conduct an appraisal of 111-115 Pleasant Avenue, Roosevelt, NY 11575 prior to acquiring the property in 2018, and Goodman-Marks Associates, Inc. ("**Goodman-Marks**") to conduct another appraisal (the "**Appraisal**") contemporaneously with the Charter School's application to the State Attorney General's Office Charities Bureau to transfer the Land to the Borrower. The Appraisal date is the date of inspection, October 6, 2021 and it is Goodman-Marks opinion that the "As Is" market value of the fee simple interest as of the effective date the Appraisal was Two Million One Hundred Thousand Dollars (\$2,100,000). No additional appraisals of the Land have been conducted.

Enforcement of Remedies

The remedies available to the Trustee or the owners of the Series 2023 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 2023 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Failure to Provide Ongoing Disclosure

The Borrower and the Charter 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 Borrower nor the Charter School has previously been subject to a continuing disclosure undertaking under the Rule. Failure by the Borrower or the Charter School to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2023 Bonds and their market price in the secondary market. See “CONTINUING DISCLOSURE” and “APPENDIX G—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Official Statement.

Private School Vouchers

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

Redemption Prior to Maturity

The Series 2023 Bonds are subject to redemption at the option of the Borrower and in the event of certain occurrences. See “THE SERIES 2023 BONDS—Redemption of Series 2023 Bonds” in this Official Statement.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2023 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement including the appendices hereto.

AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL

The audited financial statements of the Charter School as of and for the fiscal years ended June 30, 2022 (with comparative totals for 2021) and June 30, 2021 (with comparative totals for 2020) (the “**Audited Financial Statements**”), are included in APPENDIX D and APPENDIX E, respectively, to this Official Statement. The Audited Financial Statements were audited by Reid CPAs, LLP, independent auditors, as stated in their report thereon. See “APPENDIX D—AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2021” and “APPENDIX E—AUDITED FINANCIAL

STATEMENTS AND INDEPENDENT AUDITOR'S REPORT OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2021 AND 2020" in this Official Statement.

THE BUDGET PROJECTION

The Charter School has prepared the Budget Projection and related assumptions included in APPENDIX C to this Official Statement. The Budget Projection is based on the assumptions made by management of the Charter School as to, among other things, future enrollment levels, future costs, and future revenues. The Budget Projection is for the five (5) fiscal years of the Charter School ending June 30, 2024 through June 30, 2028. **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 Charter School's management as to the most probable future events and are subject to material uncertainties. No assurances can be given that the Charter 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 Charter 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—Reliance on Projections" in this Official Statement.

The Charter 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.

Reid CPAs, LLP has not performed any procedures relating to the Charter School's Budget Projection.

TAX MATTERS

Federal Income Taxes

Series 2023A Bonds (the "Tax-Exempt Bonds")

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, and assuming compliance with the representations, certifications and covenants described in the immediately succeeding paragraph, under existing statutes, regulations, administrative rulings and court decisions as of the date of such opinions, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (as previously defined, the "Code"). Furthermore, Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is not an "item of tax preference" for purposes of computing the federal alternative minimum tax imposed on individuals. However, for tax years beginning after December 31, 2022, the Code imposes a federal corporate alternative minimum tax equal to 15 percent of the "adjusted financial statement income" of corporations (other than S corporations, regulated investment companies and real estate investment trusts) having an average annual "adjusted financial statement income" for the 3-taxable-year period ending with the tax year that exceeds \$1,000,000,000. Interest on tax-exempt obligations such as the Tax-Exempt Bonds is included in the computation of a corporation's "adjusted financial statement income". The proposed form of opinion of Bond Counsel is attached hereto as "APPENDIX F."

All of the Tax-Exempt Bonds ("**Premium Tax-Exempt Bonds**") were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement, who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.]

Owners of Premium Tax-Exempt Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the existence of bond premium, the determination for federal income tax purposes of the amount of bond premium properly accruable or amortizable in any period with respect to Premium Tax-Exempt Bonds, other federal tax consequences in respect of bond premium, and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

The Code establishes certain requirements that must be met at the time of, and subsequent to, the issuance and delivery of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of Tax-Exempt Bonds, restrictions on the investment of proceeds of Tax-Exempt Bonds and other moneys or properties, and the rebate to the United States of certain earnings in respect of investments. Noncompliance with such continuing requirements may cause the interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds irrespective of the date on which such noncompliance occurs. The Indenture, the Loan Agreement, the Tax Compliance Agreement delivered by the Issuer and the Borrower (the "**Tax Certificate**"), and accompanying certificates, contain certain factual certifications, covenants, representations and warranties as to compliance with the requirements of the Code. In rendering the above-described opinions, Bond Counsel are assuming the accuracy of such factual certifications and the continuing compliance by the Issuer and the Borrower with their respective covenants, representations and warranties, set forth in the Indenture, Loan Agreement and the Tax Compliance Agreement, and will rely on the opinion of Cohen Schneider Law, P.C., counsel to the Borrower and the Charter School, that the Borrower is a 501(c)(3) organization and other matters, in addition to opinions from other entities.

In addition to the matters referred to in the preceding paragraphs, prospective purchasers of the Tax-Exempt Bonds should be aware that the accrual or receipt of tax-exempt interest on the Tax-Exempt Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences may depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel express no opinion regarding any such consequences. Examples of collateral federal income tax consequences of acquiring or holding the Tax-Exempt Bonds include, without limitation, (a) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Tax-Exempt Bonds, (b) interest on the Tax-Exempt Bonds earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by the Code, (c) passive investment income, including interest on the Tax-Exempt Bonds, may

be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (d) the Code requires recipients of certain Social Security and certain other federal retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Tax-Exempt Bonds.

In addition, the Code generally denies the interest deduction for indebtedness incurred or continued by a taxpayer, including without limitation, banks, thrift institutions, and certain other financial institutions to purchase or carry tax-exempt obligations, such as the Tax-Exempt Bonds.

State Income Taxes

In the opinion of Bond Counsel, under existing law as of the date of the issuance of the Tax-Exempt Bonds, for so long as interest on the Tax-Exempt Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Noncompliance with any of the federal income tax requirements set forth above resulting in the interest on the Tax-Exempt Bonds being included in gross income for federal tax purposes would also cause such interest to be subject to personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Tax-Exempt Bonds.

Other Considerations

Interest on the Tax-Exempt Bonds may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion as to the tax treatment of the Tax-Exempt Bonds under the laws of such other state or local jurisdictions. Each purchaser of the Tax-Exempt Bonds should consult his or her own tax advisor regarding the taxable status of the Tax-Exempt Bonds in a particular jurisdiction other than the State of New York.

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

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

The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors regarding any possible collateral consequences with respect to purchasing or holding the Tax-Exempt Bonds.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice of, or with the approving opinion of, a nationally recognized bond counsel. Harris Beach PLLC expresses no opinion as to any tax consequences with respect to the Tax-Exempt Bonds, or the interest thereon, if any such change occurs or actions are taken upon the advice or approval of other bond counsel.

Bond Counsel has not undertaken to determine or to inform any person whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of, interest on, the Tax-Exempt Bonds.

Certain requirements and procedures contained or referred to in the Indenture, Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any federal, state or local tax consequences with respect to the Tax-Exempt Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of a bond counsel other than Bond Counsel.

No assurance can be given that any future legislation, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Tax-Exempt Bonds to be subject to federal or State or local income taxation, as the case may be, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decisions or action of the Internal Revenue Service or any State taxing authority, including but not limited to the promulgation of a regulation or ruling, or the selection of the Tax-Exempt Bonds for audit examination or the course or result of any Internal Revenue Service examination of the Tax-Exempt Bonds or obligations which present similar tax issues, will not affect the market price or marketability of the Tax-Exempt Bonds.

From time to time the United States Congress has considered and can be expected in the future to consider tax reform and other legislative proposals, including some that carry retroactive effective dates, which, if enacted, could alter or amend the federal tax-exempt status, or adversely affect the market value, of the Tax-Exempt Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel to the Issuer expresses no opinion regarding any pending or proposed federal tax legislation.

Series 2023B Bonds (the "Federally Taxable Bonds")

In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, interest on the Federally Taxable Bonds is included in gross income for federal income tax purposes. The proposed form of opinion of Bond Counsel is attached hereto as "APPENDIX F."

General

The following discussion summarizes certain United States ("U.S.") federal tax considerations generally applicable to holders of the Federally Taxable Bonds that acquire the Federally Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, and any such change could have retroactive effect. Prospective investors should also note that no rulings have been or are expected to be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, financial institutions, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, persons holding the Federally Taxable Bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (a) alternative minimum tax consequences, (b) the indirect effects on persons who hold equity interests in a holder, (c) the Medicare tax consequences under Section 1411 of the Code, or (d) effects on certain plans subject to Section 4975 of the Code. In addition, this summary generally is limited to investors that acquire the Federally Taxable Bonds pursuant to this initial offering for the issue price that is applicable to such Federally Taxable Bonds (i.e., the price at which a substantial amount of the Federally Taxable Bonds are sold to the public) and who will hold the Federally Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain or loss with respect to the Series 2020B Bonds at the time such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

As used herein, "**U.S. Holder**" means a beneficial owner of a Federally Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust).

As used herein, "**Non-U.S. Holder**" generally means a beneficial owner of a Federally Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Federally Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Federally Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Federally Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest on Federally Taxable Bonds. Payments of interest on the Federally Taxable Bonds will be included in gross income for U.S. federal income tax purposes of a U.S. Holder as ordinary income at the

time the interest is paid or accrued in accordance with the U.S. Holder's regular method of accounting for tax purposes, provided such interest is "qualified stated interest," as defined below.

Disposition of Federally Taxable Bonds. Except as discussed above, upon the sale, exchange, redemption or retirement of a Federally Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (other than amounts representing accrued and unpaid interest) of such Federally Taxable Bond and such U.S. Holder's adjusted tax basis in such Federally Taxable Bond. A U.S. Holder's adjusted tax basis in a Federally Taxable Bond generally will equal such U.S. Holder's initial investment in the Federally Taxable Bond increased by accrued market discount, if any, if the U.S. Holder has included such market discount in income, and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Federally Taxable Bond. Such gain or loss generally will be long-term capital gain or loss if the Federally Taxable Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. holder is an individual, long-term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Non-U.S. Holders

A Non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Federally Taxable Bonds on its own behalf will not be subject to U.S. federal income tax on payments of principal of, or premium (if any), or interest (including original issue discount, if any) on Federally Taxable Bonds, unless the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed under penalties of perjury by the beneficial owner of the Federally Taxable Bonds,
- certifies that the owner is not a U.S. holder, and
- provides the beneficial owner's name and permanent residence address.

A "Withholding Agent" is the last U.S. payor (or non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. holder (which itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN ("W-8BEN"), which is effective for the remainder of the year of signature plus three full calendar years thereafter, unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a Form W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new Form W-8BEN. A Non-U.S. Holder that is not an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Federally Taxable Bonds on its own behalf may have substantially increased reporting requirements. In particular, in the case of Federally Taxable Bonds held by a foreign partnership or foreign trust, the partners or beneficiaries rather than the partnership or trust will be required to provide the certification discussed above, and the partnership or trust will be required to provide certain additional information.

A Non-U.S. Holder of Federally Taxable Bonds whose income from such Federally Taxable Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder, provided the holder furnishes to the Withholding Agent a Form W-8ECI.

Certain securities clearing organizations, and other entities that are not beneficial owners may be able to provide a signed statement to the Withholding Agent. In that case, however, the signed statement may require a copy of the beneficial owner's Form W-8BEN (or substitute form).

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax on any amount that constitutes capital gain upon retirement or disposition of Federally Taxable Bonds, unless the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the retirement or disposition of such Federally Taxable Bonds, and that gain is derived from sources within the United States. Certain other exceptions may apply, and a Non-U.S. Holder in these circumstances should consult his tax advisor.

Federally Taxable Bonds will not be includible in the estate of a Non-U.S. Holder unless, at the time of the decedent's death, income from such Federally Taxable Bonds was effectively connected with the conduct by the decedent of a trade or business in the United States.

Information Reporting and Backup Withholding

Backup withholding of U.S. federal income tax may apply to payments made in respect of the Federally Taxable Bonds to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Federally Taxable Bonds to a U.S. Holder must be reported to the IRS, unless U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those Non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Federally Taxable Bond to or through a broker, the broker must report the sale and withhold the entire purchase price, unless either (a) the broker determines that the seller is a corporation or other exempt recipient or (b) the seller certifies that such seller is a Non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's Non-U.S. status would be made normally on an IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Defeasance

It is possible that Federally Taxable Bonds may be legally defeased prior to their stated maturity. Prospective purchasers of Federally Taxable Bonds should be aware that, for U.S. federal income tax purposes, any such legal defeasance will be treated as a taxable exchange of such Federally Taxable Bonds on which gain or loss, if any, will be recognized without any corresponding receipt of cash. In addition, after a legal defeasance, the timing and character of amounts includable in gross income by a holder of Federally Taxable Bonds could differ from the timing and character of the amounts that would have been includible in gross income in respect of such Federally Taxable Bonds had the legal defeasance not occurred. Prospective purchasers of the Federally Taxable Bonds should consult their own tax advisors with respect to the more detailed consequences to them of a legal defeasance, including the applicability and effect of tax laws other than U.S. federal income tax laws.

State and Local Income Tax

Bond Counsel to the Issuer is of the opinion that under existing statutes, interest on the Federally Taxable Bonds is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Federally Taxable Bonds.

Interest on the Federally Taxable Bonds may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion, however, as to the tax treatment of the Federally Taxable Bonds under other state or local jurisdictions. Each purchaser of Federally Taxable Bonds should consult his or her own tax advisor regarding the taxable status of the Federally Taxable Bonds in a particular state or local jurisdiction other than the State of New York.

Other Considerations

All quotations from and summaries and explanations of provisions of law do not purport to be complete, and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2023A BONDS AND THE SERIES 2023B BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THESE AND OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE SERIES 2023A BONDS AND THE SERIES 2023B BONDS.

ENFORCEABILITY OF OBLIGATIONS

On the date of delivery of the Series 2023 Bonds, Harris Beach PLLC, Uniondale, New York, Bond Counsel to the Issuer, will deliver its opinion, dated the date of delivery, that the Series 2023 Bonds, the Loan Agreement, the Bond Purchase Agreement and the Indenture are valid and legally binding obligations of the Issuer. Cohen Schneider Law, P.C., New York, New York, as counsel to the Charter School, will deliver its opinion that the various documents to which the Charter School is a party are valid and legally binding agreements of the Charter School, each enforceable in accordance with its respective terms. Cohen Schneider Law, P.C., New York, New York, as counsel to the Borrower, will deliver its opinions that the various documents to which the Borrower is a party are valid and legally binding agreements of the Borrower, each enforceable in accordance with its respective terms. Paparone Law PLLC as counsel for the Trustee, will deliver its opinion that the various documents to which the Trustee is a party are valid and legally binding agreements of the Trustee, each enforceable in accordance with its respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions, and equitable principles affecting creditors' rights generally.

While the Series 2023 Bonds are secured or payable pursuant to the Lease, the Loan Agreement, the Promissory Notes, the Environmental Compliance and Indemnification Agreement, the Pledge and Security Agreement, the Assignment of Contracts and Interest in Licenses, Permits and Agreements, , the Indenture, the Covenant Agreement, the Tax Compliance Agreement, the Building Loan Agreement, the Mortgage and the Assignment of Mortgage, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

LEGAL MATTERS

Certain legal matters incident to the issuance and sale of the Series 2023 Bonds and with regard to the tax-exempt status of interest on Series 2023A Bonds under existing laws are subject to the legal opinion of Harris Beach PLLC, Uniondale, New York, as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its General Counsel, for the Charter School by its counsel, Cohen Schneider Law, P.C., New York, New York, for the Borrower by its counsel, Cohen Schneider Law, P.C., New York, New York and for the Trustee by its counsel Paparone Law PLLC, New York, New York. Ballard Spahr LLP, Denver, Colorado, represents the Underwriter in this transaction.

CONTINUING DISCLOSURE

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

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

RATING

Moody's Investors Service, Inc. ("**Moody's**") has assigned a rating of "Baa2" to the Series 2023 Bonds. Such ratings reflect only the view of Moody's and any desired explanation of the significance of such ratings should be obtained from Moody's at 250 Greenwich Street, New York, New York 10007.

Generally, rating agencies base their ratings on the information and materials furnished to them and on investigation studies and assumptions of their own. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if, in the judgement of such agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Series 2023 Bonds.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2023 Bonds, the Issuer, the Borrower, the Charter School and the Underwriter are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS." In other transactions not related to the Series 2023 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Borrower, the Charter School or the Underwriter or their affiliates, in capacities different from those described under "LEGAL MATTERS," and there will be no limitations imposed as a result of the issuance of the Series 2023 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 2023 Bonds should not assume that the Issuer, the Borrower, the Charter School and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in or will not after the issuance of the Series 2023 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will

be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

ABSENCE OF MATERIAL LITIGATION

The Issuer

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

The Borrower

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

The Charter School

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

The Charter School continues to defend litigation commenced against the Charter School in 2018 by the parents of a student, but anticipates an award of monetary damages (if any) will be paid by the Charter School's insurance carrier, and representatives of the Charter School have stated that the nature of the litigation is not anticipated to impact the Charter School's reputation, enrollment, or financial position.

UNDERWRITING

D.A. Davidson & Co. (the "**Underwriter**") intends to offer the Series 2023 Bonds in a limited offering at the offering prices set forth on the inside cover page of this Official Statement, less an underwriter's discount of \$480,000, which offering prices may be subsequently changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter will receive no fee (other than the underwriter's discount described in the preceding sentence) from the Issuer, the Borrower, or the Charter School for underwriting the Series 2023 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority to assist in selling the Series 2023 Bonds. The Underwriter may offer and sell the Series 2023 Bonds to certain dealers

(including dealers depositing Series 2023 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2023 Bonds will be deducted from the Underwriter's underwriting discount.

THE TRUSTEE

The Issuer has appointed U.S. Bank Trust Company, National Association to serve as Trustee, Bond Registrar, and Paying Agent. The Trustee is a national banking corporation organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture and the other Security Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Series 2023 Bonds (other than the Trustee's certificate of authentication), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2023 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2023 Bonds by the Borrower. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2023 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 2023 Bonds, or the investment quality of the Series 2023 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

The mailing address of the Trustee is 100 Wall Street, 6th Floor, New York, New York 10005, Attention: Corporate Trust Administration. Additional information about the Trustee may be found at its website at <http://www.usbank.com>. U.S. Bank Trust Company, National Association website is not incorporated into this Official Statement by such reference and is not a part hereof.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2023 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in New York, New York and thereafter at the principal corporate trust office of the Trustee. In addition to certain information provided herein, all information contained in APPENDICES A, B, C, D, and E, along with information regarding the Forecast and projected debt service coverage under the caption "INTRODUCTION," has been provided by the Borrower or the Charter School or been derived from information provided by the Borrower or the Charter School. Neither the Issuer nor the Underwriter makes any representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

No Registration of the Series 2023 Bonds

Registration or qualification of the offer and sale of the Series 2023 Bonds (as distinguished from registration of the ownership of the Series 2023 Bonds) is not required under the Securities Act. THE

ISSUER ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2023 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2023 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

Interest of Certain Persons Named in this Official Statement

The fees to be paid to counsels to the Borrower and the Charter School, counsel to the Underwriter, the Trustee, counsel to the Trustee, and the Underwriter are contingent upon the sale and delivery of the Series 2023 Bonds.

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Official Statement Certification

The Borrower, the Charter School and the Issuer (but only with respect to the information under the caption "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer" in this Official Statement) have authorized and approved the use and distribution of this Official Statement. The Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the caption "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer" in this Official Statement.

The preparation of this Official Statement and its distribution has been authorized by the Borrower and the Charter School. This Official Statement is not to be construed as an agreement or contract between the Borrower or the Charter School and any purchaser, owner or holder of any Series 2023 Bond.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, a New York not-for-profit
education corporation

By: /s/ Rev. Reginald Tuggle
Title: Chairperson

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC., a New
York not-for-profit corporation

By: /s/ Rev. Reginald Tuggle
Title: Chairperson

APPENDIX A

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL

INTRODUCTION

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

General

Roosevelt Children's Academy Charter School (the "**Charter School**") is an education corporation within the boundaries of Roosevelt Union Free School District (the "**District**"), in the Town of Hempstead (the "**Town**"), in the State of New York (the "**State**").

The Charter School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the "**Charter Schools Act**"), and an organization described in Section 501(c)(3) of the Code. The Charter School currently operates a public charter school within the boundaries of the District in the Town, offering free public education to students in grades kindergarten through 8. The Charter School was authorized on May 26, 2000 by The State Board of Trustees of the State University of New York's Charter Schools Institute ("**SUNY**" or the "**Authorizer**") for the operation of a school serving kindergarten through grade 8, expected to enroll up to 900 students, with the ability to enroll up to 1,080 students per its agreement with SUNY. The Charter School has received an Extension to Provisional Charter through June 30, 2025. The Charter School received a 501(c)(3) determination letter in January of 2003 from the Internal Revenue Service. See "THE CHARTER SCHOOL" and this APPENDIX A in this Official Statement. 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 Official Statement. The Charter School was the first charter school to operate on Long Island. Approximately 80% of the Charter School students are from the District and the Hempstead Union Free School District.

The Charter School operates its school at two locations. Students in grades kindergarten through 4th attend school at 105 Pleasant Avenue, Roosevelt, New York ("**105 Pleasant Avenue**" and 106 Pleasant Avenue, Roosevelt, New York, located across the street from 105 Pleasant Avenue ("**106 Pleasant Avenue**", and together with 105 Pleasant Avenue, the "**Pleasant Avenue Campus**"). Students in grades 5th through 8th attend school at 200 Centennial Avenue, Roosevelt, New York (the "**Centennial Avenue Campus**"). Currently, due to lack of facility capacity at 105 Pleasant Avenue, 4th grade students attend school at the Centennial Avenue Campus, but upon completion of the Series 2023 Project will be located at the Pleasant Avenue Campus.

Series 2023 Bond net proceeds will be used to construct improvements to the approximately one acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, New York, including a new, approximately 50,787 sq. ft. school building facility (the "**Facility**").

The Charter School will not be a borrower under the Loan Agreement or the Promissory Notes and will not be obligated to make payments under the Loan Agreement with respect to debt service on the Series 2023 Bonds. However, the Charter School will lease the Facility from Friends of Roosevelt Children's Academy Charter School, Inc., a New York not-for-profit corporation (the "**Borrower**"), under the terms of the Lease and amounts payable by the Charter School to the Borrower under the Lease are scheduled to be sufficient to pay all scheduled debt service on the Series 2023 Bonds.

The Borrower

The Borrower is a New York not-for-profit corporation that was organized pursuant to Section 803 of the New York State Not-for-Profit Corporation Law, and is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (as previously defined, the “Code”). The Borrower was formed for the purposes of supporting the Charter School. The Borrower will use proceeds of the Series 2023 Bonds to construct the Facility and lease the Facility to the Charter School pursuant to the Lease.

The Charter

The Charter School operates pursuant to a charter agreement with the Authorizer (the “Charter”). The Charter governs such matters as the Charter School’s authority to operate, student performance, financial management, governance and operations. Pursuant to the Charter Schools Act, the term of a charter cannot exceed five (5) years and therefore must be renewed periodically while the Series 2023 Bonds are outstanding. The Charter School was granted its first Charter in 2000, which was most recently renewed on June 29, 2020 to govern the Charter School’s operations through June 30, 2025. The Charter gives the Charter School the authority to operate a kindergarten through 8th grade school, with the expectation that the Charter School will enroll up to 900 students with the ability to enroll up to 1,080 students per its agreement with SUNY. The Charter School may, in the future, wish to amend its Charter to serve grades through 12th, but no formal action has been made to do so at this time.

Mission, Vision and Core Values

Mission Statement. The Charter School’s mission statement is as follows: “The mission of the Roosevelt Children’s Academy is to prepare students to fulfill their potential and become productive members of society. RCA will provide a rigorous academic program that expands students’ horizons and maximizes their abilities, and learning community that sets high expectations for our students, builds their confidence and self-esteem, celebrates their differences, encourages critical thinking, and fosters a love of learning.”

Vision Statement. The Charter School’s vision is as follows: “Changing Expectations to Change Achievement. We see quality education as the best path for our children to grow and mature into responsible adults with heart, soul, judgment and wisdom. Each member of our educational family fosters respect, support, and encouragement. We promote increased parent involvement and participation. As a result, we anticipate that parents will join with staff and students to share in the responsibility of their child’s education this will ensure that students meet or exceed New York State performance standards. As each member of our educational community sets high expectations for our students, we must also build each child’s confidence and self-esteem, support individualized thinking, encourage critical thinking, and foster a love of learning. We believe that children learn best when they have this broad base of support and accountability. RCA will, with the parents and community involvement, mold successful leaders for our global society as we strive to empower students, parents, and staff to reach their potential and become active participants in the life-long process of learning.”

Core Values: The Charter School has also adopted a set of core values which are stated as follows: “To meet the educational needs of our families, RCA has a very strong set of core values governing all areas of the school. Supported by instructional staff members and parents, our students will be competitive with other educational institutions and meet or exceed NYS educational standards. Our Core Values are: Respect Collaboration Academic Excellence.”

Campuses

Pleasant Avenue Campus. The Pleasant Avenue Campus is comprised of 105 Pleasant Avenue and 106 Pleasant Avenue, which are described as follows:

105 Pleasant Avenue. 105 Pleasant Avenue is comprised of one parcel of land totaling approximately 0.55 acres and a three-story building, consisting of approximately 20,000 square feet of usable interior space. The building was originally constructed in 2011. The Pleasant Avenue Campus includes 18 classrooms and offices. The Pleasant Avenue Campus is currently designed to serve up to approximately 325 students in kindergarten through 3rd, but could be re-designed to serve up to 450 students by eliminating office space. Due to the current facility capacity limitations, 4th grade students are attending the Charter School at the trailers located on the Centennial Avenue Campus, but are affiliated with the elementary school at 105 Pleasant Avenue. 105 Pleasant Avenue was acquired in 2010 for approximately \$90,000 and constructed in 2011 for approximately \$3,687,307.

106 Pleasant Avenue. 106 Pleasant Avenue is comprised of one parcel of land totaling approximately 0.16 acres, and a single story approximately 4,047 (interior) square foot gymnasium/cafeteria. 106 Pleasant Avenue was purchased by the Charter School for \$65,815.79 and renovated in 2017 for a cost of \$1,997,542.56.

Facility. The Facility includes one parcel of land totaling approximately one acre of land. Following the completion of the Series 2023 Project, the Facility will include 23 classrooms, a library, auditorium, kitchen, office space and teacher lounges. Upon completion of the improvements, the Facility will be approximately 50,787 square feet and is planned to serve up to approximately 575 students in kindergarten through 4th grade. See also “—PLAN OF FINANCE” below.

The Charter School acquired the Facility in March of 2018, for approximately \$2,528,000, which was consistent with the appraised value at that time.

Centennial Avenue Campus. The Centennial Avenue Campus consists of multiple parcels of land, approximately 26,041 square feet of leased building space, containing 13 classrooms, a playground, parking lots, and additional land on which trailers for 6 classrooms are located. The leased building space can accommodate up to 325 students, and the trailers an additional 150 students for a total student capacity of 475 students at the Centennial Avenue Campus. The leased building space of the Centennial Avenue Campus is part of an existing school building and a former convent building. Currently the Centennial Avenue Campus serves students in 4th through 8th, but is the middle school campus of the Charter School. Upon completion of the Facility, 4th grade students of the Charter School will be located at the Pleasant Avenue Campus and the Facility.

The Centennial Avenue Campus is owned by Queen of the Most Holy Rosary Roman Catholic Church at Roosevelt (the “**Landlord**”) and leased by the Landlord to the Charter School pursuant to an Agreement dated July 1, 2016 (the “**Centennial Lease**”). The term (the “**Term**”) of the Agreement is four years, commencing on July 1, 2016. The Agreement may be renewed for four extended terms upon written notice by the Charter School to the Landlord not less than 60 days prior to the expiration of the initial term. The Charter School has extended the Term of the Agreement through June 30, 2025.

The Charter School is to pay the Landlord rental fees in the amount of (a) \$30,381.17 per month in the first year of the Term, (b) \$30,988.79 per month in the second year of the Term; (c) \$31,608.57 per month in the third year of the Term, and (d) \$32,240.74 per month in the fourth year of the Term. All renewal terms and each year within the renewal will be increased by 2% over the prior year. The Charter School is not permitted to sublet all or any portion of the property. In addition to the monthly rental fees,

the Charter School will pay the monthly utilities including water, sewer, gas, oil, electricity and other services or utilities used by the Charter School.

During the Term (and during any period in which the Charter School holds over after expiration of the Term), the Charter School may, with Landlord's written consent, make additions, improvements, and replacements to all or any part of the property from time to time as the Charter School deems appropriate. The Charter School is responsible for any and all costs and expenses in maintaining, repairing and if necessary replacing the Centennial Avenue Campus and maintaining, repairing and if necessary replacing portions of the Centennial Avenue Campus (including the sidewalks contiguous to the Centennial Avenue Campus). The foregoing obligation does not include making any or all structural, roof, water, sewer or heating equipment repairs, or repairs to any major mechanical systems.

During the Term the Charter School shall maintain a comprehensive general liability insurance policy in the amount of \$3,000,000. Additionally, the Charter School will pay the Landlord \$13,000 per year for the purpose of defraying the Landlord's property insurance premium costs.

Turnpike Property. 170-174 Babylon Turnpike (the "Turnpike Property") was acquired on October 19, 2021 for \$4,500,000. The Turnpike Property is adjacent to the Facility. The Turnpike Property is approximately 26,290 square feet (approximately .60 acres), and will be used as a staging area for the construction of the Facility. Upon completion of the Facility, the Charter School may erect an additional school building, which may be used as a future high school or other school facility. The Charter School does not currently have plans to or approvals to operate a high school, but it may be an operational change it pursues while the Series 2023 Bonds are outstanding. The Charter School has contributed \$844,000 toward demolition, legal fees, EPA remediation, etc. for the Turnpike Property.

Leases

Ownership of the Facility will be transferred to the Borrower and leased to the Charter School pursuant to the Lease. The Charter School's payments under the Lease will be used to pay debt service on the Series 2023 Bonds. Additionally, while ownership of the Turnpike Property, 105 Pleasant Avenue, and 106 Pleasant Avenue will be transferred to the Borrower and leased to the Charter School pursuant to three additional leases and the payments made by the Charter School thereunder will NOT be used to pay debt service on the Series 2023 Bonds.

The Charter School currently leases the Centennial Avenue Campus pursuant to the terms of the Centennial Lease described above.

PLAN OF FINANCE

Use of Proceeds of the Series 2023A Bonds

Proceeds of the Series 2023A Bonds will be used by the Borrower to: (a) finance the construction, renovation, furnishing and equipping of a three-story approximately 50,787 square foot building located on approximately one acre of land at 111-115 Pleasant Avenue, Roosevelt, New York; (b) fund a debt service reserve fund for the benefit of the Series 2023A Bonds; (c) fund capitalized interest on the Series 2023A Bonds; and (d) pay for certain costs related to the issuance of the Series 2023A Bonds.

The planned improvements to the Facility include construction of a three-story building with a second-floor bridge connecting the Pleasant Avenue Camus to the Facility. The Facility will also include a basement. Following the completion of the Series 2023 Project, the Facility will include 23 classrooms, a library, cafeteria, conference rooms, auditorium, kitchen, office space and teacher lounges. As planned,

the Facility has sufficient street parking for teachers and administration. Upon completion of the Series 2023 Project, the total square footage of the Facility will be approximately 50,787 square feet. Following completion of the Series 2023 Project, the Facility will serve up to approximately 575 students in kindergarten through 4th grade.

The Borrower has selected VRD Contracting, Inc., located in Holbrook, New York (“VRD”) as general contractor/construction manager, and Robert Phillip Ferraro Architect, P.C., located in Lynbrook, New York (the “Architect”) as the architect for the Series 2023 Project. VRD and the Charter School have entered in an agreement, executed on March 22, 2022 (the “GC Agreement”), to construct the Facility for an amount of \$22,550,881, subject to change pursuant to the terms of the Agreement, with a completion date no later than October of 2024, which is subject to change in accordance with the GC Agreement. Prior to the issuance date for the Series 2023 Bonds, the Borrower and VRD will execute an Assignment, Assumption and Amendment to Contractor Agreement, relating to the GC Agreement, which will be assigned to the Trustee pursuant to the Assignment of Contracts. The Borrower has selected Beau Geste Management to serve as the owner’s representative for the Series 2023 Project through the Architect. The Project Fund will be funded with Series 2023 Bond proceeds of approximately \$27,342,754. The Series 2023 Project budget to be funded with the Series 2023 Bonds is set forth below:

Project Budget	
Hard Costs	\$22,550,881
Pre-Construction Costs	1,152,193
Soft Costs	150,000
FF&E	1,524,031
Contingency	<u>1,965,648</u>
Total	<u>\$27,342,754</u>

In addition to the acquisition costs, the Charter School has contributed \$1,481,501.93 toward pre-construction soft costs related to the Series 2023 Project. The Charter School has paid the Contractor up-front fees of \$2,077,862.67. These expenses paid by the Charter School are included in the above budget. The Charter School expects to be reimbursed for a portion of these expenses in the amount of \$3,029,805.66 from proceeds of the Series 2023 Bonds.

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Series 2023 Project costs in excess of the amount deposited into the Project Fund from Series 2023 Bond proceeds will need to be paid from legally available funds of the Charter School. See “RISK FACTORS—Construction Risk Relating to the Facility.”



Use of Proceeds of the Series 2023B Bonds

Proceeds of the Series 2023B Bonds will be used by the Borrower to pay for certain costs related to the issuance of the Series 2023 Bonds.

Environmental Reports

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

Appraisal

See “RISK FACTORS—Appraisal” for a description of the appraisal on the Facility, which is hereby incorporated into this APPENDIX A.

CHARTER SCHOOL GOVERNANCE, ADMINISTRATION AND TEACHERS

Board of Trustees

The Charter School is a not-for-profit education corporation and has no members. The Charter School is overseen by a Board of Trustees (the “**Board**”). Trustees have no power as individuals and only act through the Board. Under the Charter School’s Bylaws, the Board consists of not less than five nor more than nine trustees. Trustees may be elected for successive five-year terms, with the Trustees divided into classes so that their terms are staggered and do not all expire at the same time.

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

Name	Position	Initial Start Date	Current Term Expiration
Rev. Reginald Tuggle	Chairperson	7/1/2019	June 30, 2023
Denise Washington, Esq.	Vice-Chairperson	7/1/2019	June 30, 2024
Wanda Arroyo Coronel	Trustee	7/1/2019	June 30, 2025
Toni Burden	Trustee	7/1/2019	June 30, 2024
John SH Chien	Trustee	7/1/2019	June 30, 2025
Darrell J. Garner	Trustee	7/1/2019	June 30, 2025
Pastor Scott Williams	Trustee	2/28/2023	June 30, 2025
Jamel V. Vandenburg, MPA	Trustee	2/28/2023	June 30, 2025

Below are biographies of the members of the Board of Trustees.

Rev. Reginald Tuggle, Chairperson. Reverend Tuggle is a co-founder of the Charter School and is currently the Chairperson of the Charter School Board of Trustees. He pastored the Memorial Presbyterian Church in Roosevelt for 38 years. Reverend Tuggle has also served as the Associate Vice President of Marketing and Communications at Nassau Community College for 17 years and Executive Assistant to the President. He received his Bachelor of Arts from Bishop College, and his Masters of Divinity from Union theological Seminary. Reverend Tuggle also studied for three years at Yale University for his Ph.D., and one year at Philippine University, and earned his second Master of Divinity Degree.

Denise Washington, Esq., Vice Chair. Ms. Washington is the Chief Administrator for the Impartial Hearing Office at the New York City Department of Education. She previously served as the labor relations counsel and chief negotiator for the Roosevelt Public Library. Ms. Washington received her Juris Doctor from Howard University School of Law and a Bachelor of Art in History from Brown University.

Wanda Arroyo Coronel, Trustee. Ms. Arroyo Coronel is the Community Engagement Representative Manager of Long Island at Affinity Health Plan. She has more than 15 years of experience in operations. Ms. Arroyo Coronel received her Bachelors of Arts in Political Science and International Policy from St. John's University.

Toni Burden, Trustee. Ms. Burden specializes in the health and wellness industry. She serves the Long Island Community as a business owner, marketing executive, brand consultant, and public speaker. She is a member of the National Honors Society and Girl Scouts of America, and has served on the board of the Hempstead Boys & Girls Club.

John SH Chien, Trustee. Mr. Chien is the deputy director of subsidy account at MT A-Metro-North Railroad where he oversees all aspects of the company's subsidy accounting. He has more than 25 years' experience in finance and operations. Mr. Chien earned his undergraduate degree at New York Institute of Technology, majoring in accounting.

Darrell J. Garner, Trustee. Mr. Garner currently works for the Nassau County Commission on Human Rights. He received his Bachelor of Arts in History from North Carolina Central University and his Masters in Business Administration from Dowling College.

Pastor Scott Williams, Trustee. Pastor Williams currently serves as the lead pastor of a large suburban Presbyterian congregation. He is a member of the NAACP, Sigma Phi Rho Fraternity, and Kappa Delta Pi Honor Society. Pastor Williams received his Master of Divinity from New Brunswick Theological Seminary, his Master of Arts inhuman Resources/Training and Development from Seton Hall University,

and his Bachelor of Science in Organized Management from Nyack College. He is currently working on his Executive Doctorate in Education at Seton Hall University.

Jamel V. Vandenburg, MPA. Mr. Vandenburg is an adjunct professor at St. John's University and University of New York Institute of Technology where he teaches American National Government, Discover New York, American History, Foundation of Inquiry, American Government and Politics, Government of Metropolitan Problems, Social Science Seminar: Running for Office in the 21st Century, and Public Administration. He also serves as an executive fellow and social media consultant with National Urban Fellows. Mr. Vandenburg received his Doctor of Philosophy in Public Policy and Social Change from Union Institute and University, Master of Public Administration from Baruch College, Bachelor of Science in Accounting from Wilberforce University, and Master of Business Administration and Management (coursework only) from City University. He also holds Blackboard Virtual Teaching Certification and Canvas Virtual Teaching Certification.

Senior Leadership

Below are biographies of the Charter School's senior leadership.

Philip Leconte, Executive Finance & Chief Operation Officer. Mr. Leconte is a senior financial professional with over 30 years of experience. He is currently the Executive Chief Financial Officer / Operations Officer at the Charter School. Prior to becoming an employee of the Charter School he served on the Charter School Board as the Treasurer for over a decade.

Mr. Leconte was also the Assistant Vice President / Financial Manager for J. P. Morgan Chase Bank in Hicksville, New York. Preceding the former accomplishments, he was a Senior Associate in the Merger & Acquisition department with Ernst & Young LLP, in New York City. Mr. Leconte was the Comptroller at New York Institute of Technology in Westbury New York. He received his Bachelor of Science in Accounting and an MBA in Finance from New York Institute of Technology in Westbury, New York.

Scott Peckins, Assistant to the COO/CFO. Prior to his employment at the Charter School, Mr. Peckins worked at a CPA firm for over ten years. During his tenure at the firm, he was the senior manager in charge of all the not-for-profit agency audits including audits of agency's receiving more than \$750,000 and requiring a single audit under the Uniform Guidance standards; limited-scope audits of the Defined Contribution and Defined Benefit Plans; assisted the partner in the Engagement Quality Control Review department responsible for the review of all audits prior to their issuance and also an integral part of the forensic fraud team.

Mr. Peckins obtained both his CPA license, BBA and MBA degree from Baruch College. His career includes over eight years of experience as a Chief Financial Officer for two not-for-profit agencies and over thirty years of experience as an auditor ultimately becoming a senior manager.

Richard Longchamp, Operations Manager. Mr. Longchamp is a Certified Public Accountant. He has prior knowledge and experience in auditing, tax, and small business financials. He joined the Charter School in September 2016 as Operations Manager. His functions include site level procurement of supplies, materials, and equipment, managing transportation, facilities maintenance, security, school safety, and other third-party service contracts, working with Charter School personnel to maintain integrity and accuracy of student records, including student enrollment and retention data, verify Charter School staff upload student records on time to the school local RIC data warehouse, work with Charter School staff to manage data reporting for special education programs, prepare reports on site operations, support logistical operations, and respond to and resolve routine internal and external inquiries with parents, employees, and

Charter School organizations. He previously worked at a CPA firm for over three years in audit, compilation, review and tax preparation of small businesses financial statements. Mr. Longchamp has his CPA license and graduated from New York Institute of Technology with a Bachelor of Science in Accounting.

Reshma Persad, Principal (Grades K-4th). Ms. Persad serves as the Elementary School Principal at the Charter School. This year marks Ms. Persad's twentieth year in the field of education and sixteenth year at the Charter School.

Ms. Persad's experience over the past two decades has included: high school Spanish teacher; middle school English Language Arts teacher; Literacy Coach; Assistant Principal; After School & Summer School Coordinator; Director of Operations & Compliance. She served at both the building and district level, at different capacities and most recently, for the last two years as Elementary School Principal. She earned her BA in Secondary Education and two master's degree in Literacy and Administration & Supervision from St. John's University. She is currently working on her doctorate at Long Island University.

Simone Roberts, Principal (Grades 5th-8th). Ms. Roberts began her professional career at Renaissance Charter School in 2000 and performed two years as both High School Mathematics teacher and sixth grade Math Support. Her career really took flight when she joined the Charter School's team of educators. She began as a First-Grade Teacher in August of 2002, became a Title 1 Mathematics Teacher and then Title 1 Coordinator. In 2005 she was elevated to Lead Educator for Mathematics. Simone's dedicated work ethic promoted her to the position of Middle School Assistant Principal followed by Middle School Principal after one year.

Ms. Roberts attended Nassau Community College where she graduated Magna Cum Laude as an Associate of Science Liberal Arts in 1998. Simone enrolled at C.W. Post in the fall of 1998 to pursue the field of education. She then transferred to St. John's University the following spring from whence she earned her Bachelor of Science Degree in Elementary Education in spring of 2001. Upon completing her Acculturates Degree in Science – Elementary Ed., she continued onto a Master of Science Degree within the same field at Queens College. Following this pattern of continuous and systematic education she went on to garner her Professional Math Teaching Certificate, the following year, 2006, having received the Elementary Teaching Certificate the previous year.

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Teachers and Staff

The student-teacher ratio for the Charter School for the 2022-2023 school year is 25:1, with a class having one teacher and one teacher aid. In order to provide the variety of services required by law, the Charter School employs 130 total employees, 54 of whom are teachers.

Table 1 Charter School Employees	
	Full Time
Teachers	54
Administrators	23
Nurses, Counselors, and Deans	6
Support Staff	<u>47</u>
Total	<u>130</u>

Representatives of the Charter School believe its relationship with teachers is "good". Teachers at the Charter School belong to the RCA Union (the "Union"). The Union holds meetings and minutes are presented to the Charter School Board. A representative from the Charter School attends the meetings.

Salaries. The average teacher salary in the District is approximately \$51,162. The Charter School has an average teacher salary of approximately \$53,308 with a Bachelor's degree, and \$58,847 with a Master's degree. The Charter School offers competitive benefits.

The following table shows the level of experience and education for teachers and teacher aides/assistants for the 2022-2023 school year at the Charter School.

Table 2 Teacher Experience and Education	
	2022-2023
0-5 Years' Experience	43.1%
5-10 Years' Experience	27.6
Over 10 Years' Experience	<u>29.3</u>
Total	<u>100.0%</u>
Bachelor's Degree	13.8%
Master's Degree	<u>86.2</u>
Total	<u>100.0%</u>

The following tables show historical teacher and associate teacher retention rates at the Charter School.

Table 3 Historical Teacher Retention Rates	
Year	Total Charter School Percent Retained
From 2019-2020 to 2020-2021	94.25%
From 2020-2021 to 2021-2022	91.67
From 2021-2022 to 2022-2023	90.48

Professional Development. Prior to the start of the academic year, the Charter School hosts professional development for teachers and staff for approximately two weeks. Professional Development is geared towards making academic improvements in order to increase achievement. Additionally, teachers and staff participate in weekly instructional planning and support meetings. The Charter School plans for observation and lesson plan feedback on regular intervals taking into account in-person and virtual teaching.

Union

Teachers employed by the Charter School are part of Union. The Charter School Chief Operating Officer, a Charter School Board Member, and a member from the law firm who works with the Charter School on personnel matters negotiate with the Union President and the Union attorney over the terms of the teachers' contract.

Services Agreement

The Charter School entered into a Professional Services Agreement effective as of July 1, 2022 (the "**Services Agreement**") with Charter School Business Management ("**CSBM**"), pursuant to which CSBM agreed to provide certain financial and school business operations consulting services. The term of the Services Agreement ends June 30, 2023. The Charter School agreed to pay invoices for the services rendered by CSBM three times a year and the estimated fee for such services during the term of the Services Agreement is approximately \$62,000, subject to fees for additional services.

CHARTER CONTRACT

General

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

Annual Reports

As part of the Charter, the Charter School is required to submit to SUNY and the New York State Education Department an annual report stating the academic program and performance for the previous school year (the "**Annual Report**"). An Annual Report is to be submitted no later than July 1 for the preceding school year and may be posted to the Charter School's website, transmitted to local newspapers, and made available for distribution at Board of Trustee Meetings.

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 the Charter School to submit: (a) a report of progress in achieving the educational

objectives set forth in the charter; (b) a detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private; (c) copies of each of the annual reports of the charter school required by the Charter and the Charter Schools Act, including charter school report cards and certified financial statements; (d) evidence of parent and student satisfaction; (e) the means by which each school will meet or exceed enrollment and retention targets; and (f) such other material and information as required by SUNY.

The Charter Schools Act requires that charter renewal applications be submitted to the charter entity, which in the case of the Charter School is SUNY, no later than July 1 of the calendar year prior to the expiration of a charter. The Charter states that if SUNY does not approve a renewal application, the parties to the Charter shall fulfill their respective obligations through the full term of the Charter.

The Charter School was granted its first Charter in 2000, which was subsequently renewed every five years and most recently extended on June 29, 2020 to include the Charter School's ability to serve students in kindergarten through grade 8. SUNY and the Charter School entered into the charter contract pursuant to which the Charter School is authorized to operate through June 30, 2025.

Charter Revocation

A charter may be terminated by the charter entity or the Authorizer upon any of the following statutory grounds: (a) when a charter school's outcome on student assessment measures adopted by SUNY 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 State 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 Regents may retain such charter.

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

The Charter Schools Act provides that notice of intent to revoke a charter must be provided to the board of trustees of a charter school at least 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 Regents.

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

THE CHARTER SCHOOL

School Year and School Day Length

The school day begins at 8:30 am and ends at 4:00 pm. There are after school hours: 4 pm – 6 pm. There are at least 180 instructional school days. The school year begins in early September and ends in the latter half of June.

School Meals Program

The Charter School participates in the National lunch, breakfast and snack program. The Charter School manages a food service program that offers a nutritious well-balanced breakfast/lunch for children that meets the requirement on nutrition and federal regulations. In addition to the breakfast and luncheon menu, the program offers milk, juice, snacks and a variety of fresh fruits and vegetables. A Health & Wellness Committee was established. PE teachers are mandated members on the committee. The Charter School promotes nutritional and physical education by offering at each grade level (K-8) standards based program that provides the students with the necessary skills and knowledge to promote their understanding of nutrition and protect their health through health education classes, science, classroom activities, other specials activities and the food service program.

COVID-19 Related Changes

For the 2021-2022 school year, the School operated fully in-person. The School provides an online option for students who need to participate remotely.

Operations of the Charter School are governed by a Reopening Plan (the “COVID Plan”). The COVID Plan prioritizes equity, collaborative teamwork, and instructional achievement. See “RISK FACTORS—Impact of COVID-19 on the Charter School” for a more detailed description of the impact of COVID-19 on the Charter School.

Employees of the Charter School are required to be fully vaccinated.

Transportation

The Charter School has two buses for pickup and return home at the end of the school day. Each school district provides bus service for those students residing in their district.

Curriculum

Guided reading and guided math have been implemented at the elementary school level. Through guided reading and guided math, students learn how to engage in every aspect of the reading/math process, in which they then apply to all instructional contexts.

At the middle school the Charter School provides targeted instruction 3 times per week in ELA and math. The groups are formulated based upon the following criteria: data received from IReady testing, pre and post assessments for data team meetings, and exit tickets administered by the classroom teachers.

Teaching methods are a combination of whole class and small group instruction.

The RTI staff members provide academic support in ELA and math 3 to 5 times per week for 30 minutes each session. RTI teachers use a pull-out model as their main teaching method. RTI uses Number Worlds for math and LLI for ELA.

Our ENL teachers use a pull-out method to service identified ENL students 5 days a week for about 30 minutes each day.

The Charter School offers an After School program where students participating in the program can get homework support from 4 pm to 5 pm and then participate in clubs from 5 pm to 6 pm. Students get an opportunity to showcase what they have learned in their clubs throughout the year.

English Language Arts.

The Charter School takes a balanced literacy approach and focuses on:

Reading foundational skills: apply print concepts, demonstrate phonological awareness, use phonics and word recognition skills, and the ability to demonstrate fluency.

Reading literature and information text: evaluate key ideas and details; utilize craft and structure of the text; integrate knowledge and ideas; and utilize knowledge of language and vocabulary acquisition.

Writing: produce a variety of text types with attention to purpose (narrative, expository, opinion); apply conventions of Standard English; demonstrate production and distribution of writing.

Speaking and listening: exhibit ability to comprehend and collaborate; participate in the presentation of knowledge and ideas.

Mathematics.

The Charter School takes a balanced approach to mathematics and focuses on:

Counting and Cardinality: knowledge of numbers and count sequence.

Operations and Algebraic Thinking: understand concept of addition and subtraction; understand and apply properties of operations and relationship between addition and subtraction; represent and solve problems involving addition and subtraction; understand properties of multiplication and understand relationship between multiplication and division; use four operations with whole numbers to solve problems.

Numbers and Operations in Base 10: gain foundation of the place value system; understand place value systems; use place value systems to perform multi-digit arithmetic; understand and explain concept of adding and subtracting fractions.

Measurement and Data: describe and compare measurable attributes; tell and write time and money; draw and use pictures and bar graphs with specific unit scale to represent and interpret data on a number line; solve problems involving measurement and estimation of intervals of time, liquid volumes, and mass; use operations to solve problems involving types of measurement (time, distance, weight, etc.) including simple fractions or decimals; solve problems involving measurement and conversion of measurements.

Geometry: identify and describe shapes; reasons with shapes and attributes; draw and identify lines and angles; classification of shapes by properties of lines and angles.

Extracurricular Activities

At the middle school level students can participate in Student Government, Peer Mediation, Stock Market Game, and 8th grade students are expected to complete approximately 20 hours of community service. Charter School students also participate in clubs such as cheer, step, dance, music, art, and STEM.

Special Education. The Charter School provides for an appropriate special education program for special needs students. For the 2022-2023 school year there are approximately 13% special education students enrolled in grades K-8.

Reduced Lunch. Children whose household income is at or below 130% of the Federal poverty guidelines qualify for free or reduced priced menus. For the 2022-2023 school year, approximately 76% of the Charter School's students were eligible for the free and reduced lunch program.

Approximately 17% of current students attending the Charter School are current or former English Language Learners.

Enrollment

New and currently enrolled students must re-apply on an annual basis. Enrolled students must be re-registered by May 1st of each year. If the re-registration process is not completed by the Charter School deadline, the seat may be released to the next student on the waitlist.

Set forth below is a history of the Charter's School enrollment.

Table 4 Historical and Current Enrollment						
Grade	Historical					Current
	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023¹
K	81	88	85	91	97	105
1 st	80	88	81	98	96	103
2 nd	97	68	79	82	94	101
3 rd	74	93	64	68	75	96
4 th	72	71	82	74	68	77
5 th	77	63	58	81	64	74
6 th	64	69	67	74	82	66
7 th	67	58	66	72	77	86
8 th	<u>52</u>	<u>64</u>	<u>50</u>	<u>64</u>	<u>68</u>	<u>79</u>
Total	<u>664</u>	<u>662</u>	<u>632</u>	<u>704</u>	<u>721</u>	<u>787</u>

¹ As of March 1, 2023.

Source: 2017-2018 through 2020-2021 from the NYSED; 2021-2022 and 2022-2023 from the Charter School.

The following table shows projected student enrollment numbers at the Charter School by grade level for the next five school years.

Table 5 Projected Enrollment by Grade Level					
Grade	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
K	90	120	140	145	150
1 st	95	100	115	145	145
2 nd	95	100	110	115	145
3 rd	95	100	110	115	110
4 th	95	100	110	115	110
5 th	80	95	110	115	110
6 th	80	85	95	115	110
7 th	80	85	95	95	110
8 th	<u>80</u>	<u>85</u>	<u>95</u>	<u>95</u>	<u>90</u>
Total	<u>790</u>	<u>870</u>	<u>980</u>	<u>1,055</u>	<u>1,080</u>

Source: The Charter School.

Upon completion of Series 2023 Project, the student capacity at the Facility will be approximately 575 students.

The student capacity at the Centennial Avenue Campus is 475 students and at 105 Pleasant Avenue is 325 students for a total current capacity of 800 students at both locations, as currently configured. The Charter School is expected to enroll up to 900 students, with the ability enroll up to 1,080 students per its agreement with SUNY. 105 Pleasant Avenue could serve up to 450 students if office space was converted to classroom space.

In the event that construction of the Series 2023 Project is not complete by the start of the 2024-2025 school year, the Charter School anticipates temporarily converting 106 Pleasant Avenue into 4 kindergarten classrooms to accommodate up to 100 students for the 2024-2025 school year, until the Series 2023 Project is complete, which is anticipated to be complete by October of 2024.

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Student Retention

Listed below is the historical student enrollment retention at the Charter School.

Table 6 Retention Rate by School Year	
School Year	Percent Retention from Previous School Year ¹
From 2016 to 2017	93%
From 2017 to 2018	91
From 2018 to 2019	89
From 2019 to 2020	87
From 2020 to 2021	77
From 2021 to 2022	94
From 2022 to 2023	91

¹ Figures have been rounded.
Source: The Charter School.

Lottery Admission Process

Under the Charter Schools Act, admission into charter schools is determined by a lottery process. Preference for the lottery will be given to siblings of currently enrolled students and students in the District. Students who are not admitted will be placed on a waiting list in the order that their lottery numbers were drawn. Every April, the Charter School conducts a lottery on-line to accept students for next year's Kindergarten class. After the lottery is conducted the Charter School establishes a waiting list to be used when a spot is opened.

Wait List

Set forth below is the historical waitlist summary, listed by grade level for the Charter School.

Table 7 Historical Wait List Summary						
Grade	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023 ¹
K	--	3	5	35	42	--
1 st	8	30	41	84	96	80
2 nd	5	7	42	87	98	89
3 rd	4	29	35	25	87	80
4 th	12	49	48	62	65	80
5 th	12	57	41	70	81	10
6 th	11	40	60	76	86	10
7 th	18	35	41	68	78	110
8 th	14	26	39	65	69	115
Total	84	276	352	572	702	574

¹ As of March 3, 2023.
Source: The Charter School.

Applications may be made for 1st grade through 8th grade on a space availability basis from the waitlist. Applicants who submit an application after April 1st will be added to the Charter School's waitlist.

Academic Achievement Indicators

At the elementary level, for ELA, students are evaluated through the Fountas & Pinnell Benchmark Assessment, which is administered three times during the academic school year. In addition, Interim Assessments (created by Instructional Coaches) are administered three times during the academic school year, as well as chapter tests.

For math, students are evaluated through Benchmark Assessments three times during the academic school year, which is derived from the GoMath curriculum. In addition, chapter tests are administered throughout the academic school year.

The middle school level uses IReady as a benchmark diagnostic assessment tool. The ELA and math coaches also administer three to five open ended questions, which provide additional data in terms of students' understanding of the writing process, comprehension skills, and ability to apply math in real world situations. These benchmark assessments are administered three times throughout the academic school year.

In addition to the benchmark assessments students' academic performance are evaluated via daily exit tickets, data team pre and post assessments, chapter quizzes and assessments, and projects.

RTI assess their students every eight weeks to determine progress and closing the achievement gap.

ENL uses the NYSESLAT assessment as the main assessment but conducts a benchmark assessment of their own to determine progress. The data from the benchmark assessment provides an indicator as to how students will do on the NYSESLAT in May.

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

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Due to COVID-19, approximately 60% of students statewide did not take tests. Therefore, the 2021 grades 3-8 assessment results do not include State data, and should not be compared to that of previous school years, statewide or among subgroups of students.

Table 8
Percentage of students that scored at or above
Level 3 in English Language Arts

Grade	2018-2019			2020-2021			2021-2022		
	Charter School	District	State	Charter School ¹	District ²	State ³	Charter School	District	State
3 rd	38%	32%	45%	65%	24%	n/a	54%	32%	46%
4 th	34	48	32	38	--	n/a	47	20	42
5 th	19	22	22	25	18	n/a	50	19	38
6 th	11	32	18	59	43	n/a	31	45	57
7 th	14	19	25	65	22	n/a	42	31	48
8 th	26	30	28	68	26	n/a	42	29	50

¹ Due to the extraordinary circumstances related to the COVID-19 pandemic, approximately 34% of enrolled students at the Charter School participated in state assessments in 2020-2021.

² Due to the extraordinary circumstances related to the COVID-19 pandemic, approximately 33% of enrolled District students participated in state assessments in 2020-2021.

³ Due to the extraordinary circumstances related to the COVID-19 pandemic, approximately 40% of enrolled students participated in state assessments in 2020-2021. Because only 40% of students' results are available, state assessments are not representative of the state's student population and the results should not be compared statewide or by statewide subgroup, or with prior year's results and were not provided by the New York State Education Department.

Table 9
Percentage of students that scored at or above
Level 3 in Mathematics

Grade	2018-2019			2020-2021			2021-2022		
	Charter School	District	State	Charter School ¹	District ²	State ³	Charter School	District	State
3 rd	38%	32%	30%	65%	12%	n/a	60%	37%	48%
4 th	22	35	24	19	16	n/a	47	21	43
5 th	36	18	22	11	7	n/a	10	13	37
6 th	15	26	24	18	18	n/a	11	17	38
7 th	19	19	23	59	9	n/a	17	19	35
8 th	31	--	20	59	7	n/a	25	15	24

¹ Due to the extraordinary circumstances related to the COVID-19 pandemic, approximately 31% of enrolled students at the Charter School participated in state assessments in 2020-2021.

² Due to the extraordinary circumstances related to the COVID-19 pandemic, approximately 41% of enrolled District students participated in state assessments in 2020-2021.

³ Due to the extraordinary circumstances related to the COVID-19 pandemic, approximately 40% of enrolled students participated in state assessments in 2020-2021. Because only 40% of students' results are available, state assessments are not representative of the state's student population and the results should not be compared statewide or by statewide subgroup, or with prior year's results and were not provided by the New York State Education Department.

School Safety

To facilitate an organized process to help prepare for an actual evacuation emergency, the Charter School performs a variety of schedule drills throughout the school year. The practice drills are designed to protect students in case of an emergency.

After School Program

The Charter School offers after school care to families enrolled in the program. The after school care program accepts enrollment applications on a rolling basis. The program is a high-quality, structured environment that extends the school day until 6:00 pm. Students receive help completing their homework, enjoy recreational and social time with their peers, and receive a snack.

Service Area

The Charter School is the first charter school on Long Island. Approximately 80% of the Charter School students are from the District and the Hempstead Union Free School District. The Charter School is located in Nassau County, in the Town and State. According to U.S. Census data, Nassau County has an estimated population of 1,390,907 as of July 1, 2021. Students are accepted from all school districts in Nassau County, Suffolk County and the City of New York.

The student population at the Charter School consists of students residing in the following municipalities and zip codes.

Table 10 Distribution of Students by for 2022-2023 School Year	
Municipality	Percentage of Students
Roosevelt	50.83%
Hempstead	24.93
Uniondale	6.78
Westbury	5.95
Freeport	7.00
Other	4.51

Table 11 Distribution of Students by Zip Code for 2022-2023 School Year	
Zip Code	Percentage of Students
11575	46.00%
11550	25.62
11520	10.66
11590	7.00
11553	5.12
11701	1.38
11510	1.38

The average student population at the Charter School is approximately 58% African American and 42% Hispanic. For comparison, the racial demographics of Nassau County and the State, as presented in the U.S. Department of Commerce's 2020 Census, are also included.

Nassau County and State Racial Demographics		
Race	Nassau County	State
White	73.4%	64.6%
Black or African America	13.1	17.8
American Indian and Alaska Native	0.5	1.2
Asian	10.9	12.8
Native Hawaiian or Other Pacific Islander	0.1	0.2
Two or More Races	2.0	3.4
Hispanic or Latino	17.5	25.6
White, not Hispanic or Latino	58.5	47.2

Source: U.S. Census Bureau, Quick Facts, April 2020.

Population

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

Comparative Population				
Year	Nassau County	Percent Change	State of New York	Percent Change
1990	1,286,905	--	18,020,784	--
2000	1,336,713	3.87%	19,001,780	5.44%
2010	1,339,532	0.21	19,399,956	2.10
2020	1,395,774	4.20	19,336,776	(0.33)

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

Median Age

According to the U.S. Census Bureau, 2021 American Community Survey 5-Year Data Profile, the estimated median age for the residents of Nassau County was 41.8 years and for residents of the State was 29.2 years. (Source: U.S. Department of Commerce, Bureau of the Census.)

Income

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

Per Capita Personal Income					
	2017	2018	2019	2020	2021
Nassau County	\$83,722	\$86,556	\$89,713	\$93,715	\$99,597
State of New York	\$62,913	\$64,849	\$67,366	\$71,577	\$76,837
United States	\$51,550	\$53,786	\$56,250	\$59,765	\$64,143

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

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Competing Schools

The Charter School competes for students primarily within the geographic area of the District and other surrounding districts, including those located in Suffolk County and the City of New York, and with other public schools and charter schools within the area. The charter schools within a close proximity to the Facility are in competition with the Charter School for students, including, but not limited to the schools in the table below.

Competitive Schools			
School Name	Distance (miles)	Grades Served	Approximate Enrollment
Roosevelt Middle School	1.0	5 – 8	507
Centennial Avenue Elementary School	0.25	K – 6	606
Washington Rose Elementary School	1.0	K – 5	715
Ulysses Byas Elementary School	1.0	K – 6	475

Source: The Charter School.

Parent Involvement

The Parent Teacher Organization (PTO) conducts monthly meetings and events with families. As a school, we keep parents actively involved with their child's educational performance through Open House, Academic Night, Parent/Teacher Conferences, and regular communications.

Marketing and Recruitment

The Charter School provides outreach services to specialized feeder schools and programs, primarily the Economic Opportunity Commission (EOC) Headstart program locations in Roosevelt, Hempstead, Freeport, Rockville Centre, etc. The Charter School also has created partnerships with the Westbury Chamber of Commerce and the Westbury Headstart Coordinator to send us potential students. Partnerships have been created with numerous daycare centers within the Roosevelt, Baldwin and Freeport areas.

The Public Relations/Engagement Director reaches out to the community partners to apply online through ongoing participation in Head Start and Childcare meetings as a presenter continues to recruit ongoing have increased regional advertisements through Newsday newspaper. We have also created a Kindergarten recruitment video. News articles are published in Newsday promoting student activities.

The Board approved the establishment of a Media Group to aggressively attract new families by actively promoting positive messages about the Charter School on social media.

The Charter School has created a partnership with the Realtor Association to be advised when families with school age children move into the main areas served by the Charter School and ensure those students apply to the Charter School first.

FINANCIAL DATA

Charter School Funding

The table below sets forth the Charter School's historical and current per pupil funding.

Historic Per Pupil Funding Chart for the Charter School	
School Year	Per Pupil Funding ¹
2017-2018	\$18,310
2018-2019	\$18,833
2019-2020	\$19,174
2020-2021	\$18,934
2021-2022	\$19,632
2022-2023	\$20,023

¹ Per pupil funding does not include supplemental aid which may have been available in any year.
Source: The Charter School.

Increase in Per Pupil Funding. The Coronavirus Aid, Relief, and Economic Security Act (CARES), was signed into law on March 27, 2020 and provided \$13.5 billion for the Elementary and Secondary School Emergency Relief Fund ("ESSER I Fund"). The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA), was signed into law on December 27, 2020 and provided an additional \$54.3 billion for the Elementary and Secondary School Emergency Relief Fund ("ESSER II Fund"). The American Rescue Plan ("ESSER III Fund" and together with ESSER I Fund and ESSER II Fund, "ESSER") was signed into law on March 11, 2021 and provided support for K-12 schools with a total of nearly \$122 billion to states and school districts.

The Charter School has received \$142,294 in ESSER I Funds, \$454,178 in ESSER II Funds and \$1,019,349 in ESSER III Funds.

The Charter School received a Paycheck Protection Program Loan in the amount of \$1,633,286 which was forgiven in the 2020-2021 Fiscal Year.

Budgeting of Funds and Reports

The Charter School prepares all required annual budgets and monthly cash flow projections reporting to the State no later than June 30th of each fiscal year, except that the Charter School need only provide an annual budget and cash flow projections for the first full fiscal year after it has been incorporated if such budget or projections differ in any material respect from those set forth in the Charter Application.

On or before June 30th of each year, the Charter School will prepare and provide to NYSED a copy of the annual budget and monthly cash flow projection for the fiscal year. The budgeting process involves the business office personnel of the Charter School.

The following table sets forth the budgeted financial data of the Charter School as compared to the financials for the Fiscal Year ending June 30, 2022 and the data for the Fiscal Year ending June 30, 2023.

Table 12
Charter School Budgeted and Actual Financial Data

	2021-2022 Budget	2021-2022 Year-to-Date (audited)	2022-2023 Budget	2022-2023 Year-to-Date (unaudited) ¹
Revenue and Support:				
Per pupil revenue	\$12,468,750	\$14,439,906	\$13,300,000	\$8,435,409
Federal funding Title I	138,354	127,420	130,692	80,529
Federal funding Title IIA ²	4,919	13,300	--	10,702
Federal funding Title IV ²	10,777	6,787	--	5,298
Federal funding Title IIA and IV ²	--	--	16,944	--
ESSER grant	85,376	538,625	175,000	140,805
Other grants	5,000	49,950	--	--
ERate	24,000	24,000	24,000	314,031
Federal breakfast income ³	66,000	114,209	--	--
Federal lunch income ³	145,000	351,773	--	--
State breakfast income ³	4,500	3,747	--	--
State lunch income ³	4,000	3,944	--	--
Federal snack fund ³	11,000	10,030	--	--
Food service revenue	3,000	190	--	--
Federal and State reimbursement from the School Breakfast & National School Lunch Programs ³	--	--	527,328	201,814
Interest income	48,000	25,662	29,209	10,315
Other	1,000	3,661	--	34,640
Fundraising	15,000	23,829	--	9,254
Total Revenue & Support	\$13,034,676	\$15,737,033	\$14,203,172	\$9,242,797
Expenses:				
Salary and instruction	\$10,005,200	\$9,456,452	\$10,109,493	\$5,488,825
Other expenses	3,029,476	4,979,223	4,093,679	2,527,225
Total Expenses	\$13,034,676	\$14,435,675	\$14,203,172	\$8,016,049
Net Income (Surplus)	\$ --	\$ 1,301,358	\$ --	\$ 710,470

¹ Year to date unaudited financials through January 31, 2023.

² 2021-2022 budget separates Title IIA and Title IV funding; 2022-2023 budget combines these categories.

³ 2021-2022 budget separates Federal and state breakfast, lunch, and snack income; 2022-2023 budget combines these categories.
Source: The Charter School.

Annual Financial Audit

The Charter School 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 Reid CPAs, LLP before being submitted to the full Board for review. Reid CPAs, LLP has been the Charter School's auditor since the 2019-20 Fiscal Year, prior to that, Israeloff, Trattner & Co PC was the Charter School's auditor for over eight years. Israeloff, Trattner & Co PC joined Reid CPAs, LLP prior to Reid CPAs, LLP becoming the Charter School's auditor.

The audited financial statements of the Charter School for the fiscal years ended June 30, 2021 and June 30, 2022 are included in "APPENDIX D—AUDITED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITOR'S REPORT OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2021" and "APPENDIX E—AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2021 AND 2020", respectively, in this Official Statement.

Historical Financial Data

The following financial data presents selected historical financial data of the Charter School, as shown in the Charter School's audited financial statements for the stated years.

Table 13 Historical Statements of Activities ¹					
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Revenue					
Public school district	\$11,974,863	\$12,241,236	\$12,041,508	\$13,459,362	\$14,439,906
Grants and contracts	804,352	649,381	382,802	406,751	1,219,785
Investment return	--	61,464	57,536	--	(14,343)
Forgiveness of PPP loan	--	--	--	1,633,286	--
Other income	137,054	266,907	245,823	121,887	91,685
Total Revenue	<u>12,916,269</u>	<u>13,218,988</u>	<u>12,727,669</u>	<u>15,621,286</u>	<u>15,737,033</u>
Expenses					
Program services	10,936,635	--	--	--	--
Support services	2,329,788	--	--	--	--
Regular education	--	10,536,258	10,984,646	10,531,590	10,950,338
Special education	--	1,845,799	1,872,103	1,747,758	1,936,224
Management and general	--	1,495,843	1,598,530	1,590,386	1,501,087
Loss on disposal of fixed assets	--	92,147	13,078	--	18,815
Fundraising and special events	--	2,613	20,133	4,714	29,211
Total Expenses	<u>13,266,423</u>	<u>13,972,660</u>	<u>14,488,490</u>	<u>13,874,448</u>	<u>14,435,676</u>
Change in net assets	<u>(350,154)</u>	<u>(753,672)</u>	<u>(1,760,821)</u>	<u>1,746,838</u>	<u>1,301,358</u>
Beginning Fund Balance	<u>27,978,429</u>	<u>27,628,275</u>	<u>26,874,603</u>	<u>25,113,782</u>	<u>26,860,619</u>
Ending Fund Balance	<u>\$27,628,275</u>	<u>\$26,874,603</u>	<u>\$25,113,782</u>	<u>\$26,860,620</u>	<u>\$28,161,977</u>

¹ Figures may not total due to rounding.
Source: The Charter School.

Table 14
Historical Statement of Financial Position

	2018	2019	2020	2021	2022
ASSETS					
Cash and Cash Equivalents	\$18,201,372	\$13,979,348	\$17,129,830	\$15,255,576	\$ 8,280,487
Grants & Contracts Receivable	2,537,940	2,671,681	2,920,049	4,067,249	4,043,187
Investments - S/T	--	5,061,464	--	--	2,985,285
Prepaid Expenses	24,414	424,671	268,051	244,166	222,266
Property & Equipment	9,303,683	8,981,245	8,986,102	10,308,780	14,777,442
Excess Pension Plan Contribution	214,411	163,402	253,074	208,044	184,012
Grants & Contracts Receivable - L/T	--	--	--	28,460	329,118
Security Deposits	30,371	30,371	30,371	30,371	30,371
TOTAL ASSETS	<u>\$30,312,191</u>	<u>\$31,312,182</u>	<u>\$29,587,477</u>	<u>\$30,142,646</u>	<u>\$30,852,168</u>
LIABILITIES & NET ASSETS					
Accounts Payable & Accrued Expenses	\$ 646,326	\$784,901	\$ 844,026	\$ 966,700	\$583,586
Advance Billings	2,037,590	3,652,868	1,998,784	2,315,326	2,088,977
Deferred revenue	--	--	--	--	17,628
PPP - SBA Guaranteed Loan	--	--	1,630,885	--	--
TOTAL LIABILITIES	<u>\$ 2,683,916</u>	<u>\$ 4,437,769</u>	<u>\$ 4,473,695</u>	<u>\$ 3,282,026</u>	<u>\$ 2,690,191</u>
NET ASSETS					
Without Donor Restrictions	27,601,519	26,837,365	25,029,108	26,752,240	28,000,557
With Donor Restrictions	26,756	37,238	84,674	108,380	161,420
TOTAL NET ASSETS	<u>\$27,628,275</u>	<u>\$26,874,603</u>	<u>\$25,113,782</u>	<u>\$26,860,620</u>	<u>\$28,161,977</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$30,312,191</u>	<u>\$31,312,372</u>	<u>\$29,587,477</u>	<u>\$30,142,646</u>	<u>\$30,852,168</u>

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Retirement Plan

The Charter School currently offers employees a variety of benefits, some of which are dependent on employee classifications. Generally, the Charter School offers eligible employees the ability to participate in a 401(k) retirement plan (the "**Retirement Plan**"). The Charter School will match up to 4% of an eligible individual participant's annual salary. The Charter School contributed approximately \$154,350 to the Retirement Plan for the year ended June 30, 2022. The Charter School also offers a cash balance plan, and contributed approximately \$735,000 for the year ended June 30, 2022.

Insurance

The Charter School and the Borrower will maintain the insurance coverages required in the Covenant Agreement, the Leasehold Mortgage (in the case of the Borrower), the Lease and the Loan Agreement.

No Material Litigation

No material action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the best of the knowledge of the Charter School, the Borrower, as applicable, is overtly threatened against the Charter School or the Borrower that will have a negative impact on the financial or operational management of the Charter School.

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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 Official Statement.

Purpose (New York Education Law § 2850)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Copies of each of the annual reports of the charter school required by § 2857(2) of the Act, including the charter school report cards and the certified financial statements.

(d) Indications of parent and student satisfaction.

(e) The means by which the charter school will meet or exceed enrollment and retention targets as prescribed by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program which shall be considered by the charter entity prior to approving such charter school's application for renewal. When developing such targets, the Board of Regents and the Board of Trustees of the State

University of New York shall ensure (1) that such enrollment targets are comparable to the enrollment figures of such categories of students attending the public schools within the school district, or in a city school district in a city having a population of 1,000,000 or more inhabitants, the community school district, in which the charter school is located; and (2) that such retention targets are comparable to the rate of retention of such categories of students attending the public schools within the school district, or in a city school district in a city have a population of 1,000,000 or more inhabitants, the community school district, in which the proposed charter school would be located.

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective until June 30, 2024:

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, 2024:

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

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

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

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

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

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

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

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

(c) A charter school shall be subject to the financial audits, the audit procedures, and the audit requirements set forth in the charter and shall be subject to audits of the comptroller of

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

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

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

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

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

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

(b) Any child who is qualified under the laws of this state for admission to a public school is qualified for admission to a charter school. Applications for admission to a charter school shall be submitted on a uniform application form created by the department and shall be made available by a charter school in languages predominately spoken in the community in which such charter school is located. The school shall enroll each eligible student who submits a timely

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

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

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

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

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

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

(b) Serious violations of law;

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

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

(e) Repeated failure to comply with the requirement to meet or exceed enrollment and retention targets of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program pursuant to targets established by the Board of Regents or the Board of Trustees of the State University of New York, as applicable. Provided, however, if no grounds for terminating a charter are established pursuant to § 2855 of the Act other than pursuant to this paragraph (e), and the charter school demonstrates that it has

made extensive efforts to recruit and retain such students, including outreach to parents and families in the surrounding communities, widely publicizing the lottery for such school, and efforts to academically support such students in such charter school, then the charter entity or Board of Regents may retain such charter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Facilities (New York Education Law § 2853-3)

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

(a-1) (i) For charters issued pursuant to § 2852(9-a) of the Act located outside a city school district in a city having a population of 1,000,000 or more inhabitants,

the department shall approve plans and specifications and issue certificates of occupancy for such charter schools. Such charter schools shall comply with all department health, sanitary, and safety requirements applicable to facilities and shall be treated the same as other public schools for purposes of local zoning, land use regulation and building code compliance. Provided however, that the department shall be authorized to grant specific exemptions from the requirements of this paragraph to charter schools upon a showing that compliance with such requirements creates an undue economic hardship or that some other good cause exists that makes compliance with this paragraph extremely impractical. A demonstrated effort to overcome the stated obstacles must be provided.

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

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

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

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

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

this paragraph, such city school district shall have 10 days to respond. The petition must be dismissed, adjudicated or disposed of by the commissioner within 10 days of the receipt of the city school district's response.

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

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

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

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

(i) Notwithstanding any other provision of law to the contrary, within the later of (a) five months after a charter school's written request for co-location and (b) 30 days after the charter school's charter is approved by its charter entity, the city school district shall either: (1) offer at no cost to the charter school a co-location site in a public school building approved by the Board of Education as provided by law, or (2B) offer the charter school space in a privately owned or other publicly owned facility at the expense of the city school district and at no cost to the charter school. The space must be reasonable, appropriate and comparable and in the community school district to be served by the charter school and otherwise in reasonable proximity.

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

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

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

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

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

(2) 30% of the product of the Charter School Basic Tuition for the current school year and (a) for a new charter school that first commences instruction on or after July 1, 2014, the charter school's current year enrollment; or (b) for a charter school which expands its grade level, pursuant to the Act, the positive difference of the charter school's enrollment in the current school year minus the charter school's enrollment in the school year prior to the first year of the expansion.

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

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

Effective until June 30, 2024:

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

- (i) for school years prior to the 2009–2010 school year, an amount equal to 100% of the amount calculated pursuant §3602(1)(f) of the New York Education Law for the school district for the year prior to the Base Year increased by the percentage change in the State Total Approved Operating Expense calculated pursuant to §3602(1)(t) of the New York Education Law from two years prior to the Base Year to the Base Year;
- (ii) for the 2009–2010 school year, the Charter School Basic Tuition shall be the amount payable by such district as Charter School Basic Tuition for the 2008–2009 school year;
- (iii) for the 2010–2011 through 2013–2014 school years, the Charter School Basic Tuition shall be the basic tuition computed for the 2010–2011 school year pursuant to the provisions of subparagraph (i) above;
- (iv) for the 2014–2015 through 2016–2017 school years, the Charter School Basic Tuition shall be the sum of the lesser of the Charter School Basic Tuition computed for the 2010–2011 school year pursuant to the provisions of subparagraph (i) above or the Charter School Basic Tuition computed for the current year pursuant to the provisions of subparagraph (i) above plus the supplemental basic tuition;
- (v) for the 2017–2018 school year, the Charter School Basic Tuition shall be the sum of (A) the Charter School Basic Tuition for the 2016–2017 school year plus (B) \$500;
- (vi) for the 2018–2019 school year, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Law Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;
- (vii) for the 2019–2020 school year the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year provided that the highest annual quotient calculated pursuant to this subparagraph shall be replaced by the average quotient calculated pursuant to subparagraph (vi) of this paragraph or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May

15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;

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

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

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

For the purposes of this subdivision, the “supplemental basic tuition” shall be (a) for a school district for which the Charter School Basic Tuition computed for the current year is greater than or equal to the Charter School Basic Tuition for the 2010–2011 school year pursuant to the provisions of subparagraph (i) of this paragraph, (A) for the 2014–2015 school year \$250, (B) for the 2015–2016 school year \$350, (C)

for the 2016–2017 school year \$500, and (D) for the 2017–2018 school year and thereafter, the sum of (1) the supplemental basic tuition calculated for the 2016–2017 school year plus (2) \$500, and (b) for school years prior to the 2017–2018 school year, for a school district for which the Charter School Basic Tuition for the 2010–2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the positive difference of the Charter School Basic Tuition for the 2010–2011 school year minus the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph and (c) for school years following the 2016–2017 school years, for a school district for which the Charter School Basic Tuition for the 2010–2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016–2017 school year plus (ii) \$500.

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

Notwithstanding any other provision of the New York Education Law 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 section 8065-a of title twenty of the United States code and sections 76.785-76.799 and 300.209 of title thirty-four of the code of federal regulations

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. Provided that for expenses incurred in the two thousand twenty–two thousand twenty-one school year, for a city school district in a city having a population of 1,000,000 or more, the annual apportionment shall be reduced by \$35,000,000 upon certification by the director of the budget of the availability of a grant in the same amount from the elementary and secondary school emergency relief funds provided through the American rescue plan act of 2021.

Effective June 30, 2024:

(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 to §3602(1)(paragraph 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)(paragraph 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) of this paragraph;

(iv) for the 2014-2015, 2015-2016 and 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 year pursuant to the provisions of subparagraph (i) of this paragraph or the charter school basic tuition computed for the current year pursuant to the provisions of subparagraph (i) of this paragraph 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)(paragraph 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)(paragraph 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)(paragraph 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)(paragraph 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)(paragraph 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)(paragraph n) of the New York Education Law for the year prior to the base year.

(viii) for the 2020-2021 and 2021-2022 school years, the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the base year and finishing with the year prior to the base year of the total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph t) of the New York Education Law for each such year divided by the total approved operating expense for such district for the immediately preceding year multiplied by, for the 2020-2021 school year only, (iii) nine hundred forty-five one-thousandths (0.945) or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with §305(21)(paragraph 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)(paragraph n) of the New York Education Law for the year prior to the base year.

(ix) for the 2022-2023 through 2024-2025 school years the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year four years prior to the base year and finishing with the year prior to the base year, excluding the 2020-2021 school year, of the total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph 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)(paragraph 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)(paragraph n) of the New York Education Law for the year prior to the base year.

(x) for the 2025-2026 school year and thereafter the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the base year and finishing with the year prior to the base year of the total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph 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)(paragraph 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)(paragraph 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 computed 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, and (2) for the 2015-2016 school year \$350, and (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 subdivision may be reduced pursuant to an agreement between the school and the charter entity set forth in the charter. Payments made pursuant to this subdivision 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 subdivision 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, 2016-2017 school years and thereafter. Provided that for expenses incurred in the 2020-2021 school year, for a city school district in a city having a population of 1,000,000 or more, the annual apportionment shall be reduced by \$35,000,000 upon certification by the director of the budget of the availability of a grant in the same amount from the elementary and secondary school emergency relief funds provided through the American rescue plan act of 2021.

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

Nothing in the Act shall be construed to prohibit any person or organization from providing funding or other assistance to the establishment or operation of a charter school. The board of trustees of a charter school is authorized to accept gifts, donations, or grants of any kind made to the charter school and to expend or use such gifts, donations, or grants in accordance with the conditions prescribed by the donor;

provided, however, that no gift, donation or grant may be accepted if subject to a condition that is contrary to any provision of law or term of the charter.

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

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

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

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

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

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

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

(b) for placement for 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 *Computation of Additional Aidable Pupil Units* below.

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

(a) 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.

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

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

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

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

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

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

"Equivalent Attendance" shall mean the quotient of the total number of student hours of instruction in programs in a public school of a school district or a board of cooperative educational services leading to

a high school diploma or a high school equivalency diploma as defined in regulations of the Commissioner for pupils under the age of 21 not on a regular day school register of the district, divided by 1,000.

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

- (a) any balances and transfers;
- (b) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;
 - (b-2) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;
- (c) any payments for capital outlay and debt service for school building purposes, provided, however, that in the case of a school district which has entered into a contract with state university pursuant to § 355(2)(o) (conduct of research and experiments) of the New York Education Law, under which the school district makes payments to state university on account of capital outlay relating to certain children residing in such school district, such payments shall not be so excluded;
- (d) any payments for cafeteria or school lunch programs;
- (e) any proceeds of short term borrowings in the general fund and any payments from the proceeds of the sale of obligations in the capital fund;
- (f) any cash receipts which reduce the cost of an item when applied against the expenditure therefor, except gifts, donations, and earned interest and any refunds made;
- (g) any payments made to boards of cooperative educational services for purposes or programs for which an apportionment is paid pursuant to other sections of the New York Education Law, except that payments attributable to eligible pupils with disabilities and ineligible pupils residing in noncomponent districts shall be included in operating expense;
- (h) any tuition payments made to other school districts inclusive of payments made to a central high school district by one of its component school districts;

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

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

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

Charter school obligations:

(a) No later than 30 days prior to the first business day of July, September, November, January, March and May, each charter school shall report to each public school district with resident pupils attending the charter school and to the department an updated estimate of the enrollment of students attending the charter school in the current school year who are residents of such public school district and any reduced amounts per pupil that shall be payable to the charter school for

such students pursuant to subdivision one of § 2856 of the New York Education Law that has been established pursuant to an agreement between the charter school and the charter school entity as set forth in the charter. For each student with a disability attending such charter school, such report shall also indicate the level of special programs or services to be provided directly or indirectly to such student by the charter school and an estimated annual cost to be incurred by the charter school in providing such special programs or services. The Commissioner may excuse any delay in reporting under this paragraph for the length of time of a school closure ordered pursuant to an Executive Order of the Governor pursuant to a State of emergency for the COVID-19 crisis, however, such delay shall not exceed 30 days from such reporting deadline.

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

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

Public school district of residence obligations:

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

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

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

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

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

(iv) on or before the first business day of January, four sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be

recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii) and (iii) of this subsection;

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

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

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

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

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

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

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

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

Department obligations:

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

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

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

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APPENDIX C

BUDGET PROJECTION

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

The information contained in the following table has been prepared by the Charter School. Such projections relate only to a limited number of fiscal years and consequently do not cover the entire period that the Series 2023 Bonds will be outstanding. Neither the Underwriter nor the Issuer has independently verified the following projections, and they make no representation nor give any assurances that such projections or the assumptions underlying them are complete or correct. The financial projections are based on assumptions made by the Charter School (on matters such as future enrollment, revenues and anticipated expenses), but there can be no assurance that actual enrollment, revenues and expenses will be consistent with such assumptions. Actual operating results of the Charter School may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced payments from the State, or otherwise), effects of the COVID-19 pandemic, employee relations, changes in taxes, changes to applicable government regulation, changes in demographic trends, factors associated with education, competition for students, and changes in local or general economic conditions.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE CHARTER SCHOOL WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS ON THE SERIES 2023 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN “RISK FACTORS” AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER AND ISSUER MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL								
5-YEAR BUDGET PROJECTION								
FISCAL YEAR 2021 - 2029								
	ACTUAL	PROJECTED/ACTUAL	PROJECTED					
Projected Student Count	736	767	790	870	980	1055	1080	
	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	
REVENUE								
REVENUE FROM STATE SOURCES								
Per Pupil Revenue	\$ 14,439,808	\$ 14,400,000	\$ 15,708,500	\$ 17,574,000	\$ 19,994,000	\$ 21,737,200	\$ 22,470,500	
Federal Funding Title I	127,420	137,055	137,055	137,055	137,055	137,055	137,055	
Federal Funding Title II & IV	20,067	39,062	39,062	39,062	39,062	39,062	39,062	
E-Rate Reimbursement	24,000	324,031	24,000	24,000	24,000	24,000	24,000	
Interest Income	26,663	17,315	17,315	17,315	17,315	17,315	17,315	
Federal & NYS Reimbursement from the School Breakfast & National School Lunch Programs	483,703	365,003	519,889	672,631	646,221	564,650	711,181	
Forgiveness of PPP Loan	-	-	-	-	-	-	-	
Federal and Other Grants	588,575	241,370	245,000	-	-	-	-	
Fundraising and Other Revenue	27,857	128,490	222,000	222,000	222,000	222,000	222,000	
TOTAL REVENUE	15,737,031	15,652,935	17,002,830	18,588,263	21,076,653	22,671,282	23,621,093	
REVENUE/STUDENT	21,411	19,866	21,523	21,364	21,509	21,679	21,871	
ANNUAL % INCREASE	-2.65%	-7.11%	8.22%	-0.74%	0.68%	0.79%	0.90%	
EXPENSES								
Personnel Service Costs	8,941,275	7,511,157	7,807,481	7,939,477	8,401,732	8,986,558	9,162,500	
Payroll Taxes	683,279	593,997	591,972	607,140	642,732	679,922	700,151	
Fringe Benefits	1,561,899	1,304,258	2,071,884	2,127,286	2,164,063	2,242,321	2,302,005	
Employee Salaries and Benefits	9,456,453	9,409,412	10,281,317	10,670,903	11,228,557	11,808,711	12,154,656	
Other Expenses								
CONTRACTED SERVICES								
Accounting/Audit	68,500	78,500	81,000	83,500	88,000	88,500	91,000	
Legal	62,322	35,656	37,655	39,655	41,655	43,655	46,165	
Food Service/School Lunch	701,888	759,562	765,000	841,000	948,000	1,021,000	1,023,500	
Other Purchased/Professional/Consulting	698,151	609,116	611,500	673,500	755,700	815,800	819,300	
TOTAL CONTRACTED SERVICES	1,530,861	1,482,833	1,493,155	1,637,655	1,834,355	1,969,955	1,979,955	
SCHOOL OPERATIONS								
Board Expenses	3,653	6,530	7,080	7,590	8,030	8,530	8,030	
Classroom/Teaching Supplies & Materials	178,462	182,266	183,400	202,000	227,600	245,000	250,809	
Textbooks/Workbooks	50,125	38,327	36,500	40,200	45,300	48,899	50,068	
Equipment/Furniture	38,772	71,128	71,128	71,128	71,128	71,128	71,128	
Telephones/Internet	147,015	150,308	158,000	156,000	174,300	183,100	182,300	
Technology	165,281	173,898	177,400	181,100	185,000	189,200	189,000	
Student Testing & Assessment	14,353	23,793	24,000	26,500	30,000	32,603	33,480	
Field Trips	51,995	26,431	20,800	32,800	36,800	40,300	41,300	
Student Services - Other	43,211	20,153	20,300	22,400	25,300	27,237	27,900	
Office Expenses	102,342	108,807	112,200	118,500	124,000	130,200	136,700	
Staff Development	50,813	57,868	61,000	64,100	67,400	70,600	74,400	
Staff Recruitment	477,134	407,250	428,000	449,500	472,100	496,000	521,000	
Travel - Staff	4,387	1,059	1,200	1,300	1,400	1,500	1,600	
Other	67,178	85,856	38,000	40,000	42,000	44,100	48,300	
TOTAL SCHOOL OPERATIONS	1,385,904	1,302,940	1,347,758	1,422,358	1,510,355	1,568,435	1,548,010	
FACILITY OPERATION & MAINTENANCE								
Insurance	145,227	155,585	164,000	203,000	244,000	287,000	332,000	
Repairs & Maintenance	489,238	550,674	579,000	613,000	649,000	687,000	727,000	
Utilities	211,599	220,849	227,000	263,000	340,000	396,000	458,000	
Building Rent/Lease/Facility Interest Charge	846,065	927,057	970,000	1,099,000	1,233,000	1,373,000	1,516,000	
Depreciation	884,838	885,048	803,000	1,321,000	1,347,840	1,378,667	1,405,492	
TOTAL FACILITY OPERATION & MAINTENANCE	2,062,957	2,374,044	2,447,000	3,008,000	3,173,840	3,399,667	3,548,492	
TOTAL EXPENSES	14,435,676	14,598,029	15,549,228	16,738,814	17,752,103	18,148,614	18,983,168	
Expense/Student	19,840	18,512	19,893	19,238	18,114	17,201	17,577	
Annual % Increase	1.57%	-5.74%	8.33%	-2.26%	-5.94%	-5.04%	2.10%	
Depreciation	884,838	885,048	803,000	1,321,000	1,347,840	1,378,667	1,405,492	
NET REVENUES AVAILABLE FOR DEBT SERVICE								
Principal	\$ -	\$ -	\$ -	\$ 475,000	\$ 505,000	\$ 530,000	\$ 550,000	
Interest & Fees	-	231,040	1,672,800	1,672,800	1,543,300	1,515,900	1,497,700	
Less: Interest	-	(231,040)	(1,672,800)	-	-	-	-	
Net Debt Service	\$ -	\$ -	\$ -	\$ 2,047,800	\$ 2,048,300	\$ 2,045,900	\$ 2,047,700	
Debt Outstanding	\$ -	\$ 32,000,000	\$ 32,000,000	\$ 28,240,471	\$ 28,825,221	\$ 28,384,360	\$ 27,912,807	
Debt Service Charge	\$ -	\$ -	\$ -	\$ 2,047,800	\$ 2,048,300	\$ 2,045,900	\$ 2,047,700	
Debt Service Coverage	n/a	n/a	n/a	1.54	2.27	2.00	2.03	
NET REVENUES AFTER DEBT SERVICE	\$ 1,988,194	\$ 1,059,054	\$ 2,358,802	\$ 1,122,549	\$ 2,628,085	\$ 4,052,435	\$ 3,095,717	
Beginning Unrestricted Fund Balance	\$ 28,752,239	\$ 28,000,557	\$ 28,084,553	\$ 30,538,186	\$ 32,387,514	\$ 35,714,059	\$ 40,438,727	
Ending Unrestricted Fund Balance	\$ 28,000,557	\$ 29,084,553	\$ 30,538,186	\$ 32,387,514	\$ 35,714,059	\$ 40,438,727	\$ 45,076,852	
Beginning Cash & Short-Term Investments Balance	\$ 11,100,385	\$ 11,100,385	\$ 13,155,419	\$ 15,516,021	\$ 18,638,570	\$ 23,317,090	\$ 27,312,807	
Ending Cash & Short-Term Investments Balance	\$ 11,100,385	\$ 13,155,419	\$ 15,516,021	\$ 18,638,570	\$ 23,317,090	\$ 27,312,807	\$ 31,312,807	
Days Cash on Hand	297	351	387	357	392	465	523	

APPENDIX D

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT OF THE
CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND 2021**

(attached)

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ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Roosevelt Children's Academy Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Roosevelt Children's Academy Charter School, Inc. (a nonprofit organization) (the "School"), which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roosevelt Children's Academy Charter School, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roosevelt Children's Academy Charter School, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roosevelt Children's Academy Charter School, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Roosevelt Children's Academy Charter School, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roosevelt Children's Academy Charter School, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit

Reid CPAs, LLP

Woodbury, New York
November 14, 2022

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,205,080	\$ 12,177,569
Grants and contracts receivable	4,043,187	4,067,249
Short-term investments	2,985,285	-
Prepaid expenses	<u>222,266</u>	<u>244,166</u>
TOTAL CURRENT ASSETS	<u>15,455,818</u>	<u>16,488,984</u>
PROPERTY AND EQUIPMENT		
At cost, less accumulated depreciation and amortization of \$4,346,158 in 2022 and \$3,780,647 in 2021	<u>14,777,442</u>	<u>10,308,780</u>
NON CURRENT ASSETS		
Excess pension plan contribution	184,012	208,044
Restricted cash	75,407	3,078,007
Grants and contracts receivable	329,118	28,460
Security deposits	<u>30,371</u>	<u>30,371</u>
TOTAL NONCURRENT ASSETS	<u>618,908</u>	<u>3,344,882</u>
TOTAL ASSETS	<u>\$ 30,852,168</u>	<u>\$ 30,142,646</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 583,586	\$ 966,701
Advance billing	2,088,977	2,315,326
Deferred revenue	<u>17,628</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>2,690,191</u>	<u>3,282,027</u>
TOTAL LIABILITIES	<u>2,690,191</u>	<u>3,282,027</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	28,000,557	26,752,239
With donor restrictions	<u>161,420</u>	<u>108,380</u>
TOTAL NET ASSETS	<u>28,161,977</u>	<u>26,860,619</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,852,168</u>	<u>\$ 30,142,646</u>

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support						
Public School District						
Resident student enrollment	\$ 14,439,906	\$ -	\$ 14,439,906	\$ 13,459,362	\$ -	\$ 13,459,362
Federal grants and contracts	1,212,094	-	1,212,094	403,506	-	403,506
State grants and contracts	7,691	-	7,691	3,245	-	3,245
Investment return, net	(14,343)	-	(14,343)	-	-	-
Other	67,856	23,829	91,685	102,895	18,892	121,887
Forgiveness of PPP Loan	-	-	-	1,633,286	-	1,633,286
Net assets released from restrictions	(29,211)	29,211	-	(4,714)	4,714	-
Total revenues and other support	15,683,993	53,040	15,737,033	15,597,580	23,706	15,621,286
Expenses and losses						
Regular education	10,950,338	-	10,950,338	10,531,591	-	10,531,591
Special education	1,936,224	-	1,936,224	1,747,758	-	1,747,758
Management and general	1,501,087	-	1,501,087	1,590,386	-	1,590,386
Fundraising and special events	29,211	-	29,211	4,714	-	4,714
Total Expenses	14,416,860	-	14,416,860	13,874,449	-	13,874,449
Loss on disposal of fixed assets	18,815	-	18,815	-	-	-
Total expenses and losses	14,435,676	-	14,435,676	13,874,449	-	13,874,449
Increase (Decrease) in net assets from Operating Activities	1,248,318	53,040	1,301,358	1,723,131	23,706	1,746,837
Net Assets at beginning of year	26,752,239	108,380	26,860,619	25,029,108	84,674	25,113,782
Net Assets at end of year	\$ 28,000,557	\$ 161,420	\$ 28,161,977	\$ 26,752,239	\$ 108,380	\$ 26,860,619

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			Support Services		Total
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries and wages	\$ 5,275,369	\$ 763,540	\$ 6,038,909	\$ 902,366	\$ -	\$ 6,941,275
Payroll tax expenses and fringe benefits	1,911,535	276,670	2,188,205	326,973	-	2,515,178
Total Personnel Service Costs	7,186,904	1,040,210	8,227,114	1,229,339	-	9,456,453
Consultants - education	852,174	213,043	1,065,217	-	-	1,065,217
Food purchases	561,350	140,337	701,687	-	-	701,687
Insurance expense	100,207	5,809	106,016	39,211	-	145,227
Supplies and materials	296,228	78,994	375,222	19,749	-	394,971
Textbooks	40,100	10,025	50,125	-	-	50,125
Telephone	55,774	3,233	59,007	21,824	-	80,831
Occupancy	398,815	108,351	505,166	26,588	-	531,754
Field trips	41,596	10,399	51,995	-	-	51,995
Fundraising expenses	-	-	-	-	29,211	29,211
Staff development	40,651	10,163	50,814	-	-	50,814
Equipment - rentals	31,286	1,814	33,100	12,242	-	45,342
Professional fees	90,267	5,233	95,500	35,322	-	130,822
Repairs and maintenance	425,043	113,345	538,388	28,336	-	566,724
Travel	3,027	175	3,202	1,185	-	4,387
Board of Trustees	2,659	154	2,813	1,040	-	3,853
Utilities	158,700	42,320	201,020	10,580	-	211,600
Depreciation	513,629	136,968	650,597	34,242	-	684,839
Postage	9,967	578	10,545	3,900	-	14,445
Advertising	8,477	491	8,968	3,317	-	12,285
Administrative fees	75,947	4,403	80,350	29,718	-	110,068
Student testing and incentives	46,054	11,513	57,567	-	-	57,567
Other	11,483	666	12,149	4,494	-	16,643
TOTAL EXPENSES	\$ 10,950,338	\$ 1,936,224	\$ 12,886,562	\$ 1,501,087	\$ 29,211	\$ 14,416,860

See accompanying notes to financial statements

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Support Services		Total
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries and wages	\$ 6,007,827	\$ 869,554	\$ 6,877,381	\$ 1,027,655	\$ -	\$ 7,905,036
Payroll tax expenses and fringe benefits	1,965,624	284,498	2,250,122	336,225	-	2,586,347
Total Personnel Service Costs	7,973,451	1,154,052	9,127,503	1,363,880	-	10,491,383
Consultants - education	496,785	124,696	623,481	-	-	623,481
Food purchases	186,262	46,565	232,827	-	-	232,827
Insurance expense	98,413	5,705	104,118	38,510	-	142,628
Supplies and materials	243,661	64,976	308,637	16,244	-	324,881
Textbooks	19,250	4,812	24,062	-	-	24,062
Telephone	46,930	2,721	49,651	18,364	-	68,015
Occupancy	376,610	100,429	477,039	25,107	-	502,146
Field trips	94,470	23,618	118,088	-	-	118,088
Fundraising expenses	-	-	-	-	4,714	4,714
Staff development	42,123	10,531	52,654	-	-	52,654
Equipment - rentals	35,033	2,031	37,064	13,709	-	50,773
Professional fees	72,485	4,202	76,687	28,364	-	105,051
Repairs and maintenance	255,641	68,171	323,812	17,043	-	340,855
Travel	3,917	227	4,144	1,533	-	5,677
Board of Trustees	2,110	122	2,232	826	-	3,058
Utilities	145,355	38,761	184,116	9,690	-	193,806
Depreciation	301,626	80,434	382,060	20,108	-	402,168
Postage	12,115	702	12,817	4,741	-	17,558
Advertising	4,554	264	4,818	1,782	-	6,600
Administrative fees	72,794	4,220	77,014	28,484	-	105,498
Student testing and incentives	40,892	10,223	51,115	-	-	51,115
Other	5,114	296	5,410	2,001	-	7,411
TOTAL EXPENSES	\$ 10,531,591	\$ 1,747,758	\$ 12,279,349	\$ 1,590,386	\$ 4,714	\$ 13,874,449

See accompanying notes to financial statements

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,301,358	\$ 1,746,837
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	684,839	402,168
Loss on disposal of fixed assets	18,815	-
Forgiveness of PPP Loan	-	(1,630,885)
Changes in assets and liabilities:		
Grants and contracts receivable	(276,596)	(1,175,660)
Prepaid expenses	21,899	23,884
Accounts payable and accrued expenses	(383,113)	122,675
Advance billing	(226,349)	321,773
Deferred revenue	<u>17,628</u>	<u>(5,231)</u>
Total adjustments	<u>(142,877)</u>	<u>(1,941,276)</u>
Net cash provided (used) by operating activities	<u>1,158,481</u>	<u>(194,439)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,172,316)	(1,724,846)
Purchase of short-term investments	<u>(2,985,285)</u>	<u>-</u>
Net cash used by investing activities	<u>(8,157,601)</u>	<u>(1,724,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Excess pension plan contribution	<u>24,032</u>	<u>45,030</u>
Net cash provided by financing activities	<u>24,032</u>	<u>45,030</u>
NET DECREASE IN CASH	(6,975,088)	(1,874,255)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- beginning	<u>15,255,575</u>	<u>17,129,830</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- end	<u>\$ 8,280,487</u>	<u>\$ 15,255,575</u>

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. ORGANIZATION SUMMARY

Roosevelt Children's Academy Charter School, Inc. (the "School"), a 501(c)(3) tax-exempt organization, is a charter public elementary and middle school located in Roosevelt, New York. The School was chartered during July 2000, and the first classes were offered during the 2000-2001 school year. The School is incorporated under a charter granted by the Board of Regents on behalf of the New York State ("State") Education Department (the "NYSED").

The School charter was renewed in June 2020 for an additional five years through June 2025. The School educates children on a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The focus of the School is on the core skills of reading, language, writing and mathematics, with an extended day, a high degree of individualized instruction, and an innovative research based academic curriculum. Enrollment is open to all potential student candidates, with a preference for those residing in the immediate area. In fiscal years 2022 and 2021, the Charter School operated classes for students in kindergarten through 8th grade.

The School has initiated plans to expand its capacity to enroll additional students. The plans include the purchase of land adjacent to the existing school building and the issuance of Nassau County bonds to finance the construction of the facility. (See subsequent event note 16 for additional information).

LIQUIDITY

The School has approximately \$15.2M of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures consisting of \$8.2M in cash, \$3M in short-term investments and \$4M in grants and contributions receivable.

The School is substantially supported by revenues from the Federal and New York State government. As part of its liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The School invests some of its cash in excess of daily requirements in short-term investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are reported in the statement of financial position at fair value, which is determined using quoted market prices. Unrealized gains and losses are included in the change in net assets.

NET ASSET PRESENTATION

The classification of the School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions or time restrictions. It requires that the amounts for each of the two classes of net assets: with donor restrictions and without donor restrictions be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Net assets with donor imposed restrictions result from (a) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School and (b) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations.

When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the School considers all short-term, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

FINANCIAL INSTRUMENTS

The School's financial instruments include cash, due from government agencies, marketable securities, accounts payable, advance billing and deferred revenue for which carrying values approximate fair values due to the short maturities of those instruments.

LAND, BUILDING AND EQUIPMENT

Property and equipment are recorded at cost. Additions and improvements or betterments in excess of \$5,000 with an estimated useful life of greater than one year are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Normal replacement and maintenance costs are

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LAND, BUILDING AND EQUIPMENT (CONTINUED)

charged to earnings as incurred and major renewals and significant improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss for the year is included in income.

The estimated useful lives of the fixed assets are as follows:	<u>(Years)</u>
School buildings	20
Building Improvements	20
Leasehold Improvements	10
Furniture and fixtures	7
Office equipment	7
Computer equipment	3
Automobiles	5
Software	3

Depreciation for construction-in-progress will commence over the estimated useful lives of the respective assets when the assets are placed in service.

ASSET IMPAIRMENT

The School reviews long-lived assets, including equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

RESTRICTED CASH

Restricted cash related to a reserve account that is required to be maintained by the School in accordance with the charter requirements of \$75,407 and \$75,357 as of June 30, 2022 and 2021 as well as \$3,000,000 in restricted cash as required by the line of credit arrangement with a bank providing the school with a \$4,500,000 line as of June 30, 2021. This line of credit was revoked April 1, 2022.

ADVANCE BILLING

Advance billing represents tuition and fees received for the next school term.

DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. A number of volunteers have made contributions of their time to the School to develop its academic programs or serve on the School's board of trustees.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED SERVICES (CONTINUED)

Teachers also provided fund-raising services throughout the fiscal year. None of these services are recognized as contributions in the accompanying financial statements since the specialized skill criteria for recognition under U.S. GAAP have not been met.

REVENUE RECOGNITION

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

Revenue from federal and state government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government or when required services have been provided during the applicable school year. Funds received in advance are recorded as unearned revenue.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent funds under charter school contracts that have been billed but not collected as of the date of the financial statements. Grants and contracts receivable are recorded at net realizable value. As of June 30, 2022 and 2021, the School's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

STUDENT ENROLLMENT

Enrollment of available class slots is open to all potential student candidates with those residing in the immediate area given first preference. A lottery is held to award these available slots.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities. The expenses allocated include: Occupancy based on square footage, travel, repairs and maintenance, professional fees and staff development based on time and effort. Accordingly, certain costs have been allocated among the respective programs and supporting services benefited using methodologies developed by management as follows:

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSE ALLOCATION (CONTINUED)

- Program services – represents expenses directly associated with general education and special education for certain students requiring additional attention and guidance.
- Management and general – represents expenses related to the overall administration and operation of the School that are not associated with any program services or development.

INCOME TAXES

The School is exempt from Federal, state and local income taxes under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(2) and 170 (B)(1)(A)(II) of the IRC. There was no unrelated business income for the years ended June 30, 2022 and 2021, respectively.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the School may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business income taxable ("UBIT"). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2022 and 2021.

The School has filed federal information returns, as required, and all other applicable returns in jurisdictions where required. For the years ended June 30, 2022 and 2021 respectively, there was no interest or penalties recorded or included in the statement of activities. The School is subject to routine audits by a taxing authority. As of June 30, 2022, the School was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination by taxing authorities for the years prior to June 30, 2019.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS ADOPTED AND TO BE ADOPTED

Through June 2022, the Financial Accounting Standards Board ("FASB") issued various updates ("ASUs") to the FASB Accounting Standards Codification ("ASC"). No ASU's were adopted during the year ended June 30, 2022 that had a material effect on its financial statements. In addition, management believes that ASUs that have a prospective effective date will not have a material impact on its financial statements. ASU 2017-07 related to Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost was implemented in the current fiscal year with no material effect on the financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB Update 2014-09, "Revenue from Contracts with Customers," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The School has adopted ASU 2014-09 with no material effect on its financial statements.

Leases

On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize a lease liability, which is the lessee's obligation to make lease payments arising

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS ADOPTED AND TO BE ADOPTED (CONTINUED)

from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business and private not for profit entities for fiscal years beginning after December 15, 2021 and the School is currently evaluating the impact of the pending adoption of ASU 2016-02.

3. CONCENTRATION OF CREDIT RISK

The School maintains its cash balances at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each institution. At June 30, 2022 and 2021, the School's uninsured cash balances totaled approximately \$7,500,000 and \$14,700,000 respectively. The School's management monitors the balances in excess of the FDIC coverage to limit any exposure to loss due to credit risk on cash and cash equivalents. However, the School has not experienced any losses in such accounts and does not believe it is exposed to significant risk on its cash and cash equivalent accounts.

4. PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES

Under the School's charter school agreement and the Charter Schools Act, the School is entitled to receive funding from the NYSED through pupil enrollment funds. The calculation of the amounts to be paid to the School under these programs is determined by the NYSED and is based on complex laws and regulations, enrollment levels, and economic information related to the home school districts of the children enrolled in the School. If these regulations were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly.

Federal food subsidies and Title I, II and IV funds are received through grants approved by the U.S. Department of Agriculture and Education, respectively. The State food subsidies are received through grants approved by the NYSED.

The amount received from government agencies and included as revenue in the Statements of Activities consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
NYSED (pupil enrollment)	\$ 14,439,906	\$ 13,459,362
Federal Government	1,212,094	403,506
New York State	<u>7,691</u>	<u>3,245</u>
	<u>\$ 15,659,691</u>	<u>\$ 13,866,113</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. INVESTMENTS

Investments are carried at fair value and realized and unrealized gains and losses are reflected within investment return, net, in the statements of activities and changes and in net assets. The School invested its excess cash in short-term investments and investment as of June 30, 2022 was \$2,999,628 which will mature on April 30, 2023.

Investments at June 30 are summarized as follows:

	<u>2022</u>
Investments at beginning of year	\$ -
Investments during the year	2,999,628
Investment return, net	(14,343)
Investment – Matured	<u>-</u>
Investments at end of year	<u>\$2,985,285</u>

6. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table summarizes cash, cash equivalents and restricted cash as reported on the statements of cash flow:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 8,205,082	\$ 12,177,569
Restricted cash	<u>75,407</u>	<u>3,078,007</u>
Total cash, cash equivalents and restricted cash reported on statements of cash flow	<u>\$ 8,280,489</u>	<u>\$ 15,255,576</u>

7. ADVANCE BILLING AND DEFERRED REVENUES

The School invoices the appropriate school districts in June for the first two months of the following fiscal year. Those billings will be recognized during the next fiscal year. At June 30, 2022 and 2021, advance billing totaled \$2,088,977 and \$2,315,326, respectively.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

7. ADVANCE BILLING AND DEFERRED REVENUES (CONTINUED)

	<u>2022</u>	<u>2021</u>
Balance at the beginning of year	\$2,315,326	\$1,993,553
Additions:		
Advance billing issued	2,088,977	2,315,326
Reductions:		
Advance billing earned	<u>2,315,326</u>	<u>1,993,553</u>
Balance at end of year	<u>\$2,088,977</u>	<u>\$2,315,326</u>

As of June 30, 2022 and 2021, the School received no advance payments from school districts. Other deferred revenues as of June 30, 2022 and 2021 were \$17,628 and \$0 respectively.

8. PROPERTY AND EQUIPMENT

At June 30, property and equipment consisted of the following

	<u>2022</u>	<u>2021</u>
Land	\$ 1,307,889	\$ 1,307,889
School buildings	5,952,993	5,959,997
Building improvements	1,757,392	1,702,610
Furniture and fixtures	118,907	115,282
Computer equipment	894,042	434,696
Office equipment	106,467	181,421
Software	53,753	99,769
Automobiles	<u>129,559</u>	<u>129,559</u>
	10,321,002	9,931,223
Less: Accumulated depreciation and amortization	<u>4,346,158</u>	<u>3,780,647</u>
	5,974,844	6,150,576
Construction in progress	<u>8,802,598</u>	<u>4,158,204</u>
Total	\$ <u>14,777,442</u>	\$ <u>10,308,780</u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 were \$684,838 and \$402,168, respectively.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. PROPERTY AND EQUIPMENT (CONTINUED)

During the year ended June 30, 2022, the School wrote-off certain old assets that no longer had any use or value and incurred a \$18,815 loss on disposition.

9. CREDIT AGREEMENTS

The School had a \$4,500,000 variable revolving line of credit which was unused at June 30, 2021. The line of credit was subject to interest rate equal to the Wall Street Prime Rate with a minimum floor rate of 3.25% and requires the School to maintain a restricted cash balance of \$3,000,000 as collateral. The line of credit was terminated in April 2022.

10. PAYCHECK PROTECTION PROGRAM – SBA LOAN

The School received \$1,633,286 as an assistance from the COVID-19 Paycheck Protection Program – SBA Loan during May 2020 to assist in covering some of the costs of operations, as defined by the program. The loan was forgiven as it was used in accordance with the provisions of the CARES Act and reported as other income on the June 30, 2021 financial statements.

11. EMPLOYEE BENEFIT PLANS

DEFINED CONTRIBUTION PLAN

The School sponsors a 401(k) plan (the "Plan") that covers substantially all of its eligible employees. Employees are eligible for the Plan upon employment, and participation in the Plan is voluntary. Under the 401 (k) salary reduction provisions of the Plan, employees may elect to defer a portion of their compensation, subject to statutory limitations, and have the deferred amounts contributed to their retirement accounts which become fully vested immediately. The School matches participants' contributions to the Plan up to 4% of the individual participants' annual compensation. The School's contribution recognized in the Statements of Activities and Changes in Net Assets was \$154,350 and \$160,522 for the years ended June 30, 2022 and 2021, respectively. The Plan's assets are held in a separate trust for the exclusive benefit of the participants and beneficiaries and are not included in the accompanying financial statements.

DEFINED BENEFIT PLAN

The School sponsors a defined benefit pension plan (the "Cash Balance Plan") covering substantially all of its employees. Pension benefits are based on years of service and the employee's compensation during the last five years of employment. The School's funding policy is to make the minimum annual contribution required by applicable regulations. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Pension Plan obligations and funded status:

	<u>2022</u>	<u>2021</u>
Projected benefit obligation at June 30	\$(3,015,855)	\$(2,478,707)
Pension Plan assets at fair value at June 30	<u>3,199,867</u>	<u>2,686,751</u>
Funded status	<u>\$ 184,012</u>	<u>\$208,044</u>

Reconciliation of Projected benefit obligation:

Benefit Obligation, Beginning of the Year	\$(2,478,707)	\$ (2,106,504)
Service Cost	(726,621)	(642,876)
Interest Cost	(67,756)	(49,974)
Actuarial Gain	44,291	18,607
Benefits Paid	<u>212,938</u>	<u>302,040</u>
Current year Benefit Obligation	<u>\$(3,015,855)</u>	<u>\$(2,478,707)</u>

Funded Position:

Projected benefit obligation	\$(3,015,855)	\$(2,478,707)
Market value of Assets	<u>3,199,867</u>	<u>2,686,751</u>
Funded status	184,012	208,044
Net Gain/(Loss)	<u>(26,312)</u>	<u>23,480</u>
Prepaid benefit Cost	<u>\$210,324</u>	<u>\$184,564</u>

Actuarial Assumptions

Based on discount rate of 4.55% at 6/30/2022 and 2.80% at 6/30/2021

Weighted-average rate of compensation increase: 3.0%

Mortality tables used:

For 2022, Pri-2012 Health Annuitant Tables with Generational Improvements using Scale MP-2021

For 2021, Pri2012 Health Annuitant Tables with Generational Improvements using Scale MP-2020

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Amounts recognized in the Statement of Financial Position:

	<u>2022</u>	<u>2021</u>
Noncurrent Assets	\$ 184,012	\$ 208,044
Current Liabilities	-	-
Noncurrent Liabilities	-	-
Pension asset	<u>\$ 184,012</u>	<u>\$ 208,044</u>

Total Other Comprehensive Income:

Total Other Comprehensive Income	\$ -
Prior Service Cost at End of Year	-
Net (Gain)/Loss at End of Year	<u>26,312</u>
Balance at June 30, 2022	<u>\$ 26,312</u>

Net Periodic Benefit Cost:

Actuarial Assumptions

Discount Rate	2.80%	2.55%
Expected Return on Plan Assets	2.80%	2.80%
Salary Scale	3.00%	3.00%
Average Future Service	20.88	20.25

Components of Net Periodic Benefit Cost

Service Cost	\$ 726,621	\$ 642,876
Interest Cost	67,756	49,974
Expected Return on Assets	(85,137)	(65,618)
Amortization of ATO	-	-
Amortization of Prior Service Cost	-	-
Amortization of Net (Gain)/Loss	-	-
Preliminary Net Periodic Benefit Cost	<u>709,240</u>	<u>627,232</u>
Curtailment (G)/L Recognized	-	-
Settlement (G)/L Recognized	-	-
<u>Special Termination (G)/L Recognized</u>	<u>-</u>	<u>-</u>
Net Periodic Benefit Cost	<u>\$ 709,240</u>	<u>\$ 627,232</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Expected Benefit Payments:

Year	Active	Terminated	Retired	Total
2022	\$363,003	\$ -	\$ -	\$363,003
2023	\$106,400	\$ -	\$ -	\$106,400
2024	\$ 55,351	\$ -	\$ -	\$ 55,351
2025	\$ 47,274	\$ -	\$ -	\$ 47,274
2026	\$ 85,315	\$ -	\$ -	\$ 85,315
2027	\$232,102	\$ -	\$ -	\$232,102
2028	\$ 86,156	\$ 12,711	\$ -	\$ 98,867
2029	\$ 17,846	\$ -	\$ -	\$ 17,846
2030	\$ 31,020	\$ -	\$ -	\$ 31,020
2031	\$ 55,974	\$ -	\$ -	\$ 55,974
Total	<u>\$1,080,441</u>	<u>\$ 12,711</u>	<u>\$ -</u>	<u>\$1,093,152</u>

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3) measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 - Inputs to valuation methodology are unadjusted quoted process for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2022 and 2021:

Cash and cash equivalents and money market funds: Fair value equals cost.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy; the School's Pension Plan assets measured at fair value on a recurring basis as of June 30, 2022 and 2021:

<u>Asset Class</u>	<u>Assets at Fair Value @ June 30, 2022</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash	\$ 244,790	\$ 244,790	\$ -
Fixed Income Securities	\$ 1,550,072	\$ -	\$ 1,550,072
Annuities/Insurance	\$ 1,405,005	\$ -	\$ 1,405,005
	<u>\$ 3,199,867</u>	<u>\$ 244,790</u>	<u>\$ 2,955,077</u>
<u>Asset Class</u>	<u>Assets at Fair Value @ June 30, 2021</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash	\$ 2,226,775	\$ 2,226,775	\$ -
Fixed Income Securities	\$ 459,976	\$ -	\$ 459,976
	<u>\$ 2,686,751</u>	<u>\$ 2,226,775</u>	<u>\$ 459,976</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

12. LEASES

OPERATING LEASES

On June 30, 2016, the School entered into a new four-year non-cancelable lease agreement with its existing landlord and agreed to occupy additional space. The agreement provides for base rent plus utility costs and property insurance costs and expired June 30, 2020. The lease provides for four renewal options of five years each at a two percent increase in rental payments over the prior year.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2022 for each of the next five years and in the aggregate are:

<u>Year ending June 30:</u>	<u>Amount</u>
2023	\$ 410,568
2024	418,776
2025	<u>427,152</u>
Total minimum future rental payments	\$ <u>1,256,496</u>

Rental expense was \$531,754 and \$502,146 for the years ended June 30, 2022 and 2021, respectively.

13. CONCENTRATIONS OF CREDIT RISK

The School receives approximately 92% and 86% all of its support and revenue from per pupil funding from the New York State Department of Education during the years ended June 30, 2022 and 2021, respectively. Additionally, the School's grants receivable consists of approximately 99% and 99% from the New York State Department of Education respectively. If the School's charter was modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected and would have a significant impact on the School's ability to carry out its activities at current levels.

14. NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

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

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

15. CONTINGENCIES

LITIGATION

The School continues to be a defendant in employment related lawsuits and arbitration matters. The School has defended itself vigorously in these matters. The losses, if any, from the open claims are not expected to have a material effect on the School's financial position or results of operations.

16. SUBSEQUENT EVENTS

The School's management has performed subsequent event procedures through November 14, 2022, which is the date the financial statements were available for issuance.

In March 2018 and October 2021, the School completed the purchase of two parcels of land adjacent to its existing school building. Plans include the construction of a school facility on the 111-115 Pleasant Avenue parcel of land. The Plans will be financed by the issuance of Nassau County backed bonds for approximately \$32 million. The School has engaged an underwriting firm to complete the financing and begin construction.

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APPENDIX E

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT OF THE
CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2021 AND JUNE 30, 2020**

(attached)

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ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Roosevelt Children's Academy Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Roosevelt Children's Academy Charter School, Inc. (a nonprofit organization) (the "School"), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

REID CPAs, LLP Woodbury | New York | Boca Raton

7600 Jericho Turnpike, Suite 400, Woodbury, NY 11797 P: 516-802-0100 W: ReidLLP.com

Opinion

In our opinion, the 2021 and 2020 financial statements referred to above present fairly, in all material respects, the financial position of Roosevelt Children's Academy Charter School, Inc. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Reid CPAs, LLP

Woodbury, New York
October 29, 2021

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,177,569	\$ 17,054,605
Grants and contracts receivable	4,067,249	2,920,049
Prepaid expenses	<u>244,166</u>	<u>268,051</u>
TOTAL CURRENT ASSETS	<u>16,488,984</u>	<u>20,242,705</u>
PROPERTY AND EQUIPMENT		
At cost, less accumulated depreciation and amortization of \$3,780,647 in 2021 and \$4,230,379 in 2020	<u>10,308,780</u>	<u>8,986,102</u>
NON CURRENT ASSETS		
Excess pension plan contribution	208,044	253,074
Restricted cash	3,078,007	75,225
Grants and contracts receivable	28,460	-
Security deposits	<u>30,371</u>	<u>30,371</u>
TOTAL NONCURRENT ASSETS	<u>3,344,882</u>	<u>358,670</u>
TOTAL ASSETS	<u>\$ 30,142,646</u>	<u>\$ 29,587,477</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 966,700	\$ 844,026
Advance billing	2,315,326	1,993,553
Deferred revenue	<u>-</u>	<u>5,231</u>
TOTAL CURRENT LIABILITIES	<u>3,282,026</u>	<u>2,842,810</u>
PPP - SBA Guaranteed Loan	<u>-</u>	<u>1,630,885</u>
TOTAL LIABILITIES	<u>3,282,026</u>	<u>4,473,695</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	26,752,240	25,029,108
With donor restrictions	<u>108,380</u>	<u>84,674</u>
TOTAL NET ASSETS	<u>26,860,620</u>	<u>25,113,782</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,142,646</u>	<u>\$ 29,587,477</u>

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support						
Public School District						
Resident student enrollment	\$ 13,459,362	\$ -	\$ 13,459,362	\$ 12,041,508	\$ -	\$ 12,041,508
Federal grants and contracts	403,506	-	403,506	374,407	-	374,407
State grants and contracts	3,245	-	3,245	8,395	-	8,395
Investment return, net	-	-	-	57,536	-	57,536
Other	102,895	18,992	121,887	218,520	27,303	245,823
Forgiveness of PPP Loan	1,633,286	-	1,633,286	-	-	-
Net assets released from restrictions	(4,714)	4,714	-	(20,133)	20,133	-
Total revenues and other support	<u>15,597,580</u>	<u>23,706</u>	<u>15,621,286</u>	<u>12,680,233</u>	<u>47,436</u>	<u>12,727,669</u>
Expenses and losses						
Regular education	10,531,590	-	10,531,590	10,984,646	-	10,984,646
Special education	1,747,758	-	1,747,758	1,872,103	-	1,872,103
Management and general	1,590,386	-	1,590,386	1,598,530	-	1,598,530
Fundraising and special events	4,714	-	4,714	20,133	-	20,133
Total Expenses	<u>13,874,448</u>	<u>-</u>	<u>13,874,448</u>	<u>14,475,412</u>	<u>-</u>	<u>14,475,412</u>
Loss on disposal of fixed assets	-	-	-	13,078	-	13,078
Total expenses and losses	<u>13,874,448</u>	<u>-</u>	<u>13,874,448</u>	<u>14,488,490</u>	<u>-</u>	<u>14,488,490</u>
Increase (Decrease) In net assets from Operating Activities	1,723,132	23,706	1,746,838	(1,808,257)	47,436	(1,760,821)
Net Assets at beginning of year	<u>25,029,108</u>	<u>84,674</u>	<u>25,113,782</u>	<u>26,837,365</u>	<u>37,238</u>	<u>26,874,603</u>
Net Assets at end of year	<u>\$ 26,752,240</u>	<u>\$ 108,380</u>	<u>\$ 26,860,620</u>	<u>\$ 25,029,108</u>	<u>\$ 84,674</u>	<u>\$ 25,113,782</u>

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Support Services		Total
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries and wages	\$ 6,007,827	\$ 869,554	\$ 6,877,381	\$ 1,027,655	\$ -	\$ 7,905,036
Payroll tax expenses and fringe benefits	1,965,624	284,498	2,250,122	336,225	-	2,586,347
Total Personnel Service Costs	7,973,451	1,154,052	9,127,503	1,363,880	-	10,491,383
Consultants - education	498,785	124,696	623,481	-	-	623,481
Food purchases	186,262	46,565	232,827	-	-	232,827
Insurance expense	98,413	5,705	104,118	38,510	-	142,628
Supplies and materials	243,661	64,976	308,637	16,244	-	324,881
Textbooks	19,250	4,812	24,062	-	-	24,062
Telephone	46,930	2,721	49,651	18,364	-	68,014
Occupancy	376,610	100,429	477,039	25,107	-	502,146
Field trips	94,470	23,618	118,088	-	-	118,088
Fundraising expenses	-	-	-	-	4,714	4,714
Staff development	42,123	10,531	52,654	-	-	52,654
Equipment - rentals	35,033	2,031	37,064	13,709	-	50,773
Professional fees	72,486	4,202	76,687	28,364	-	105,051
Repairs and maintenance	255,641	68,171	323,812	17,043	-	340,855
Travel	3,917	227	4,144	1,533	-	5,677
Board of Trustees	2,110	122	2,232	826	-	3,058
Utilities	145,355	38,761	184,116	9,690	-	193,806
Depreciation	301,626	80,434	382,060	20,108	-	402,168
Postage	12,115	702	12,817	4,741	-	17,558
Advertising	4,554	264	4,818	1,782	-	6,600
Administrative fees	72,794	4,220	77,014	28,484	-	105,498
Student testing and incentives	40,892	10,223	51,115	-	-	51,115
Other	5,114	296	5,410	2,001	-	7,411
TOTAL EXPENSES	\$ 10,531,590	\$ 1,747,758	\$ 12,279,348	\$ 1,590,386	\$ 4,714	\$ 13,874,448

See accompanying notes to financial statements

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Support Services		Total
	Regular Education	Special Education	Total	Management and General	Fundraising	
EXPENSES						
Salaries and wages	\$ 6,007,095	\$ 869,448	\$ 6,876,543	\$ 1,027,529	\$ -	\$ 7,904,072
Payroll tax expenses and fringe benefits	1,828,255	264,616	2,092,871	312,728	-	2,405,599
Total Personnel Service Costs	7,835,350	1,134,064	8,969,414	1,340,257	-	10,309,671
Consultants - education	564,935	141,234	706,169	-	-	706,169
Food purchases	289,230	72,308	361,538	-	-	361,538
Insurance expense	98,613	5,601	102,214	37,805	-	140,019
Supplies and materials	246,150	65,640	311,790	16,410	-	328,200
Textbooks	77,461	19,365	96,826	-	-	96,826
Telephone	46,368	2,688	49,056	18,144	-	67,200
Occupancy	363,099	96,826	459,925	24,207	-	484,132
Field trips	15,445	3,861	19,306	-	-	19,306
Fundraising expenses	-	-	-	-	20,133	20,133
Staff development	187,194	46,799	233,993	-	-	233,993
Equipment - rentals	34,522	2,001	36,523	13,509	-	50,032
Professional fees - legal	93,396	5,414	98,810	36,546	-	135,356
Repairs and maintenance	228,317	60,885	289,202	15,221	-	304,423
Travel	6,754	392	7,146	2,643	-	9,789
Board of Trustees	3,820	221	4,041	1,495	-	5,536
Utilities	157,577	42,020	199,597	10,505	-	210,102
Depreciation	573,428	152,914	726,342	38,229	-	764,572
Postage	12,057	699	12,756	4,718	-	17,474
Advertising	10,821	627	11,448	4,234	-	15,682
Administrative fees	66,431	3,851	70,282	25,995	-	96,277
Student testing and incentives	53,668	13,417	67,085	-	-	67,085
Other	22,009	1,276	23,285	8,612	-	31,897
TOTAL EXPENSES	\$ 10,984,646	\$ 1,872,103	\$ 12,856,749	\$ 1,598,530	\$ 20,133	\$ 14,475,412

See accompanying notes to financial statements

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,746,838	\$ (1,760,821)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	402,168	764,572
Loss on disposal of fixed assets	-	13,078
Forgiveness of PPP Loan	(1,630,885)	-
Changes in assets and liabilities:		
Grants and contracts receivable	(1,175,660)	(248,369)
Prepaid expenses	23,884	156,710
Accounts payable and accrued expenses	122,675	59,225
Advance billing	321,773	(47,464)
Deferred revenue	<u>(5,231)</u>	<u>(1,606,620)</u>
Total adjustments	<u>(1,941,276)</u>	<u>(908,868)</u>
Net cash used by operating activities	<u>(194,438)</u>	<u>(2,669,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,724,846)	(782,506)
Proceeds from sale (purchase) of short-term investments	<u>-</u>	<u>5,061,464</u>
Net cash provided (used) by investing activities	<u>(1,724,846)</u>	<u>4,278,958</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	-	1,630,885
Excess pension plan contribution	<u>45,030</u>	<u>(89,672)</u>
Net cash provided by financing activities	<u>45,030</u>	<u>1,541,213</u>
NET INCREASE (DECREASE) IN CASH	(1,874,254)	3,150,482
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- beginning	<u>17,129,830</u>	<u>13,979,348</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH- end	<u>\$ 15,255,576</u>	<u>\$ 17,129,830</u>

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. ORGANIZATION SUMMARY

Roosevelt Children's Academy Charter School, Inc. (the "School"), a 501(c)(3) tax-exempt organization, is a public elementary charter school located in Roosevelt, New York. The School was chartered during July 2000, and the first classes were offered during the 2000-2001 school year. The School is incorporated under a charter granted by the Board of Regents on behalf of the New York State ("State") Education Department (the "NYSED"). The School charter was renewed in June 2020 for an additional five years through June 2025. The School educates children on a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The focus of the School is on the core skills of reading, language, writing and mathematics, with an extended day, a high degree of individualized instruction, and an innovative research based academic curriculum. Enrollment is open to all potential student candidates, with a preference for those residing in the immediate area. In fiscal years 2021 and 2020, the Charter School operated classes for students in kindergarten through 8th grade.

The School has initiated plans to expand its capacity to enroll additional students. The plans include the purchase of land adjacent to the existing school building and the issuance of Nassau County bonds to finance the construction of the facility. (See subsequent event note # 16 for additional information).

LIQUIDITY

The School has approximately \$7.3M of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures consisting of \$3.3M in cash and \$4M in grants and contributions receivable.

The School is substantially supported by revenues from the Federal and New York State government. As part of its liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The School invests some of its cash in excess of daily requirements in short-term investments. In addition, the School has a line of credit available for \$4.5 million.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are reported in the statement of financial position at fair value, which is determined using quoted market prices. Unrealized gains and losses are included in the change in net assets.

NET ASSET PRESENTATION

The classification of the School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions or time restrictions. It requires that the amounts for each of the two classes of net assets: with donor restrictions and without donor restrictions be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Net assets with donor imposed restrictions result from (a) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School and (b) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations.

When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the School considers all short-term, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

FINANCIAL INSTRUMENTS

The School's financial instruments include cash, due from government agencies, marketable securities, accounts payable, advance billing and deferred revenue for which carrying values approximate fair values due to the short maturities of those instruments.

LAND, BUILDING AND EQUIPMENT

Property and equipment are recorded at cost. Additions and improvements or betterments in excess of \$5,000 with an estimated useful life of greater than one year are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Normal replacement and maintenance costs are

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LAND, BUILDING AND EQUIPMENT (CONTINUED)

charged to earnings as incurred and major renewals and significant improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss for the year is included in income.

The estimated useful lives of the fixed assets are as follows:	<u>(Years)</u>
School buildings	20
Building Improvements	20
Leasehold Improvements	10
Furniture and fixtures	7
Office equipment	7
Computer equipment	3
Automobiles	5
Software	3

Depreciation for construction-in-progress will commence over the estimated useful lives of the respective assets when the assets are placed in service.

ASSET IMPAIRMENT

The School reviews long-lived assets, including equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2021 and 2020, respectively, there were no such losses.

RESTRICTED CASH

Restricted cash relates to a reserve accounts that are required to be maintained by the School in accordance with the charter requirements as well as \$3,000,000 in restricted cash as required by the line of credit arrangement with a bank providing the school with a \$4,500,000 line.

ADVANCE BILLING

Advance billing represents tuition and fees received for the next school term.

DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. A number of volunteers have made contributions of their time to the School to develop its academic programs or serve on the School's board of trustees.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED SERVICES (CONTINUED)

Teachers also provided fund-raising services throughout the fiscal year. None of these services are recognized as contributions in the accompanying financial statements since the specialized skill criteria for recognition under U.S. GAAP have not been met.

REVENUE RECOGNITION

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

Revenue from federal and state government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government or when required services have been provided during the applicable school year. Funds received in advance are recorded as unearned revenue.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent funds under charter school contracts that have been billed but not collected as of the date of the financial statements. Grants and contracts receivable are recorded at net realizable value. As of June 30, 2021 and 2020, the School's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

STUDENT ENROLLMENT

Enrollment of available class slots is open to all potential student candidates with those residing in the immediate area given first preference. A lottery is held to award these available slots.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities. The expenses allocated include: Occupancy based on square footage, travel, repairs and maintenance, professional fees and staff development based on time and effort. Accordingly, certain costs have been allocated among the respective programs and supporting services benefited using methodologies developed by management as follows:

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSE ALLOCATION (CONTINUED)

- Program services – represents expenses directly associated with general education and special education for certain students requiring additional attention and guidance.
- Management and general – represents expenses related to the overall administration and operation of the School that are not associated with any program services or development.

INCOME TAXES

The School is exempt from Federal, state and local income taxes under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(2) and 170 (B)(1)(A)(ii) of the IRC. There was no unrelated business income for the years ended June 30, 2021 and 2020, respectively.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the School may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business income taxable ("UBIT"). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2021 and 2020.

The School has filed federal information returns, as required, and all other applicable returns in jurisdictions where required. For the years ended June 30, 2021 and 2020 respectively, there was no interest or penalties recorded or included in the statement of activities. The School is subject to routine audits by a taxing authority. As of June 30, 2021, the School was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination by taxing authorities for the years prior to June 30, 2018.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS ADOPTED AND TO BE ADOPTED

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The School has adopted ASU 2014-09 with no material effect on its financial statements.

Leases

On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize a lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business and private not for profit entities for fiscal year beginning after December 15, 2021 and the School is currently evaluating the impact of the pending adoption of ASU 2016-02.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS ADOPTED AND TO BE ADOPTED (CONTINUED)

Through June 2021, the Financial Accounting Standards Board ("FASB") issued various updates ("ASUs") to the FASB Accounting Standards Codification ("ASC"). No ASU's were adopted during the year ended June 30, 2021 that had a material effect on its financial statements. In addition, management believes that ASUs that have a prospective effective date will not have a material impact on its financial statements. ASU 2017-07 related to Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost was implemented in the current fiscal year with no material effect on the financial statements.

3. CONCENTRATION OF CREDIT RISK

The School maintains its cash balances at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each institution. At June 30, 2021 and 2020, the School's uninsured cash balances totaled approximately \$14,700,000 and \$16,630,000 respectively. The School's management monitors the balances in excess of the FDIC coverage to limit any exposure to loss due to credit risk on cash and cash equivalents. However, the School has not experienced any losses in such accounts and does not believe it is exposed to significant risk on its cash and cash equivalent accounts.

4. PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES

Under the School's charter school agreement and the Charter Schools Act, the School is entitled to receive funding from the NYSED through pupil enrollment funds. The calculation of the amounts to be paid to the School under these programs is determined by the NYSED and is based on complex laws and regulations, enrollment levels, and economic information related to the home school districts of the children enrolled in the School. If these regulations were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly.

Federal food subsidies and Title I, II and IV funds are received through grants approved by the U.S. Department of Agriculture and Education, respectively. The State food subsidies are received through grants approved by the NYSED.

The amount received from government agencies and included as revenue in the Statements of Activities consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
NYSED (pupil enrollment)	\$ 13,459,362	\$ 12,041,508
Federal Government	403,506	374,407
New York State	<u>3,245</u>	<u>8,395</u>
	<u>\$ 13,866,113</u>	<u>\$ 12,424,310</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. INVESTMENTS

Investments are carried at fair value and realized and unrealized gains and losses are reflected within investment return, net, in the statements of activities and changes and in net assets. The School invested its excess cash in short-term investments and investment as of June 30, 2019 was \$5,061,464 which matured on January 30, 2020. During the fiscal year ended June 30 2020 short-term investments earned \$57,536, The School did not renew its investment after January 30, 2020.

Investments at June 30 are summarized as follows:

	<u>2020</u>
Investments at beginning of year	\$ 5,061,464
Investments during the year	-
Investment return, net	<u>57,536</u>
Investment – Matured	<u>(5,119,000)</u>
Investments at end of year	<u>\$ -</u>

6. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table summarizes cash, cash equivalent and restricted cash as reported on The statements of cash flow:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalent	\$ 12,177,569	\$ 17,054,605
Restricted cash	<u>3,078,007</u>	<u>75,225</u>
Total cash, cash equivalent and restricted cash reported on statement of cash flow	<u>\$ 15,255,576</u>	<u>\$ 17,129,829</u>

7. ADVANCE BILLING AND DEFERRED REVENUES

The School invoices the appropriate school districts in June for the first two months of the following fiscal year. Those billings will be recognized during the next fiscal year. At June 30, 2021 and 2020, advance billing totaled \$2,315,326 and \$1,993,553, respectively.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. ADVANCE BILLING AND DEFERRED REVENUES (CONTINUED)

	<u>2021</u>	<u>2020</u>
Balance at the beginning of year	\$1,993,553	\$2,041,017
Additions:		
Advance billing issued	2,315,326	1,993,553
Reductions:		
Advance billing earned	<u>1,993,553</u>	<u>2,041,017</u>
Balance at end of year	<u>\$2,315,326</u>	<u>\$1,993,553</u>

As of June 30, 2021 and 2020, the School received no advance payments from school districts. Other deferred revenues as of June 30, 2021 and 2020 were \$0 and \$5,231 respectively.

8. PROPERTY AND EQUIPMENT

At June 30, property and equipment consisted of the following

	<u>2021</u>	<u>2020</u>
Land	\$ 1,307,889	\$ 1,307,889*
School buildings	5,959,997	5,959,997*
Modular space and related costs	-	349,985
Building improvements	1,702,610	1,561,613
Furniture and fixtures	115,282	132,931
Computer equipment	434,696	447,362
Office equipment	181,421	15,454
Software	99,769	31,471
Automobiles	129,559	129,559
Equipment	<u>-</u>	<u>135,766</u>
	9,931,223	10,072,027
Less: Accumulated depreciation and amortization	<u>3,780,647</u>	<u>4,230,379</u>
	6,150,576	5,841,648
Construction in progress	<u>4,158,204</u>	<u>3,144,454*</u>
Total	\$ <u>10,308,780</u>	\$ <u>8,986,102</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 were \$402,168 and \$764,572, respectively.

*Restated

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. PROPERTY AND EQUIPMENT (CONTINUED)

During the year ended June 30, 2020, the School wrote-off certain old assets that no longer had any use or value and incurred a \$13,078 loss on disposition.

9. CREDIT AGREEMENTS

The School had a \$4,500,000 variable revolving line of credit which was unused at June 30, 2021. The line of credit expires on December 31, 2021 with an interest rate equal to the Wall Street Prime Rate with a minimum floor rate of 3.25% and requires the School to maintain a restricted cash balance of \$3,000,000 as collateral.

10. PAYCHECK PROTECTION PROGRAM – SBA LOAN

The School received \$1,630,885 as an assistance from the COVID-19 Paycheck Protection Program – SBA Loan during May 2020 to assist in covering some of the costs of operations, as defined by the program. The loan was forgiven as it was used in accordance with the provisions of the CARES Act and reported as other income on the June 30, 2021 financial statements.

11. EMPLOYEE BENEFIT PLANS

DEFINED CONTRIBUTION PLAN

The School sponsors a 401(k) plan (the "Plan") that covers substantially all of its eligible employees. Employees are eligible for the Plan upon employment, and participation in the Plan is voluntary. Under the 401 (k) salary reduction provisions of the Plan, employees may elect to defer a portion of their compensation, subject to statutory limitations, and have the deferred amounts contributed to their retirement accounts which become fully vested immediately. The School matches participants' contributions to the Plan up to 4% of the individual participants' annual compensation. The School's contribution recognized in the Statements of Activities and Changes in Net Assets was \$160,522 and \$168,710 for the years ended June 30, 2021 and 2020, respectively. The Plan's assets are held in a separate trust for the exclusive benefit of the participants and beneficiaries and are not included in the accompanying financial statements.

DEFINED BENEFIT PLAN

The School sponsors a defined benefit pension plan (the "Cash Balance Plan") covering substantially all of its employees. Pension benefits are based on years of service and the employee's compensation during the last five years of employment. The School's funding policy is to make the minimum annual contribution required by applicable regulations. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Pension Plan obligations and funded status:

	<u>2021</u>	<u>2020</u>
Projected benefit obligation at June 30	\$(2,478,707)	\$(2,106,504)
Pension Plan assets at fair value at June 30	<u>2,686,751</u>	<u>2,359,578</u>
Funded status	<u>\$ 208,044</u>	<u>\$253,074</u>

Reconciliation of Projected benefit obligation:

Benefit Obligation, Beginning of the Year	\$(2,106,504)	\$ (1,564,907)
Service Cost	(642,876)	(578,293)
Interest Cost	(49,974)	(53,446)
Actuarial Gain	<u>18,607</u>	<u>90,142</u>
Current year Benefit Obligation	\$(2,478,707)	\$(2,106,504)

Funded Position:

Projected benefit obligation	\$(2,478,707)	\$(2,106,504)
Market value of Assets	<u>2,686,751</u>	<u>2,359,578</u>
Funded status	208,044	253,074
Net Gain/(Loss)	<u>23,480</u>	<u>63,694</u>
Prepaid benefit Cost	\$184,564	\$189,380

Actuarial Assumptions

Based on discount rate of 2.80% at 6/30/2021 and 2.55% at 6/30/2020

Weighted-average rate of compensation increase: 3.0%

Mortality tables used:

For 2021, Pri-2012 Healthy Annuitant Tables with Generational Improvements using Scale MP-2020

For 2020, Pri2012 Health Annuitant Tables with Generational Improvements using Scale MP-2020

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Amounts recognized in the Statement of Financial Position:

	<u>2021</u>	<u>2020</u>
Noncurrent Assets	\$ 208,044	\$ 253,074
Current Liabilities	-	-
Noncurrent Liabilities	-	-
Pension asset	<u>\$ 208,044</u>	<u>\$ 253,074</u>

Total Other Comprehensive Income:

Total Other Comprehensive Income	\$ -
Prior Service Cost at End of Year	-
Net (Gain)/Loss at End of Year	<u>\$ (23,480)</u>
Balance at June 30, 2021	<u>\$ (23,480)</u>

Net Periodic Benefit Cost:

Actuarial Assumptions

Discount Rate	2.55%	3.50%
Expected Return on Plan Assets	2.55%	3.50%
Salary Scale	3.00%	3.00%
Average Future Service	20.25	20.07

Components of Net Periodic Benefit Cost

Service Cost	642,876	578,293
Interest Cost	49,974	53,446
Expected Return on Assets	(65,618)	(73,578)
Amortization of ATO	-	-
Amortization of Prior Service Cost	-	-
<u>Amortization of Net (Gain)/Loss</u>	<u>-</u>	<u>-</u>
Preliminary Net Periodic Benefit Cost	627,232	558,161
Curtailment (G)/L Recognized	-	-
Settlement (G)/L Recognized	-	-
<u>Special Termination (G)/L Recognized</u>	<u>-</u>	<u>-</u>
Net Periodic Benefit Cost	627,232	558,161

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Expected Benefit Payments:

Year	Active	Terminated	Retired	Total
2021	\$200,044	\$ -	\$ -	\$200,044
2022	\$ 25,049	\$ -	\$ -	\$ 25,049
2023	\$ 61,940	\$ -	\$ -	\$ 61,940
2024	\$ 35,396	\$ -	\$ -	\$ 35,396
2025	\$ 22,493	\$ -	\$ -	\$ 22,493
2026	\$ 54,474	\$ -	\$ -	\$ 54,474
2027	\$136,770	\$ -	\$ -	\$136,770
2028	\$ 62,028	\$ -	\$ -	\$ 62,028
2029	\$ -	\$ -	\$ -	\$ -
2030	<u>\$ 16,388</u>	\$ -	\$ -	<u>\$ 16,388</u>
Total	\$614,582	\$ -	\$ -	\$614,582

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3) measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 - Inputs to valuation methodology are unadjusted quoted process for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data
By correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. EMPLOYEE BENEFIT PLANS (CONTINUED)
DEFINED BENEFIT PLAN (CONTINUED)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2021 and 2020:

Cash and cash equivalents and money market funds: Fair value equals cost.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy; the School's Pension Plan assets measured at fair value on a recurring basis as of June 30, 2021 and 2020:

<u>Asset Class</u>	<u>Assets at Fair Value @ June 30, 2021</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash	\$ 2,226,775	\$ 2,226,775	\$ -
Fixed Income Securities	\$ 459,976	\$ -	\$ 459,976
	<u>\$ 2,686,751</u>	<u>\$ 2,226,775</u>	<u>\$ 459,976</u>

<u>Asset Class</u>	<u>Assets at Fair Value @ June 30, 2020</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash	\$ 5,033	\$ 5,033	\$ -
Certificates of Deposit	\$ 2,354,545	\$ -	\$ 2,354,545
	<u>\$ 2,359,578</u>	<u>\$ 5,033</u>	<u>\$ 2,354,545</u>

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. LEASES

OPERATING LEASES

On June 30, 2016, the School entered into a new four-year non-cancelable lease agreement with its existing landlord and agreed to occupy additional space. The agreement provides for base rent plus utility costs and property insurance costs and expired June 30, 2020. The lease provides for four renewal options of five years each at a two percent increase in rental payments over the prior year.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2021 for each of the next five years and in the aggregate are:

<u>Year ending June 30:</u>	<u>Amount</u>
2022	\$ 441,888
2023	406,454
2024	410,568
2025	<u>418,776</u>
Total minimum future rental payments	\$ <u>1,677,686</u>

Rental expense was \$502,146 and \$484,132 for the years ended June 30, 2021 and 2020, respectively.

13. CONCENTRATIONS OF CREDIT RISK

The School receives approximately 86% and 95% all of its support and revenue from per pupil funding from the New York State Department of Education during the years ended June 30, 2021 and 2020, respectively. Additionally, the School's grants receivable consists of approximately 99% and 99% from the New York State Department of Education respectively. If the School's charter was modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected and would have a significant impact on the School's ability to carry out its activities at current levels.

14. NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

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

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

15. CONTINGENCIES

LITIGATION

The School continues to be a defendant in employment related lawsuits and arbitration matters. The School has defended itself vigorously in these matters. The losses, if any, from the open claims are not expected to have a material effect on the School's financial position or results of operations.

16. SUBSEQUENT EVENTS

The School's management has performed subsequent event procedures through October 29, 2021, which is the date the financial statements were available for issuance.

In October 2021, the School completed the purchase of a parcel of land adjacent to its existing school building and the previously purchased land. Plans include the construction of a school facility on both parcels of land. The Plans will be financed by the issuance of Nassau County backed bonds for approximately \$28 million. The School has engaged an underwriting firm to complete the financing and begin construction.

17. RISK TO OPERATIONS

The United States continues to be in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level remain unknown, but has the potential to result in a significant economic impact. The impact of this situation on the School and its future results and financial position remains undeterminable. The School received a Paycheck Protection Program loan from the SBA in the amount of \$1,630,885 as disclosed in Footnote 10 which assisted the School in going through the economic impact of the pandemic.



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

To The Board of Trustees
Roosevelt Children's Academy Charter School, Inc.

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 Roosevelt Children's Academy Charter School, Inc. (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

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

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

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

REID CPAs, LLP Woodbury | New York | Boca Raton

7600 Jericho Turnpike, Suite 400, Woodbury, NY 11797 P: **516-802-0100** W: **ReidLLP.com**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reid CPAs, LLP

Woodbury, New York
October 29, 2021

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APPENDIX F
FORM OF BOND COUNSEL OPINION
(attached)

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FORM OF BOND COUNSEL OPINION

May __, 2023

Nassau County Local Economic Assistance Corporation
One West Street, 4th Floor
Mineola, New York 11501

Re: \$31,315,000 Nassau County Local Economic Assistance Corporation Educational Revenue Bonds Series 2023A (Tax-Exempt) and \$685,000 Educational Revenue Bonds Series 2023B (Taxable) (Friends of Roosevelt Children's Academy Charter School, Inc. – Roosevelt Children's Academy Charter School Project)

Ladies and Gentleman:

We have examined the record of proceedings in connection with the issuance by the Nassau County Local Economic Assistance Corporation (the "Issuer") of its \$31,315,000 Tax-Exempt Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. – Roosevelt Children's Academy Charter School Project) Series 2023A (the "Series 2023A Bonds" or "Tax-Exempt Bonds") and \$685,000 Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. – Roosevelt Children's Academy Charter School Project) Series 2023B (Taxable) (the "Series 2023B Bonds" or "Taxable Bonds" and collectively with the Series 2023A Bonds, the "Series 2023 Bonds") for the benefit of Friends of Roosevelt Children's Academy Charter School (the "Organization"). The Organization is a not-for-profit corporation organized and existing under the laws of the State of New York, the sole member of which is Roosevelt Children's Academy Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York (the "School" and collectively with the Organization, the "Institution").

The Series 2023 Bonds are authorized pursuant to (i) Section 1411 of the Not-for-Profit Corporation Law of the State of New York (the "State"), as amended and supplemented from time to time (the "Act"), (ii) a bond resolution (the "Bond Resolution") adopted by the Issuer on June 30, 2022, for the purpose of providing funds to assist in the financing or refinancing of the Project for the benefit of the Institution, and (iii) a certain Indenture of Trust, dated as of May 1, 2023 (the "Indenture"), by and between the Issuer and U.S. Bank Trust Organization, National Association, as trustee (the "Trustee") Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.

The project being financed with the proceeds of the Series 2023 Bonds (the "Project") consists of: (A) the construction on the Organization's approximately one (1) acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York (the "Land") of a new approximately 50,787 square foot school building facility (the "Improvements"); (B) the acquisition of and installation in and around the Improvements of certain

items of machinery, fixtures, equipment and other items of tangible personal property (collectively the "Equipment" and, together with the Land, and the Improvements, the "Facility") and (C) funding of a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Bonds (the costs associated with items (A) through (C) being hereinafter collectively referred to as the "Project Costs").

All capitalized terms, not otherwise defined herein, shall have the meaning given to such terms in the Indenture.

The Series 2023 Bonds are being purchased by D.A. Davidson & Co. (the "Underwriter"), pursuant to a certain Bond Purchase Agreement, dated May 2, 2023, by and among the Issuer, the Underwriter and the Organization.

Under the terms of a certain Loan Agreement, dated as of May 1, 2023 (the "Loan Agreement"), by and between the Issuer and the Organization, the Issuer is loaning the proceeds of the Series 2023 Bonds to the Organization and the Organization has agreed to make loan payments thereunder in an amount sufficient to pay, among other things, the principal of, premium, if any, and interest on the Series 2023 Bonds as the same become due and payable and to make certain other payments with respect to the Bonds as described therein.

The Organization will use a portion of the proceeds of the funds advanced under the Loan Agreement to finance all or a portion of the Project Costs.

The Facility is being leased to the School pursuant to a Lease Agreement, dated April 26, 2023, by and between the School and the Organization (the "Lease"). In accordance with the Lease, the School is required to make rental payments to the Organization in an amount that will provide the Organization with sufficient funds to make the loan payments due under the Loan Agreement that in turn are to be applied to pay debt service on the Series 2023 Bonds.

The Bonds are secured as described in the Indenture.

In connection with the issuance of the Series 2023A Bonds, the Issuer and the Organization have executed and delivered a certain Tax Compliance Agreement, dated the date of issuance of the Series 2023A Bonds (the "Tax Compliance Agreement"), in which the Issuer and the Organization have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Internal Revenue Code of 1986, as amended, and regulations and rulings of the United States Treasury Department promulgated thereunder (collectively, the "Code").

The Series 2023 Bonds are dated as of their date of issuance and bear interest from the date on the unpaid principal amount at the rates set forth in, and pursuant to the terms of, the Indenture and the Series 2023 Bonds. The Series 2023 Bonds are subject to prepayment or redemption prior to maturity, in whole or in part, at such time or times, or under such circumstances and in such manner as are set forth in the Series 2023 Bonds and the Indenture, respectively.

As Bond Counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents, 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, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents, without having conducted any independent investigation.

In rendering the opinions set forth below, we have relied upon the opinions of Anthony F. Marano, Esq., counsel to the Issuer, and of Cohen Schneider Law, P.C., counsel to the Institution, all of even date herewith, as to the matters set forth in each of such opinions without making any independent investigation of the factual basis therefor or the legal conclusions set forth therein.

Based upon and in reliance upon the foregoing, and subject to the limitations hereafter set forth, it is our opinion that

(a) The Issuer is a local development corporation created pursuant to the Act and is duly organized and validly existing under the laws of the State.

(b) The Issuer is duly authorized and entitled by law to issue, execute, sell and deliver the Series 2023 Bonds.

(c) The Bond Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect, and is valid and legally binding upon the Issuer in accordance with its terms.

(d) The Series 2023 Bonds have been duly authorized, executed and delivered, have been duly issued for value by the Issuer and are valid and legally binding special obligations of the Issuer payable in accordance with their terms and are entitled to the benefit and security of the Indenture in accordance with its terms.

(e) The Series 2023 Bonds do not constitute a debt of the State of New York or Nassau County, New York, and neither the State of New York nor Nassau County, New York shall be liable thereon.

(f) Under statutes, regulations, administrative rulings and court decisions existing as of the date hereof, interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and is not an "item of tax preference" for purposes of computing the federal alternative minimum tax imposed on individuals. However, for tax years beginning after December 31, 2022, interest on the Series 2023A Bonds held by certain corporations that are subject to the federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations.

(g) Under existing law, for so long as interest on the Series 2023A Bonds is and remains excluded from gross income for federal income tax purposes, such interest is exempt from personal income taxes by the State of New York and any political subdivision thereof.

(h) Interest on the Series 2023B Bonds is not excluded from gross income of the holders thereof for federal income tax purposes and is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

In rendering the opinions set forth in paragraphs (f) and (g) above, we have relied upon, among other things, certain representations and covenants of (1) the Issuer in the Indenture, the Loan Agreement, the Tax Compliance Agreement and General Certificate of the Issuer, dated the date hereof, (2) the Organization in the Loan Agreement, the Tax Compliance Agreement and the General Certificate of the Organization, dated the date hereof and (3) the School in the Lease, the Tax Compliance Agreement and the General Certificate of the School, dated the date hereof. We call your attention to the fact that there are certain requirements contained in the Code with which the Issuer, the Organization and the School must comply from and after the date of issuance of the Series 2023A Bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes, and consequently to remain exempt from personal income taxes imposed by the State of New York or any political subdivision thereof. The Issuer, the Organization, the School, or any other Person, by failing to comply with such requirements, may cause interest on the Series 2023A Bonds to become includable in gross income for federal income tax purposes and therefore subject to personal income taxes imposed by the State of New York and any political subdivision thereof, in each case retroactive to the date of issuance of the Series 2023A Bonds. We render no opinion as to any federal, state or local tax consequences with respect to the Series 2023A Bonds, or the interest thereon, if any change occurs or action is taken or omitted under the Indenture, the Loan Agreement, the Tax Compliance Agreement, or under any other relevant documents by the Issuer or the Institution without the advice or approval of, or upon the advice or approval of any Bond Counsel other than, Harris Beach PLLC.

Except as set forth in paragraphs (f), (g), and (h) above, we express no opinion regarding any federal, state or local income tax consequences arising with respect to the purchase or ownership of the Series 2023 Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Bond Resolution, the Series 2023 Bonds, any of the Security Documents and any other documents executed in connection therewith may be limited by any applicable bankruptcy, insolvency or other similar law or equitable principle now or hereafter enacted by the State of New York or the federal government or pronounced by a court having proper jurisdiction, affecting the enforcement of creditors' rights, generally.

We express no opinion as to (i) the title to the Project, (ii) the sufficiency of the description of the Project in the Indenture, the Loan Agreement or any other document; or (iii) the sufficiency or priority of any liens, charges or encumbrances on the Project, the Facility, the Mortgaged Property or any pledged collateral. Further, we have not been requested to examine and have not examined any documents or information relating to the Issuer or the Institution other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial

information, or the adequacy thereof, which has been or may be supplied to the Trustee, the Underwriter or any other Person.

This opinion is given as of the date hereof, and we disclaim any obligation to update this opinion letter for events occurring after the date hereof. We express no opinion herein except as to the laws of the State of New York and the federal laws of the United States of America.

Very truly yours,

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APPENDIX G
FORM OF CONTINUING DISCLOSURE AGREEMENT
(attached)

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Agreement**”) is entered into as of this May 10, 2023, by and among Roosevelt Children’s Academy Charter School (the “**Charter School**”) and Friends of Roosevelt Children’s Academy Charter School, Inc. (the “**Institution**”), and U.S. Bank Trust Company, National Association, as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of Nassau County Local Economic Assistance Corporation’s (the “**Issuer**”) (i) Educational Revenue Bonds (Friends of Roosevelt Children’s Academy Charter School, Inc. - Roosevelt Children’s Academy Charter School Project), Series 2023A (the “**Series 2023A Bonds**”), in the aggregate principal amount of \$31,315,000; (ii) Educational Revenue Bonds (Friends of Roosevelt Children’s Academy Charter School, Inc. - Roosevelt Children’s Academy Charter School Project), Series 2023B (Taxable) (the “**Series 2023B Bonds**” and together with the Series 2023A Bonds, the “**Bonds**”), in the aggregate principal amount of \$685,000. The Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2023 (the “**Indenture**”), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), including any amendments or supplements thereto.

In consideration of the purchase of such Bonds by the owners thereof, the Charter School and the Institution hereby covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is entered into by the Charter School and the Institution as of the date set forth below, for the benefit of the holders and owners (the “**Bondholders**”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Covenant Agreement and the Loan Agreement (each as defined below).

“*Annual Financial Information*” means (i) operational data for the Charter School for the current year in the form of Exhibit I hereto, and (ii) a copy of the Audited Financial Statements of the Institution and the Charter School as certified by the Institution’s and the Charter School’s respective independent public accountants.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4(a).

“*Audited Financial Statements*” means the audited financial statements of the Institution and the Charter School, prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

“*Authorizer*” means the State University of New York through the Charter School Institute, or any other body subsequently authorized by the State of New York to grant, revoke, suspend the Charter issued to the Charter School.

“*Commission*” means the Securities and Exchange Commission.

“*Covenant Agreement*” means the Covenant Agreement, dated as of May 10, 2023, by and among the Issuer, the Trustee and the Charter School.

“*Dissemination Agent*” means, initially, U.S. Bank Trust Company, National Association, its successors and assigns, and, thereafter, any agent designated as such in writing by the Charter School and which has filed with the Charter School a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Fiscal Year*” means each year ending June 30, commencing with the Fiscal Year ending June 30, 2023.

“*Loan Agreement*” means the Loan Agreement dated as of May 1, 2023, between the Issuer and the Institution.

“*Material Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit III.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5 hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Other Information*” means the information as set forth in Section 4(c).

“*Other Information Disclosure*” means the dissemination of disclosure concerning the information as set forth in Section 4(c).

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements, Other Information and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of New York.

“*Undertaking*” means the obligations of the Institution and the Charter School pursuant to Sections 4 and 5.

Section 3. CUSIP Number/Final Official Statement. The CUSIP Number of the final maturity of the Series 2023A Bonds is 63165C AC6 and the Series 2023B Bonds is 63165C AD4. The Final Official Statement relating to the Bonds is dated May 2, 2023 (the “**Final Official Statement**”).

Section 4. Annual Financial Information Disclosure; Other Information Disclosure.

(a) Annual Financial Information and Audited Financial Statements. Subject to Section 9 of this Agreement, the Institution and the Charter School hereby covenant that each will, or will cause the Dissemination Agent to, disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I hereto) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within fifteen (15) days after the date required for filing the Institution’s and the Charter School’s Audited Financial Statements with the State and the Authorizer, respectively, but in no case later than January 31st of the calendar year following the end of each Fiscal Year, commencing with Fiscal Year ended June 30, 2023 (For example, the Annual Financial Information and the Audited Financial Statements for the Fiscal Year ended June 30, 2023 will be provided to the MSRB by January 31, 2024). If Audited Financial Statements are not available, then, unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the final Official Statement will be included in the Annual Report. It shall be sufficient if the Institution or the Charter School provides to the MSRB any or all of the Annual Financial Information Disclosure by specific reference to documents previously provided to the MSRB or the Commission and, if such document is a Final Official Statement within the meaning of the Rule, available from the MSRB.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Institution or the Charter School will, or will cause the Dissemination Agent to, disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

(b) Other Information. Subject to Section 9 of this Agreement, the Institution and the Charter School shall, or shall cause the Dissemination Agent to disseminate Other Information (in the form and by the dates set forth below in subsection (d) and Exhibit II hereto) by delivering such Other Information Disclosure to the MSRB within the dates specified in Exhibit II hereto.

(c) Disclosure in Prescribed Form. The Institution and the Charter School are required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

Section 5. Material Events Disclosure. The Institution and the Charter School hereby covenant that each will, or will cause the Dissemination Agent to, disseminate in a timely manner, not in excess of ten (10) business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Indenture. From and after the Effective Date, the Institution and the Charter School are required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty to Update EMMA/MSRB. The Institution and the Charter School shall determine, in the manner each deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Institution and the Charter School to Provide Information. The Institution and the Charter School shall, or shall cause the Dissemination Agent to, give notice in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure or Other Information Disclosure when the same is due hereunder.

In the event of a failure of the Institution and the Charter School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Institution and the Charter School to comply with their obligations under this Agreement.

If there exists a Dissemination Agent and such Dissemination Agent is unable to verify that any information required to be provided to the MSRB by in Exhibit I by the date required therein, the Dissemination Agent shall send a notice to the MSRB and the Participating Underwriter in substantially the form attached hereto as Exhibit IV.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Institution, the Charter School and the Dissemination Agent, if any, may amend this Agreement with the prior written consent of the Majority Holders.

Section 9. Termination of Undertaking. The Undertaking of the Institution and the Charter School shall be terminated hereunder when the Institution shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Institution shall, or shall cause the Dissemination Agent to, give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent.

(a) The Institution and the Charter School have appointed U.S. Bank Trust Company, National Association as its Dissemination Agent, and may, from time to time, appoint or engage a different Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination

Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Institution and the Charter School pursuant to this Agreement. Notwithstanding anything to the contrary herein, the Dissemination Agent shall not be responsible for any determination as to the adequacy of the contents or format of any Annual Financial Information Disclosure or Other Information Disclosure, and as to the materiality of any Material Event.

(b) The duties of the Dissemination Agent are to:

(i) contact the Institution and the Charter School at least thirty (30) days before each Annual Financial Information Disclosure and Other Information Disclosure is due under this Agreement; excluding the Other Information required under Exhibit II;

(ii) (A) post to EMMA the information submitted to the Dissemination Agent as required pursuant to Section 4 of this Agreement; and (B) post to EMMA any documents received by the Charter School or the Institution with direction from the Charter School or Institution to the Dissemination Agent to post to EMMA;

(iii) e-mail alert to the Institution and the Charter School, the Participating Underwriter and the Trustee when any documents are filed on EMMA;

(iv) post notice on EMMA when the Institution and the Charter School misses a Continuing Disclosure filing deadline in the form set forth in Exhibit IV; and

(v) post notice on EMMA when it receives notice of a Material Event at the Institution and the Charter School listed on Exhibit III; and

(c) The Dissemination Agent does not serve as an auditor, financial advisor, broker-dealer or underwriter, is not providing "advice" under Dodd-Frank Wall Street Reform and Consumer Protection Act and does not certify the completeness or accuracy of the Template or any information given by the Institution and the Charter School to U.S. Bank Trust Company, National Association for filing on EMMA.

(d) In the event of a failure of the Institution or the Charter School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Institution and the Charter School to comply with their obligations under this Agreement.

(e) The Dissemination Agent is due a one-time set-up fee at closing, and an annual fee payable in advance on the Closing Date and on each anniversary of the Closing Date, subject to Paragraph 9 hereof.

Section 11. Indemnification. The Institution and the Charter School will indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out

of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Agreement and the applicable, related agency agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the negligence or willful misconduct of the Dissemination Agent. The obligations of the Institution and the Charter School under this Section will survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Additional Information. Nothing in this Agreement shall be deemed to prevent the Institution or the Charter School from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information, Other Information, or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Institution or the Charter School chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Institution and the Charter School shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event. The Dissemination Agent shall disseminate all information required to be posted to EMMA pursuant to Section 5(B) of the Covenant Agreement.

Section 13. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Institution, the Charter School, the Dissemination Agent, if any, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

Section 14. Recordkeeping. The Institution and the Charter School shall maintain records of all Annual Financial Information Disclosure, Other Information Disclosure, and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 15. Past Compliance. The Institution and the Charter School represent that this Agreement is their first continuing disclosure undertaking entered into by it pursuant to the Rule.

Section 16. Assignment. The Institution and the Charter School shall not transfer its obligations under the Indenture, the Loan Agreement unless the transferee agrees to assume all obligations of the Institution or the Charter School under this Agreement or to execute a Continuing Disclosure Agreement under the Rule in a form approved by the Majority Holders.

Section 17. No Indebtedness of the State. No indebtedness of any kind incurred or created by the Institution or the Charter School shall constitute an indebtedness of the State or its political subdivisions (including the Authorizer, and no indebtedness of the Institution or the Charter School shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

Section 18. Governing Law. This Agreement shall be governed by the laws of the State.

Dated as of the date first set forth above.

**ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL**

By: _____
Name: _____
Title: _____

**FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.**

By: _____
Name: _____
Title: _____

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Dissemination Agent**

By: _____
Name: _____
Title: _____

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT I

ANNUAL INFORMATION

Completion of the following tables, annually, commencing with the Fiscal Year ending June 30, 2024, to the extent not provided in the Annual Audit:

Board of Trustees and Officers of the Charter School Board			
Name	Position	Initial Start Date	Current Term Expiration

Charter School Employees	
	Full Time
Teachers	
Administrators	
Nurses, Counselors, and Deans	
Support Staff	
Total	

Teacher Experience and Education	
	20__-20__
0-5 Years' Experience	
5-10 Years' Experience	
Over 10 Years' Experience	
Total	
Bachelor's Degree	
Master's Degree	
Total	

Historical Teacher Retention Rates	
Year	Percent Retained
From 20__ to 20__	%

Enrollment	
Grade	20__ - 20__

K
 1st
 2nd
 3rd
 4th
 5th
 6th
 7th
 8th
 Total

Percentage of Students Retained by Grade	
School Year	Percent Retention from Previous School Year
From 20[] to 20[]	%

Wait List Summary	
Grade	20__ - 20__

K
 1st
 2nd
 3rd
 4th
 5th
 6th
 7th
 8th
 Total

Percentage of students that scored at or above Level 3 in English Language Arts	
20__ - 20__	

Grade	%
3 rd	
4 th	
5 th	
6 th	
7 th	
8 th	

Percentage of students that scored at or above Level 3 in Mathematics	
20__ - 20__	

Grade	
3 rd	%
4 th	
5 th	
6 th	
7 th	
8 th	

Historic Per Pupil Funding Chart for New York City-based Charter Schools	
School Year	Per Pupil Funding ¹
20__ - 20__	\$

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

EXHIBIT II
OTHER INFORMATION

- (a) Periodic Reports. Within thirty (30) days of such event, the Charter School shall provide each of the following reports:
- (i) A copy of the Charter School's adopted annual operating budget and capital budget for the Charter School's present Fiscal Year, within thirty (30) days of its adoption by the Board of Trustees, commencing with the Fiscal Year ending June 30, 2023; and
 - (ii) A copy of material revisions, if any, to the Charter School's annual budgets or capital budgets for the Charter School and as approved by its Board of Trustees within thirty (30) days of adoption by the Board of Trustees.

EXHIBIT III

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Charter School.*
13. The consummation of a merger, consolidation or acquisition involving the Charter School or the sale of all or substantially all of the assets of the Charter School, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a financial obligation of the Charter School, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Charter School, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Charter School, any of which reflect financial difficulties

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Charter School in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Charter School, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Charter School.

EXHIBIT IV

FORM OF NOTICE TO THE MSRB OF FAILURE TO FILE [_____]

Name of Issuer: Nassau County Local Economic Assistance Corporation

Name of Issue: (i) Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A (the "Series 2023A Bonds"), in the aggregate principal amount of \$31,315,000; (ii) Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable) (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Bonds"), in the aggregate principal amount of \$685,000.

Name of the Institution: Friends of Roosevelt Children's Academy Charter School, Inc.

Name of Charter School: Roosevelt Children's Academy Charter School

Date of Issuance: May 10, 2023

NOTICE IS HEREBY GIVEN that the [Charter School][Institution] has not provided [_____] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement with respect to the Bonds. The Charter School has notified the Dissemination Agent that it anticipates [_____] will be filed by _____, 20__.

Dated: _____, 20__.

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By: _____
Authorized Signatory

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APPENDIX H

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX H 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 Official Statement. 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 Borrower ("**DTC**"), New York, New York, will act as securities depository for the securities discussed in the body of this Official Statement (the "**Series 2023 Bonds**"). The Series 2023 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 2023 Bond certificate will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 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 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 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 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2023 Bond documents. For example, Beneficial Owners of the Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2023 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 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer and the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in 'street name,' and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Series 2023 Bonds purchased or tendered, through its Participant, to the Trustee, and will effect delivery of such Series 2023 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2023 Bonds, on DTC's records, to the Trustee.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2023 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 2023 Bond certificates will be printed and delivered to DTC.

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

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE BORROWER, THE CHARTER SCHOOL OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE BORROWER, THE CHARTER SCHOOL, OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2023 BONDS, OR FOR ANY PRINCIPAL OF, SINKING FUND INSTALLMENT, REDEMPTION PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

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APPENDIX I

**FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, THE PLEDGE
AND SECURITY AGREEMENT, ASSIGNMENT OF CONTRACTS, AND LEASE**

(attached)

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LOAN AGREEMENT

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION

AND

FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.

LOAN AGREEMENT

DATED AS OF May 1, 2023

RELATING TO

\$31,315,000 Educational Revenue Bonds (Friends Of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A

And

\$685,000 Educational Revenue Bonds (Friends Of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable)

This Agreement, made and entered into as of May 1, 2023 (this "Agreement"), by and between NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the "Issuer"), having its principal office at One West Street, 4th Floor, Mineola, New York 11501, party of the first part, and FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC., a duly organized and validly existing New York not-for-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which is exempt from federal income taxation pursuant to Section 501(a) of the Code, having an office for the transaction of business located at 201 Debevoise Ave., Roosevelt, New York 11575 (the "Organization" or "Borrower"), party of the second part (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Indenture);

WITNESSETH:

WHEREAS, pursuant to the purposes and powers contained within Section 1411 of the Not-for-Profit Corporation Law ("N-PCL") of the State of New York (the "State"), as amended (hereinafter collectively called the "Act"), a resolution adopted by the Nassau County Legislature (the "County Resolution"), and pursuant to its duly filed certificate of incorporation (the "Certificate"), the Issuer was established as a not-for-profit local development corporation of the State with the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing and equipping certain projects exclusively in furtherance of the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Issuer is authorized to issue its bonds for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge the revenues and receipts from the lease or sale thereof to secure the payment of such bonds and interest thereon; and

WHEREAS, Roosevelt Children's Academy Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York, (the "School") on its own behalf and on behalf of its affiliate, the Organization and collectively with the School, hereinafter - the "Institution", submitted an application (the "Application") to the Issuer requesting that the Issuer issue, in one or more series or subseries, the Bonds for the purpose of paying or reimbursing the costs associated with a certain project (the "Project") consisting of: (A) the construction on the Organization's approximately one (1) acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York (the "Land") of a new, approximately 50,787 sq. ft. school building facility (the

"Improvements"); (B) the acquisition of and installation in and around the Improvements of certain items of machinery, fixtures, equipment and other items of tangible personal property (collectively, the "Equipment" and, together with the Land, and the Improvements, the "Facility") and (C) funding of a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Bonds (the costs associated with items (A), through (C) being hereinafter collectively referred to as the "Project Costs").

WHEREAS, the Institution entered into negotiations with officials of the Issuer for the construction, renovation, equipping and furnishing of the Facility; and

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

WHEREAS, the site for the Facility, including the improvements to be constructed thereon, will be subject to a Lease by and between the Organization and the School executed and delivered contemporaneously herewith (the "Lease Agreement") whereby the School, as tenant will lease the Facility from the Organization, as landlord, and the School will covenant to pay Rent (as defined in the Lease Agreement) to the Organization in an amount equal to the Organization's obligations under the Loan Agreement; and

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

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

WHEREAS, to further secure the Series 2023 Bonds, the Organization has created a security interest in its Gross Revenues in favor of the Trustee pursuant to a Pledge and Security Agreement, dated as of the date hereof from the Organization to the Trustee (the "Pledge and Security Agreement").

WHEREAS, contemporaneously herewith the Organization will enter into a Depositary Agreement, dated as of May 10, 2023 (the "Depositary Agreement"), by and between the Organization and U.S. Bank Trust Company, National Association as depositary bank (the "Depositary Bank") for the creation of a deposit account (the "Borrower Account") for the deposit of Rents received by the Organization under the Lease Agreement from the School. Pursuant to the terms of the Account Control Agreement (the "Borrower DACA") dated as of May 10, 2023, by and among the Trustee, as secured party thereunder, the Organization and the Depositary Bank, the Organization will grant a security interest in the Borrower Account to the

Trustee and authorize the Trustee to transfer the amounts required hereunder and the Indenture to the applicable Account of the Bond Fund established under the Indenture. Rents are to be paid by the School to the Depositary Bank into the Borrower Account created under the Depositary Agreement.

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Organization will grant mortgage liens on and security interests in the Facility under the Lease Agreement, and an assignment of leases and rents, to the Trustee pursuant to the Mortgage;

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

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1. Definitions. In addition to the definitions set forth in Section 7.1(a), the following terms shall have the respective meanings in this Agreement:

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

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

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

Additional Parity Indebtedness means any Additional Indebtedness intended to be secured on a parity basis as to payment with the Bonds and may share in a parity lien of the Mortgage on the Facility and the terms of which, including, without limitation, principal and interest payment dates, shall be satisfactory to the Issuer.

An Affiliate of a Person shall mean a Person that directly or indirectly through one or more intermediaries Controls, or is under common Control with, or is Controlled by, such Person.

Agreement shall mean this Loan Agreement, dated as of May 1, 2023, between the Issuer and the Organization, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Issuer's Board of Directors as generally applicable to Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors).

Approved Facility shall mean the Facility as shall be occupied, used and operated by the Organization substantially for the Approved Project Operations, including such

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

Bond Payment Date shall mean, with respect to a Series of Bonds, each date upon which interest, principal and/or Sinking Fund Installments shall be scheduled to be paid under such Series of Bonds.

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated May 2, 2023 with respect to the sale of the Initial Bonds, among the Issuer, the Organization and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on June 30, 2022, authorizing the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Bond Year means a period of twelve (12) consecutive months, beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

Borrower DACA shall mean the Account Control Agreement dated as of May 10, 2023, by and among the Trustee, as secured party thereunder, the Organization and U.S. Bank Trust Company, National Association, as the Depository Bank.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Organization and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Business Day shall mean any day that shall not be:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which the Trustee or the Paying Agent is required or authorized by law or executive order to be closed;
- (iii) a day on which banking institutions in the County are authorized by law or executive order to close; or
- (iv) a day on which the New York Stock Exchange is closed.

Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

County shall mean Nassau County, New York.

Claims shall have the meaning set forth in Section 7.2(a).

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other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with this Agreement and the Lease Agreement.

Approved Project Operations shall mean, subject to this Agreement, those uses and operations relating to the education of elementary and/or secondary school students in accordance with the School's charter and pursuant to Article 56 of the Education Law of the State of New York and such ancillary uses as are ordinarily and customarily associated with the operation of a school for elementary and/or secondary school students.

Assignment of Mortgage shall mean the Assignment of Mortgage, dated as of the Closing Date, from the Issuer to the Trustee.

Authorized Denomination shall mean, in the case of the Initial Bonds, \$5,000 or any integral multiple thereof.

Authorized Principal Amount shall mean, in the case of the Initial Bonds, in an amount not to exceed \$32,000,000.

Authorized Representative shall mean:

(i) in the case of the Issuer, the Chair, Vice Chair, Chief Executive Officer/Executive Director, Chief Operating Officer, Administrative Director, 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 Organization, a person named in Exhibit B — "Authorized Representative", or any other officer or employee of the Organization who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Organization has given written notice to the Issuer and the Trustee;

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

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

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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Closing Date shall mean May 10, 2023, the date of the initial issuance and delivery of the Initial Bonds.

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

Commencement Date shall mean May 10, 2023, on which date this Agreement was executed and delivered.

Completion Date shall mean October 1, 2024.

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 1.47(g) of the Code and any regulations thereunder, including but not limited to the following: fees of the Underwriter; counsel fees (including bond counsel to the Issuer, counsel to the Underwriter, Trustee's counsel, Issuer's counsel, Organization's counsel, School'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 Organization incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Compliance Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs (for the Initial Bonds and of the preliminary and final Official Statement relating to the Initial Bonds); printing costs for the Initial Bonds and offering documents; public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds (including without limitation the Initial Issuance Fee (as defined herein)); and Blue Sky fees and expenses; and similar costs.

Covenant Agreement shall mean the Covenant Agreement, dated as of May 10, 2023 (the "Covenant Agreement"), by the School for the benefit of the Trustee.

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

Debt Service Payment means, with respect to any Bond Payment Date, (A) the interest payable on the Bonds on such Bond Payment Date, plus (B) the principal, if any, payable on the Bonds on such Bond Payment Date, plus (C) the premium, if any, payable on the Bonds on such Bond Payment Date, plus (D) the Sinking Fund Installments, if any, payable on the Bonds on such Bond Payment Date.

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

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Electronic Means shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

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

Environmental Audit shall mean that certain Phase I Environmental Site Assessment Report dated October 12, 2017, also prepared by the Environmental Auditor.

Environmental Auditor shall mean Nelson, Pope & Voorhis, LLC.

Event of Default shall have the meaning specified in Section 8.1.

Existing Facility Property shall have the meaning set forth in Section 3.5(a).

Expiration Date shall mean July 1, 2055.

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

Favorable Opinion of Bond Counsel shall mean, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Nationally Recognized Bond Counsel, to the effect that such action is permitted under the Indenture and will not adversely affect the exclusion of interest on a Series of Tax-Exempt Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of such Series of Bonds).

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Organization pursuant to Section 3.2(f) upon completion of the Project.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year, or such other fiscal year of similar length used by the Organization for accounting purposes as to which the Organization shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

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Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements existing on the Commencement Date and erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land throughout the term of this Agreement (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indemnified Parties shall have the meaning set forth in Section 7.2(a).

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

Independent Accountant shall mean an independent certified public accountant or firm of independent certified public accountants selected by the Organization licensed to practice under the laws of the State.

Independent Engineer shall mean a Person (not an employee of any of the Issuer, the Organization, the School or any Affiliate thereof) registered, qualified and licensed to practice engineering or architecture under the laws of the State and selected by the Organization.

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

Independent Financial Consultant shall mean a firm (and not an individual) which (a) is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of the Borrower, the School or any Affiliate of either, (b) is a firm having the skill and experience necessary to render the particular report required by the provision of this Indenture or the Loan Agreement in which such requirement appears, and (c) is Independent.

Information Recipients shall have the meaning set forth in Section 7.6(c).

Initial Issuance Fee shall mean \$172,363.00, payable to the Issuer by the Organization on the Closing Date.

Initial Bonds shall mean the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A in the aggregate principal amount of \$31,315,000 and the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. -

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

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

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

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 Issuer or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or

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

Gross Revenues means, Rents, proceeds derived from insurance and/or condemnation proceeds derived from the Facility, contract rights and other rights and assets whether now or hereafter owned, held or possessed by the Organization and related to the Facility; and all gifts, grants, bequests and contributions (including income and profits therefrom) related to the Facility to the extent permitted by the terms thereof and by law.

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

Impositions shall have the meaning set forth in Section 7.16(a).

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Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable) in the aggregate principal amount of \$685,000, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, January 1 and July 1 of each year, and with respect to any Series of Additional Bonds, the dates set forth therein in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

Issuer shall mean Nassau County Local Economic Assistance Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

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

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

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Organization to complete the Project;

(iv) 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 Sections 2.2, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 4.4, 4.5, 4.6, 4.7, 5.1, 5.2, 5.3, 5.4, 6.1, 6.3, 6.4, 7.1, 7.2, 7.3, 7.5, 7.6, 7.8, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16, 7.17, 7.18, 7.19, 7.21, 7.22, 7.23, 7.26, 7.28, 7.29, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 9.1, 9.2, 9.3, 10.1, 10.3, 10.6, 11.1, 11.3, 11.4, 11.5, 11.6, 11.11, 11.13 and 11.14, and

(v) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 8.2(b).

Land shall mean that certain lot, piece or parcel of land located at (a) 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York, all as more particularly described in Exhibit A - "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 7.9(c).

Lease Agreement shall mean that certain Lease, dated April 26, 2023, by and between the Organization, as landlord, and the School, as tenant, and supplements thereto hereafter made in conformity therewith, this Agreement and the Indenture.

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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 wages, and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the County, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Organization, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Liability shall have the meaning set forth in Section 7.2(a).

Liens shall have the meaning specified in Section 7.10(a).

Loan shall mean the loan made by the Issuer to the Organization pursuant to this Agreement as described in Section 4.1.

Loan Payment Date shall mean the first Business Day of each January and July of each calendar year for so long as the Bonds are Outstanding under the Indenture.

Loss Event shall have the meaning specified in Section 5.1.

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

Management Consultant means an independent professional firm or corporation hired by the Organization.

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

Mortgage shall mean, collectively, the Mortgage and Security Agreement and Assignment of Leases and Rents (Project Loan) and the Mortgage and Security Agreement and Assignment of Leases and Rents (Building Loan) relating to the Facility, each dated as of even date herewith, and each from the Organization and the School to the Issuer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Nationally Recognized Bond Counsel shall mean 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.

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redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

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

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

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.

Permitted Encumbrances shall mean:

(i) the Lease Agreement, the Mortgage, the Building Loan Agreement, the Indenture and any other Project Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 7.10(b);

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the Organization certifies to the Issuer and the Trustee will not materially interfere with or impair the use and enjoyment of the Facility by the Organization as herein provided;

(v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character

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

NYSED shall mean the New York State Education Department.

Opinion of Counsel shall mean a written opinion of counsel for the Organization 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 Friends of Roosevelt Children's Academy Charter School, Inc. and its successors and assigns.

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 articles of incorporation, certificate of incorporation or equivalent, and the by-laws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

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

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

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X of the Indenture, there has been separately set aside and held in a 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

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to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Organization 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 Facility enumerated in the title insurance policy delivered pursuant to Section 3.7 insuring the Trustee's mortgage interest under the Mortgage in the Facility, 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 Organization in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Organization 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 Issuer 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 Organization 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 Organization, 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 Organization from the County, the State or any governmental agency or instrumentality; and

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

Person shall mean an individual or any Entity.

Plans and Specifications shall mean the plans and specifications prepared for the Project by or on behalf of the Organization, as amended from time to time by or on behalf of the

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Organization to reflect any remodeling or relocating of the Project or substitutions, additions, modifications and improvements to the Project made by the Organization in compliance with this Agreement, said plans and specifications being duly certified by an Authorized Representative of the Organization and filed in the designated corporate trust office of the Trustee and available to the Issuer.

Project shall mean (i) the construction of an approximately 50,787 square-foot, three (3) story (plus basement) school building, a playground and parking lot all to be operated by the School as a campus for its charter school and located on the Land, (ii) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other tangible personal property, (iii) the funding of a portion of the interest to become due on the Initial Bonds, (iv) the funding of a Reserve Fund for the Initial Bonds, and (v) the financing of certain costs incurred in connection with 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 Organization, 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 Costs shall mean:

- (i) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, plans and specifications and for supervising 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 until the completion of the Project;
- (iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;
- (v) all costs of title insurance as provided in Section 3.7;
- (vi) the payment of the Costs of Issuance with respect to the Initial Bonds;
- (vii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;

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Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates, or (viii) investment agreements or repurchase agreements with any bank, trust company, national banking association (which may include the Trustee or any of its affiliates) or any other financial institution or insurance company or guaranteed thereby, provided that the institution providing such investment agreements or repurchase agreements shall be rated "A" (or its equivalent) or better by a Rating Agency, or the principal amount of such investment agreements or repurchase agreements then outstanding shall be fully secured and collateralized by the pledge and deposit of securities (including wireable securities) described in (i) above or obligations of the Federal National Mortgage Association with a market value equal to one hundred two and one-half percent (102 1/2%) of such principal amount, that the Trustee has a perfected first security interest in the collateral, that the Trustee or any agent has possession of the collateral, and that such obligations are free and clear of claims by third parties. The investment agreements or repurchase agreements described in (viii) above shall be only of institutions whose capital surplus (or in the case of financial institutions other than banks, net worth) is in excess of \$50,000,000.

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

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 Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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

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

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

S&P shall mean Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State, its successors and their assigns, and, if such corporation 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 or Charter School means the Roosevelt Children's Academy Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York.

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(viii) all costs which the Organization 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 Organization for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

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

"Project Costs" shall not include (i) fees or commissions of real estate brokers; (ii) moving expenses; (iii) amounts payable as rent under the Lease Agreement; or (iv) operational costs.

Project Documents shall mean, collectively, the Lease Agreement, the Bond Purchase Agreement and the Security Documents.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Work shall mean the design and construction of the Improvements in accordance with the Plans and Specifications.

Promissory Note shall mean, with respect to the Initial Bonds, that certain Promissory Note in substantially the form of Exhibit E to this Agreement, and, with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to this Agreement, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with this Agreement and the Indenture.

Qualified Investments shall mean, to the extent permitted by applicable law, the following: (i) obligations of the State or the United States of America, (ii) obligations, the principal and interest of which are guaranteed by the State or the United States of America, (iii) obligations of any agency of the United States of America which may from time to time be legally purchased by savings banks within the State as an investment of funds belonging to them or under their control, (iv) bankers' acceptances of, or certificates of deposit issued by, or demand, trust or time deposits with, any bank, trust company or national banking association (including the Trustee and any of its affiliates) having undivided capital and surplus aggregating at least \$25,000,000, (v) repurchase agreements or other contracts for the purchase and sale of and secured by obligations of the type specified in (i) through (iii) above, (vi) commercial paper of any Person other than the Organization or any Affiliate of the Organization which has been classified for rating purposes by Moody's as Prime-1 or by S&P's as A-1, (vii) money market mutual funds investing in the obligations described in (i), (ii), (iii) or (v) described above, including, without limitation, the M&T Group of Funds or any other 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 (x) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (y) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (z) services performed for such funds and pursuant to the

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School Districts means, collectively, at any time, the Hempstead School District and any other public school district which has students residing in such school district and attend the School at the Facility.

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

Security Documents shall mean, collectively, this Agreement, the Promissory Note, the Indenture, the Pledge and Security Agreement, the Covenant Agreement, the Tax Compliance Agreement, the Building Loan Agreement, the Mortgage and Borrower DACA.

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 2023A Capitalized Interest Account means the special trust account so designated within the Project Fund established pursuant to Section 5.01.

Series 2023A Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023A Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023A Project Account means the special trust account so designated within the Project Fund established pursuant to Section 5.01.

Series 2023A Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023A Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Series 2023B Capitalized Interest Account means the special trust account within the Project Fund established pursuant to Section 5.01.

Series 2023B Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023B Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023B Project Account means the special trust account so designated within the Project Fund established pursuant to Section 5.01.

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Series 2023B Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023B Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to 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.

State shall mean the State of New York.

SUNY shall mean the State University of New York's Charter Schools Institute (the School's Authorizer).

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

Tax Compliance Agreement shall mean the Tax Compliance Agreement, dated the Closing Date, from the Issuer and the Organization to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Termination Date shall mean such date on which this Agreement may terminate pursuant to its terms and conditions prior to the Expiration Date.

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

Trustee shall mean U.S. Bank Trust Company, National Association, 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.

Underwriter shall mean, in the case of the Initial Bonds, D.A. Davidson & Co., Incorporated.

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ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. **Representations and Warranties by Issuer.** The Issuer makes the following representations and warranties:

(i) The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State and is duly organized and validly existing under the laws of the State.

(ii) Assuming the accuracy of representations made by the Organization, the Issuer is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Issuer is a party, to carry out its obligations hereunder and thereunder, and to issue and sell the Initial Bonds.

(iii) By proper action of its board of directors, the Issuer has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Issuer is a party.

(iv) In order to finance a portion of the cost of the Project, the Issuer proposes to issue the Initial Bonds in the Authorized Principal Amount. The Initial Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(v) The Issuer has all requisite power, authority and legal right to execute and deliver the Project Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant hereto and thereto and to perform its obligations under the Project Documents and all such other instruments and documents to which it is a party. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Project Documents and all such other instruments and documents to which it is a party has been duly authorized and effectively taken, and such execution, delivery, performance and observance by the Issuer do not contravene the Issuer's Organizational Documents or any applicable Legal Requirements or any contractual restriction binding on or affecting the Issuer.

(vi) There is no action or proceeding before any court, governmental agency or arbitrator pending or, to the knowledge of the Issuer, threatened against the Issuer which seeks (i) to restrain or enjoin the issuance or delivery of the Initial Bonds, the pledge and grant of the Trust Estate or the collection of any revenues pledged under the Indenture, (ii) to contest or affect in any way the authority for the issuance of the Initial Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

Section 2.2. **Representations and Warranties by the Organization.** The Organization makes the following representations and warranties:

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Section 1.2. **Construction.** In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Commencement Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless the content indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

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(a) The Organization is not-for-profit corporation validly existing and in good standing under the laws of the State, is not in violation of any provision of any of the Organization's Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) This Agreement and the other Project Documents to which the Organization is a party (x) have been duly authorized by all necessary action on the part of the Organization, (y) have been duly executed and delivered by the Organization, and (z) constitute the legal, valid and binding obligations of the Organization, enforceable against the Organization in accordance with their respective terms.

(c) The execution, delivery and performance of this Agreement and each other Project Document to which the Organization is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organization's Organizational Documents, or any indenture, agreement or other instrument to which the Organization is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(d) There is no action or proceeding pending or, to the best of the Organization's knowledge, after reasonable inquiry, threatened, by or against the Organization by or before any court or administrative agency that would adversely affect the ability of the Organization to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.

(e) The financial assistance provided by the Issuer to the Organization as contemplated by this Agreement is necessary to induce the Organization to proceed with the Project.

(f) Reserved.

(g) The Organization has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained (if any) by it as of the Commencement Date in connection with the execution and delivery of this Agreement and each other Project Document to which it shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents.

(h) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Legal Requirements.

(i) The Organization is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work and the operation of the Facility.

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(j) The Organization has delivered to the Issuer a true, correct and complete copy of the Environmental Audit.

(k) The Organization has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials.

(l) The total cost of the Project Work being funded with the Initial Bonds is not less than the Authorized Principal Amount. That portion of the cost of the Project as shall not derive from the proceeds of the Initial Bonds (if any) shall be provided from equity on the part of the Organization. The amounts provided to the Organization from the proceeds of the Initial Bonds, together with other moneys available to the Organization, are sufficient to pay all costs in connection with the completion of the Project. In no event will "costs of issuance" (within the meaning of Section 147(g) of the Code) paid from the proceeds of the Tax-Exempt Bonds exceed two percent (2%) of the proceeds of the Tax-Exempt Bonds.

(m) Subject to Section 3.5 and Article V, no property constituting part of the Facility shall be located at any site other than at the Facility.

(n) The Project Application Information was true, correct and complete in all material respects as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.

(o) The representations, warranties, covenants and statements of expectation of the Organization set forth in the Tax Compliance Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(p) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(q) No part of the proceeds of the Initial Bonds will be used to finance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facility.

(r) No Project Cost to be reimbursed from the proceeds of the Initial Bonds relates to property constructed, reconstructed, renovated or acquired by purchase by the Organization (or any of its Affiliates) prior to April 21, 2022.

(s) The Lease Agreement continues in full force and effect as the legal, valid and binding obligation of the Organization without default by the Organization or, to the knowledge of the Organization, by the School thereunder. The Organization has neither received nor delivered any notice of default or termination thereunder, and the initial term of the Lease Agreement expires on June 30, 2071. Pursuant to the Lease Agreement, the School has a valid leasehold estate in the Facility.

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ARTICLE III

THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

Section 3.1. Agreement to Undertake Project.

The Organization covenants and agrees to undertake and complete the Project Work in accordance with the Lease Agreement and this Agreement, including, without limitation:

(i) effecting the Project Work,

(ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,

(iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement and the Indenture, and

(iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Organization under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

Section 3.2. Manner of Project Completion.

(a) The Organization will cause the Project Work to be completed by the Completion Date, in accordance with this Agreement, the Plans and Specifications and the Lease Agreement, in a workmanlike manner, free of defects in materials and workmanship (including latent defects); provided, however, that subject to the Lease Agreement, the Organization may revise the scope of the Project Work (minor change orders shall not be considered revisions to the scope of the Project Work), subject to the prior written consents of the Issuer and the Trustee (which consents shall not be unreasonably withheld, delayed or conditioned).

(b) In undertaking the Project Work, the Organization shall take such reasonable action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon written request, the Organization will extend, to the extent permitted by contract and/or at law, to the Issuer and the Trustee all vendors' warranties received by the Organization in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform Project Work.

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(t) The Organization has obtained all consents, approvals, authorizations, permits, licenses, certificates and orders of any governmental or regulatory authority that are required for the construction, leasing, operation and maintenance of the Facility, including, without limitation, any and all required building permits, except for any other thereof that cannot be (or, in accordance with prevailing industry practices, are not customarily) obtained until a later stage of construction of the Facility or completion of the Facility, none of which the Organization has any reason to believe will not be granted or will be unduly delayed.

(u) The Organization represents that it understands that the Project is subject to the Issuer's Prevailing Wage Policy and the Organization covenants to abide with the terms of such policy.

(v) The Organization hereby acknowledges and agrees that the foregoing financial assistance provided by the Issuer consisting of interest rate savings and exemptions from mortgage recording tax constitutes "public funds" unless otherwise excluded under Section 224-a(3) of the New York Labor Law, and by executing this Loan Agreement, (i) confirms that it has received notice from the Agency pursuant to Section 224-a(3)(d) of the New York Labor Law and (ii) acknowledges its obligations pursuant to Section 224-a(5)(a) of the New York Labor Law.

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(c) Project Costs shall be paid from the Project Fund or other funds provided by the Organization. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Organization shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Organization be entitled to any diminution of the loan payments payable or other payments to be made under this Agreement, under the Promissory Note, or under any other Project Document. All expenses incurred by the Organization or the Issuer in connection with the performance of its obligations under this Section to be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Series 2023A Project Account of the Project Fund and made available for payment of Project Costs, or if recovered after such date of completion, be deposited in the applicable Redemption Account of the Bond Fund.

(d) The Organization shall pay all taxes and charges payable in connection with the Project Work, including all shipping and delivery charges and other expenses or claims incurred in connection with the Project Work.

(e) The Organization will cause to be performed the Project Work in accordance with the Plans and Specifications, the Lease Agreement and all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. As soon as practicable following completion of the Project Work and the completion of the Improvements, the Organization will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as an Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.

(f) Upon completion of the Project Work, the Organization shall evidence completion of the Project by delivering to the Issuer and the Trustee a certificate of an Authorized Representative of the Organization in substantially the form set forth in Exhibit D - "Form of Project Completion Certificate", together with all attachments required thereunder.

(g) Upon written request by the Issuer or the Trustee, the Organization shall make available to the Issuer and the Trustee copies of any bills, invoices or other evidences of costs as shall have been incurred in the performance of the Project Work.

(h) In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or in major categories of Project Work cost), on written request of the Issuer, the Organization shall provide evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer in accordance with the terms of this Agreement.

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Section 3.3. Maintenance.

(a) During the term of this Agreement, the Organization will or, as applicable under the Lease Agreement, cause the School to:

- (i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted,
- (ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and
- (iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the Tax-Exempt Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Organization at the Facility shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired.

(b) All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.

(c) The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Organization hereby agrees to assume full responsibility therefor.

Section 3.4. Alterations and Improvements.

(a) The Organization shall have the right to make such alterations of or additions to the Facility ("Additional Improvements") or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:

- (i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired,
- (ii) the Additional Improvements are effected with reasonable dispatch, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,
- (iii) the Additional Improvements are fully paid for by the Organization (or the School, if applicable) in accordance with the terms of the applicable contract(s) therefor,

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Section 3.6. Implementation of Additional Improvements and Removals

(a) The Organization agrees to pay all costs and expenses (including reasonable counsel fees) in subjecting to, or releasing from, this Agreement and the lien and security interest of the Mortgage, any property installed or placed on, or removed from, the Facility as part of the Facility pursuant to Section 3.4 or 3.5.

(b) Reference is made to Section 7.14(d) and (e) pursuant to which the Organization has agreed to furnish a report or certificate to the Issuer of any action taken by the Organization pursuant to the provisions of Section 3.4 or 3.5.

Section 3.7. Title Insurance. On or prior to the Closing Date, the Organization will obtain and deliver (y) to the Trustee a mortgagee title insurance policy in an amount not less than the Authorized Principal Amount insuring the Trustee's interest under the Mortgage as holder of mortgage liens on the Facility, subject only to Permitted Encumbrances, and (z) a current or updated survey of each of the Land and the Improvements certified to the Trustee and to the title company issuing such title insurance policies. The title insurance policy shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Issuer and the Trustee; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Issuer and/or the Trustee shall request. Any proceeds of such mortgage title insurance shall be paid to the Trustee for deposit in the Renewal Fund and applied to remedy the applicable defect in title in respect of which such proceeds shall be derived (including the reimbursement to the Organization for any costs incurred by the Organization in remedying such defect in title). If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred by the Trustee to the applicable Redemption Account of the Bond Fund and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations.

(iv) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved Facility, and

(v) the Additional Improvements are performed in accordance with the Lease Agreement.

(b) All Additional Improvements shall constitute a part of the Facility, subject to the Lease Agreement, this Agreement and the Mortgage.

Section 3.5. Removal of Property of the Facility.

(a) Subject to the Lease Agreement, the Organization shall have the right from time to time to remove from the Facility any fixture constituting part of the Facility (in any such case, the "Existing Facility Property") and thereby removing such Existing Facility Property from this Agreement, and the lien and security interest of the Mortgage, provided, however:

(i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Organization shall pay to the Trustee for deposit in the applicable Redemption Account of the Bond Fund and thereby cause a redemption of Bonds to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, \$100,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Tax-Exempt Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would materially reduce the fair market value of the Facility below its value immediately before such removal (except by the amount by which the Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist and be continuing an Event of Default hereunder. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of removals, which are not in excess of \$100,000, shall be retained by the Organization.

(b) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 3.5(a) shall not entitle the Organization to any abatement or reduction in the loan payments and other amounts payable by the Organization under this Agreement, under the Promissory Note or under any other Project Document.

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ARTICLE IV

LOAN; PAYMENT PROVISIONS

Section 4.1. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to make the Loan and lend to the Organization an amount equal to the principal amount of the Initial Bonds. The loan shall be made by depositing on the Closing Date the proceeds from the sale of the Initial Bonds into the Project Fund in accordance with Section 4.01 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Organization as provided in Section 3.2(c) and Section 5.02 of the Indenture. The Organization's obligation to repay the Loan shall be evidenced by this Agreement and the Promissory Note.

Section 4.2. Duration of Term. The term of this Agreement shall commence on the Commencement Date and shall expire at 11:58 p.m. (New York City time) on the earlier of the Expiration Date or the Termination Date, if any.

Section 4.3. Loan Payments: Payments under this Agreement and the Promissory Note.

(a) The Organization covenants to pay the Promissory Note and repay the Loan made pursuant to this Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Organization, or on behalf of the Organization, directly to the Trustee for deposit in the Bond Fund (except to the extent that amounts are on deposit in the applicable account of the Bond Fund and available therefor) as follows:

(i) directly to the Trustee in immediately available funds as basic loan payments for the Project five (5) Business Days before the first day of each month, commencing five (5) Business Days before the first day of the sixth (6th) month immediately preceding the date on which interest on the Series 2023 Bonds becomes due, one-sixth (1/6) of the an amount equal to the interest component of the next Debt Service Payment becoming due and payable on the Series 2023 Bonds on the immediately succeeding Loan Payment Date for such Series 2023 Bonds; provided, however, that, if with respect to such Series 2023 Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Series 2023 Bonds, on each payment date prior to such interest payment date the Organization shall pay with respect to such Series 2023 Bonds an amount equal to the interest coming due on such Series 2023 Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Series 2023 Bonds. To the extent that the Trustee has transferred amounts on deposit in the Capitalized Interest Account of the Project for deposit in the Interest Account of the Bond Fund, the Organization shall receive a credit against such amounts due and owing under this Section 4.3(a)(i) equal to such amounts.

(ii) The Organization shall also pay directly to the Trustee in immediately available funds as basic loan payments for the Project five (5) Business Days before the first day of July immediately preceding the July 1 on which an annual

principal and/or Sinking Fund Payment of the Series 2023 Bonds becomes due, one-twelfth (1/12) of the principal and/or Sinking Fund Payment on such Series 2023 Bonds coming due on such Debt Service Payment Date; provided, however, that, if with respect to the Series 2023 Bonds there are less than twelve (12) such payment dates prior to the date (or immediately succeeding interest payment date) on which principal or Sinking Fund Installments come due on such Series 2023 Bonds, on each payment date prior to such date (or interest payment date) the Organization shall pay with respect to such Series 2023 Bonds an amount equal to the principal and/or Sinking Fund Payment of such Series 2023 Bonds coming due on such date (or interest payment date) multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such date; provided, further, that, the Organization shall receive credit against such amounts due and owing under this Section 4.3(a)(i) for any amounts on deposit in the Bond Fund for the payment of principal and interest on the Series 2023 Bonds.

(iii) 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 a mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Initial Bonds being redeemed on such redemption date;

(iv) upon receipt of written notice from the Trustee pursuant to the Indenture that a withdrawal has been made from the applicable account of the Reserve Fund which results in a deficiency in the amount required to be on deposit to the credit of the applicable account of the Reserve Fund, the Organization will make available to the Trustee for deposit in the applicable account of the Reserve Fund moneys to replenish such withdrawal from the applicable account of the Reserve Fund over a twelve-month (12) period in monthly payments payable (5) Business Days before the first day of each month, each such payment to be in an amount equal to one-sixth (1/6) of the amount of the deficiency, commencing immediately succeeding the date of receipt by the Organization from the Trustee of such notice; and

(b) In the event the Organization should fail to make or cause to be made any of the payments required under the foregoing provisions of this Section, the item or installment not so paid shall continue as an obligation of the Organization until the amount not so paid shall have been fully paid.

(c) The Organization has the option to make advance loan payments for deposit in the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments hereunder if there shall exist and be continuing an Event of Default. The Organization shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Organization 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 Organization 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 Organization shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Organization stating that, as a result of the occurrence of the event giving rise to such redemption, the Organization has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Organization shall further pay on or before such redemption date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agents, all fees and expenses owed such party or any other party entitled thereto under this Agreement or the Indenture together with (i) all other amounts due and payable under this 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 Compliance 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 Organization may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(e) In the event Defaulted Interest (as defined in Section 2.02(f) of the Indenture) shall become due on any Initial Bond, the Organization shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with Section 2.02(f) of the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

(f) No further loan payments need be made to the Issuer on account of the Bonds during the term of this Agreement when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in Article X of the Indenture.

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(g) Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Reserve Fund, the Project Fund or the Renewal Fund upon the expiration or sooner termination of the term of this Agreement as provided in this Agreement, after payment in full of (i) the Bonds (in accordance with Article X of the Indenture), (ii) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in accordance with the Indenture, (iii) all loan payments and all other amounts payable hereunder and under the Promissory Note, and after all amounts required to be rebated to the Federal government pursuant to the Tax Compliance Agreement or the Indenture, and (iv) all amounts required to be paid under any Project Document (other than the Lease Agreement), shall have been so paid, shall belong to and be paid to the Organization by the Trustee as overpayment of the Loan.

(h) In the event that the Organization fails to make any loan payment required in this Section 4.3, the installment so in default shall continue as an obligation of the Organization until the amount in default shall have been fully paid.

(i) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), upon written notice from the Trustee, the Organization shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund.

Section 4.4. Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Organization to pay the loan payments and other payments under this Agreement and the Promissory Note shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement and the Promissory Note shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable during or after the term of this Agreement, shall be paid by the Organization and the Indemnified Parties shall be indemnified by the Organization for, and the Organization shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Section 4.5. Nature of Organization's Obligation Unconditional. The Organization's obligation under this Agreement and the Promissory Note to pay the loan payments and all other payments provided for in this Agreement and in the Promissory Note shall be absolute, unconditional and a general obligation of the Organization, 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 Organization shall arise whether or not (y) the Project has been completed as provided in this Agreement, or (z) any provider of a credit facility or liquidity facility with respect to the Bonds shall be honoring its obligations thereunder. The Organization will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Organization hereunder, for any cause whatsoever, and the Organization waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement

or any obligation of the Organization under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments hereunder or under the Promissory Note.

Section 4.6. Advances by the Issuer or the Trustee. In the event the Organization fails to make any payment or to perform or to observe any obligation required of it under this Agreement, under the Promissory Note or under any other Security Document, the Issuer or the Trustee, after first notifying the Organization in writing of any such failure on its part (except that no prior notification of the Organization shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Organization to perform and to observe its other obligations hereunder or thereunder. All amounts so advanced thereby by the Issuer or the Trustee shall become an additional obligation of the Organization to the Issuer or the Trustee, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Organization will pay upon demand thereby by the Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee herein or in any other Security Document for the collection of the loan payments or other payments or amounts due hereunder, under the Promissory Note or under any other Security Document shall also be available to the Issuer or the Trustee, as applicable, for the collection of all such amounts so advanced.

Section 4.7. No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE ORGANIZATION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE INITIAL BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THIS PROJECT. THE ORGANIZATION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE ORGANIZATION. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE ORGANIZATION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

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ARTICLE V

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 5.1. Damage, Destruction and Condemnation. In the event that at any time during the term of this Agreement 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 Organization 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,
- (ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Organization under this Agreement or the Promissory Note or any other Security Document to which it is a party, and the Organization hereby waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or hereafter in effect, and
- (iii) the Organization will promptly give written notice of such Loss Event to the Issuer and the Trustee, generally describing the nature and extent thereof.

Section 5.2. Loss Proceeds.

(a) The Issuer, the Trustee and the Organization 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 Organization, be subject to the written approval of the Organization and the Trustee (such approvals not to be unreasonably withheld).

(b) Subject to the terms and provisions of the Lease Agreement, the Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund. 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 Organization shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Organization's Property.

Section 5.3. Election to Rebuild or Terminate.

(a) In the event a Loss Event shall occur, the Organization shall either:

- (i) at its own cost and expense (except to the extent paid from the Net Proceeds), within two (2) years 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

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(i) automatically be deemed a part of the Facility and shall be subject to the Lease Agreement and this Agreement, and the lien and security interest of the Mortgage,

(ii) be effected only if the Organization shall deliver to the Issuer and the Trustee a certificate of an Authorized Organization Representative reasonably acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with the Lease Agreement and all applicable Legal Requirements and be promptly and fully paid for by the Organization in accordance with the terms of the applicable contract(s) therefor,

(iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Organization to use and operate the Facility as the Approved Facility,

(v) be preceded by the furnishing by the Organization to the Trustee of a labor and materials payment bond, or other security, satisfactory to the Trustee, and

(vi) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$250,000, be effected under the supervision of an Independent Engineer.

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Organization 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 Lease Agreement and this Agreement, and the mortgage liens and security interests of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Organization against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.04 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

(c) The certificate delivered pursuant to Section 5.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Organization will proceed with due diligence to obtain a permanent

be sufficient to pay the cost thereof, and the Organization 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 Organization under this Agreement or the Promissory Note or any other Security Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 9.1 and 9.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Organization as contemplated hereby, the Organization shall exercise its option to terminate this Agreement pursuant to Sections 9.1 and 9.2.

Not later than ninety (90) days after the occurrence of a Loss Event, the Organization shall advise the Issuer and the Trustee in writing of the action to be taken by the Organization under this Section 5.3(a), a failure to so timely notify being deemed an election in favor of Section 5.3(a)(ii) to be exercised in accordance with the provisions of Section 5.3(a)(ii).

(b) If the Organization shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in Section 5.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.04 of the Indenture to pay or reimburse the Organization, at the election of the Organization, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Organization shall not exceed the actual cost of such work. If the Organization shall exercise its option in Section 5.3(a)(ii), the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the applicable Redemption Account of the Bond Fund, and the Organization shall thereupon pay to the Trustee for deposit in the applicable Redemption Account of the Bond Fund an amount which, when added to any amounts then in the applicable accounts of the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under this Agreement and under each other Security Document, as well as any amounts required to be related to the Federal government pursuant to the Indenture or the Tax Compliance 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 5.4. Effect of Election to Build.

(a) All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall:

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 Lease Agreement and this Agreement; (ii) a certificate of an Authorized Representative of the Organization 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 Organization shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title Organization, 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.

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ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.1. Issuance of Initial Bonds. On the Closing Date, subject to the satisfaction of the conditions to the issuance of the Initial Bonds, the Issuer will sell and deliver the Initial Bonds in the principal amount of \$32,000,000 (consisting of \$31,315,000 aggregate principal amount of the Series 2023A Bonds and \$685,000 aggregate principal amount of the Series 2023B Bonds) under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Initial Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

Section 6.2. Issuance of Additional Bonds. The Issuer and the Organization recognize that under the provisions of and subject to the conditions set forth in the Indenture and this Loan Agreement, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facility. If the Organization is not in default hereunder, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Section 6.3. Pledge and Assignment to Trustee. As security for the payment of the Bonds and the obligations of the Organization under the Security Documents, the Issuer shall pledge and assign to the Trustee pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all (except for the Issuer's Reserved Rights) of the Issuer's right, title and interest in this Agreement, including all loan payments hereunder and under the Promissory Note, and in furtherance of said pledge the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture. The Organization consents to the pledge and assignment of this Agreement and the Promissory Note described in this Section 6.3.

Section 6.4. Issuer to Make Bond Registration Books Available. The Issuer shall at all times make available or cause to be made available to the Organization its registration books (maintained at the designated corporate trust office of the Trustee) containing the names and addresses of the Bondholders if known.

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(b) **Required Insurance.** Except during periods of Construction, the Insured shall obtain and maintain for itself as a primary insured the following insurance:

(i) CGL with \$1,000,000 minimum per occurrence; \$2,000,000 minimum in the aggregate; and per-location aggregate. This Policy shall contain coverage for contractual liability, premises operations, and products and completed operations.

(ii) U/E with \$5,000,000 minimum per occurrence on terms consistent with CGL. The excess coverage provided under U/E shall be incremental to the CGL to achieve minimum required coverage of \$6,000,000 per occurrence; such incremental coverage must also apply to auto liability (see Section 7.1(b)(iii)), whether auto liability coverage is provided by endorsement to the Insured's CGL or by a stand-alone policy.

(iii) Auto liability insurance with \$1,000,000 combined single limit and \$1,000,000 for uninsured or under-insured vehicles. If the Insured owns any vehicles, it shall obtain auto liability insurance in the foregoing amounts for hired and non-owned vehicles. Coverage should be at least as broad as ISO Form CA0001, ed. 10/01.

(iv) Workers Compensation satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility.

(v) Property insurance, boiler and machine property damage insurance and flood insurance in the form and in the amount required under the Mortgage.

(vi) Such other insurance covering the Facility against such risks and for such amounts as are customarily insured against by facilities of like size and type, as determined by the Issuer, from time to time.

(c) **Required Insurance During Periods of Construction.** In connection with any Construction and throughout any period of such Construction, the Organization shall cause the following insurance requirements to be satisfied:

(i) The Insured shall obtain and maintain for itself Policies in accordance with all requirements set forth in Section 7.1(b).

(ii) Any GC or CM shall obtain and maintain for itself as a primary insured the following Policies:

(i) CGL and U/E in accordance with the requirements in Section 7.1(b), subject to the following modifications: (x) coverage shall be in an aggregate minimum amount of \$10,000,000 per project aggregate, (y) completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Organization shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date) and (z) coverage shall include:

ARTICLE VII

COVENANTS OF THE ORGANIZATION

Section 7.1. Insurance.

(a) **Definitions.** The following capitalized terms shall have the respective meanings specified below:

Certificate means an ACORD certificate evidencing insurance.

CGL means commercial general liability insurance.

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

Construction means any construction, reconstruction, restoration, renovation, alteration and/or repair on, in, at or about the Facility, including the Project Work, or any other construction, reconstruction, restoration, alteration and/or repair required under this Agreement in connection with the Project.

Contractor(s) means, individually or collectively, a contractor or subcontractor providing materials and/or labor and/or other services in connection with any Construction, but not including a GC, CM or any architect or engineer providing professional services.

GC means any general contractor providing general contracting services in connection with any Construction.

Insured means the Organization.

Insurer means any entity writing or issuing a Policy.

ISO means the Insurance Services Office or its successor.

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

Policy(ies) means, collectively or individually, the policies required to be obtained and maintained pursuant to Section 7.1(b) and (c).

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability benefits insurance, employer liability and each other form of insurance which the School is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the School who are located at or assigned to the Facility.

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Premises and Operations
Products and Completed Operations
Owners Protective
Contractors Protective

(2) Auto liability insurance in accordance with the requirements in Section 7.1(b); and

(3) Workers' Compensation in accordance with the requirements in Section 7.1(b).

(iii) Notwithstanding preceding subsections (i) and (ii), during Construction aggregate minimum coverage in the amount of \$15,000,000 (combined CGL and U/E required by Sections 7.1(b) and 7.1(c)) may be achieved by any combination of coverage amounts between the Insured on the one hand and the GC or CM on the other.

(iv) Each Contractor shall obtain and maintain for itself as a primary insured the following insurance:

(1) CGL and U/E in accordance with the requirements in Section 7.1(b) except that, in addition, completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Completion Date unless the Organization shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(2) Auto Liability insurance in accordance with the requirements in Section 7.1(b); and

(3) Workers' Compensation in accordance with the requirements in Section 7.1(b).

(d) **Required Policy Attributes.** Except as the Issuer and the Trustee shall expressly otherwise agree in writing in their sole and absolute discretion:

(i) The Organization shall cause each Policy (other than Worker's Compensation and auto liability insurance) to name the Issuer and the Trustee as additional insureds on a primary and non-contributory basis as more particularly required in Section 7.1(d)(i). In addition, each Contractor must protect the Issuer and Trustee as additional insureds on a primary and non-contributory basis via ISO endorsements CG 20 26 and CG 20 37 or their equivalents and the endorsements must specifically identify the Issuer and Trustee as Additional Insureds.

(ii) No Policy shall have a deductible.

(iii) CGL shall not be subject to SIR.

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(iv) CGL shall be written on either ISO Form CG-0001 or on such other form that the Organization may request provided that any requested substitute shall provide an additional insured with substantially equivalent coverage to that enjoyed by an additional insured in a policy written on ISO Form CG-0001 and provided further that the substitute is reasonably approved by the Issuer. If the Insured intends to renew its CGL on a form that is not ISO Form CG-0001, it shall provide the Issuer and the Trustee with a copy of the substitute form at least sixty (60) days prior to the intended date on which the renewal Policy is to be effective.

(v) The Organization acknowledges that the Issuer and the Trustee are materially relying upon the content of ISO Form CG-0001 to implement the Issuer's insurance requirements under this Section 7.1; accordingly, the Organization agrees that non-standard exclusions and other modifications to ISO Form CG-0001 are prohibited under the terms and conditions of this Section 7.1. In the event that ISO either ceases to exist or discontinues ISO Form CG-0001, the Issuer or the Trustee shall have the right to require, for all purposes hereunder, a different CGL form, provided that the replacement is substantially similar to ISO Form CG-0001.

(vi) Without limiting Section 7.1(d)(v) or the application of any other requirement under this Section 7.1, no Policy delivered hereunder shall limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes:

- (1) contractual liability coverage insuring the contractual obligations of the Insured;
- (2) employer's liability coverage;
- (3) coverage for claims arising under New York Labor Law;
- (4) the right of the Insured to name additional insureds including the Issuer and the Trustee; and

(5) the applicability of CGL coverage to the Issuer and the Trustee as additional insureds in respect of liability arising out of any of the following claims: (x) claims against the Issuer and/or the Trustee by employees of the Insured, or (y) claims against the Issuer and/or the Trustee by any GC, CM, Contractor, architect or engineer or by the employees of any of the foregoing, or (z) claims against the Issuer and/or the Trustee arising out of any work performed by a GC, CM, Contractor, architect or engineer.

(vii) U/E shall follow the form of CGL except that U/E may be broader.

(viii) Each Policy shall provide primary insurance and the issuing Insurer shall not have a right of contribution from any other insurance policy insuring the Issuer and/or the Trustee.

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form, without modification to the contractual liability, employer's liability or waiver-of-subrogation provisions thereof, and contains no endorsement limiting or excluding coverage for claims arising under New York Labor Law, covering the following premises: 111-115 Pleasant Avenue, Roosevelt, New York.

(ii) CGL. With respect to CGL on which the Insured is to be a primary insured, the Insured shall additionally deliver to the Issuer and the Trustee the following:

(1) Prior to the Closing Date, the Insured shall deliver to the Issuer and the Trustee the declarations page and the schedule of forms and endorsements thereto.

(2) Upon the expiration or sooner termination of any CGL, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the new or replacement CGL.

(3) Prior to the commencement of any Construction, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the CGL under which the Insured is to be the primary insured during the period of such Construction.

(iii) Insurance to be obtained by GCs and CMs. Prior to the commencement of any Construction that entails the services of a GC or CM, the Organization shall provide to the Issuer and the Trustee, in a form satisfactory to the Issuer and the Trustee, evidence that the GC or CM (as the case may be) has obtained the Policies that it is required to obtain and maintain in accordance with Section 8.1(e).

(iv) Insurance to be obtained by Contractors. In connection with any Construction, the Organization shall, upon the written request of the Issuer or the Trustee, cause any and all Contractors to provide evidence, satisfactory to the Issuer and the Trustee, that such Contractors have obtained and maintain the Policies that they are required to obtain and maintain in accordance with the requirements of Section 7.1(e).

(g) Notice. The Organization shall immediately give the Issuer and the Trustee notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by this Section 7.1.

(h) Miscellaneous.

(i) If, in accordance with the terms and conditions of this Section 7.1, the Insured is required to obtain the consent of the Issuer and/or the Trustee, the Organization shall request such consent in a writing provided to the Issuer and/or the Trustee at least thirty (30) days in advance of the commencement of the effective period (or other event) to which the consent pertains.

(ix) In each Policy, the Insurer shall waive, as against any Person insured under such Policy including any additional insured, the following: (x) any right of subrogation, (y) any right to set-off or counterclaim against liability incurred by a primary insured or any additional insured, and (z) any other deduction, whether by attachment or otherwise, in respect of any liability incurred by any primary insured or additional insured.

(x) Policies shall provide at least thirty (30) days' prior written notice of restriction, cancellation or modification to the Issuer and the Trustee as additional insureds.

(xi) Each Policy under which the Issuer and the Trustee is an additional insured shall provide that the Issuer and the Trustee will not be liable for any insurance premium, commission or assessment under or in connection with any Policy.

(e) Required Insurer Attributes. All Policies must be issued by Insurers satisfying the following requirements:

(i) Insurers shall have a minimum AM Best rating of A.

(ii) Each Insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law.

(iii) Insurers must be admitted in the State; provided, however, that if the Insured requests the Issuer to accept a non-admitted Insurer, and if the Insurer reasonably determines that for the kind of operations performed by the Insured an admitted Insurer is commercially unavailable to issue a Policy or is non-existent, then the Insurer shall provide its written consent to a non-admitted Insurer. For purposes of this paragraph, an "admitted" Insurer means that the Insurer's rates and forms have been approved by the State Department of Financial Services and that the Insurer's obligations are entitled to be insured by the State's insurance guaranty fund.

(f) Required Evidence of Compliance. The Organization shall deliver or cause to be delivered evidence of all Policies required hereunder as set forth in this Section 7.1(f):

(i) All Policies. With respect to all Policies on which the Insured is to be a primary insured, the Insured shall deliver to the Issuer and the Trustee a Certificate or Certificates evidencing all Policies required by this Section 7.1 (w) at the Closing Date, (x) prior to the expiration or sooner termination of Policies, (y) prior to the commencement of any Construction, and (z) upon request by the Issuer or the Trustee. If the Certificate in question evidences CGL, such Certificate shall name the Issuer and the Trustee as additional insureds in the following manner:

Nassau County Local Economic Assistance Corporation and U.S. Bank Trust Company, National Association, as Trustee, are each additional insureds on a primary and non-contributory basis. The referenced CGL is written on ISO Form CG-0001, or its equivalent

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(ii) The delivery by the Insured of a Certificate evidencing auto liability insurance for hired and non-owned vehicles shall, unless otherwise stated by the Organization to the contrary, constitute a representation and warranty from the Insured to the Issuer and the Trustee that the Insured does not own vehicles.

(iii) The Insured shall neither do nor omit to do any act, nor shall it suffer any act to be done, whereby any Policy would or might be terminated, suspended or impaired.

(iv) If insurance industry standards applicable to properties similar to the Facility and/or operations similar to the operations of the School materially change; and if, as a consequence of such change, the requirements set forth in this Section 8.1 become inadequate in the reasonable judgment of the Issuer or the Trustee for the purpose of protecting the Issuer and the Trustee against third-party claims, then the Issuer or the Trustee shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications shall be commercially reasonable.

(v) THE ISSUER AND THE TRUSTEE DO NOT REPRESENT THAT THE INSURANCE REQUIRED IN THIS SECTION 7.1, WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSURED AND ITS OPERATIONS AGAINST CLAIMS AND LIABILITY.

(vi) The Issuer, in its sole discretion and without obtaining the consent of the Trustee or any other party to the transactions contemplated by this Agreement, may make exceptions to the requirements under this Section 7.1 by a written instrument executed by the Issuer. In the event the Organization shall request the Issuer to make any exception to the requirements under this Section 7.1, the Issuer shall not unreasonably withhold its consent. The Organization acknowledges that the Issuer's decision in this respect will be deemed reasonable if made in furtherance of protecting the Issuer from liability.

Section 7.2. Indemnity.

(a) The Organization 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 Organization, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "Indemnified Parties" and each an "Indemnified Party") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "Claims") of any kind for losses, damage, injury and liability (collectively, "Liability") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such

Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing throughout the term of this Agreement, arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

- (i) the financing of the costs of the Facility or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,
- (ii) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,
- (iii) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,
- (iv) the execution and delivery by an Indemnified Party, the Organization or any other Person of, or performance by an Indemnified Party, the Organization or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,
- (v) any damage or injury to the person or property of any Person in or on the premises of the Facility,
- (vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of any applicable 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 Organization releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Organization or its Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 7.2(a) including any Claim or Liability arising from or incurred as a result of the gross negligence or willful misconduct of such Indemnified Party, or at the direction of the Organization with respect to any of such matters above referred to.

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Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) is exempt from federal income taxes under Section 501(a) of the Code, except for payment of unrelated business income tax. The Organization agrees that it shall: (a) not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Organization as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law; and (b) not to perform any act, enter into any agreement or use or permit the Facility to be used in a manner, or for any trade or business unrelated to the charitable purposes of the Organization, which could adversely affect the exclusion of interest on the Tax-Exempt Bonds from federal gross income pursuant to Section 103 of the Code.

Section 7.5. Environmental Matters.

(a) On or before the Commencement Date, the Organization shall provide to the Issuer a letter from the Environmental Auditor addressed to the Issuer, stating that the Issuer may rely upon the Environmental Audit as if it was prepared for the Issuer in the first instance.

(b) The Organization shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements (which shall include the ability to store and use ordinary cleaning materials as well as such materials ordinarily and customarily utilized in the course of the operation of a school for children), nor shall the Organization cause or permit, as a result of any intentional or unintentional act or omission on the part of the Organization or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

(c) The Organization shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomsoever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(d) The Organization shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(e) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated as provided in Article VIII, the Organization shall deliver the Facility so that the conditions of the Facility with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Facility.

(c) An Indemnified Party shall promptly notify the Organization in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Organization pursuant to this Section 7.2; such notice shall be given in sufficient time to allow the Organization to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Organization under this Section 7.2.

(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Organization contained in this Section 7.2 shall be in addition to any and all other obligations and liabilities that the Organization may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (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 herein specified.

Section 7.3. Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents.

(a) The Organization shall pay the fees, costs and expenses of the Issuer together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all fees and costs incurred in connection with complying with Section 7.11(b) (including fees and disbursements of lawyers and other consultants).

(b) On the Commencement Date, the Organization shall pay to the Issuer the Initial Issuance Fee.

(c) The Organization shall pay to the Issuer the Annual Administrative Fee of \$2,000.

(d) The Organization shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts: (i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture, (ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its counsel, (iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees, and (iv) the reasonable fees, costs and expenses of the Bond Registrar.

(e) Reserved.

Section 7.4. Tax-Exempt Status of Organization. The Organization represents that: (i) is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a "private foundation," as such term is defined under Section 509(a) of the Code; (ii) has received a letter or other notification from the Internal

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(f) The parties hereto agree that the reference in Section 2.2(k) to the Environmental Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Organization's obligations to carry out and perform all of the covenants stated throughout this Section 7.5 and in Section 7.2.

Section 7.6. Employment Matters.

(a) The Organization shall insure and shall cause the School to insure that all employees and applicants for employment opportunities created as a result of the completion of the Project are afforded equal employment opportunities without discrimination.

(b) Pursuant to Section 858-b of the Act, except as otherwise provided or required by collective bargaining contracts or agreements, the Organization agrees (1) to list and cause the School to list all new employment opportunities created as a result of completion of the Project with the New York State Department of Labor, Community Services Division ("NYSDOL") and with the administrative entity (collectively with NYSDOL, the "JTPA Referral Entities") of the service delivery area created by the Federal Job Training Partnership Act (P.L. No. 97-300) ("JTPA") in which the Project Facility is located and (2), where practicable, to first consider for such new employment opportunities persons eligible to participate in federal JTPA programs who shall be referred by the JTPA Referral Entities.

(c) Pursuant to the requirements of subsection one of Section 6 of Chapter 127 of the 1995 Laws of the State, the Organization agrees to file and cause the School to file with the Issuer, on an annual basis, reports regarding the number of people employed at the Facility and certain other matters, the initial said report to be in substantially the form annexed hereto as Exhibit F.

Section 7.7. Securities Acts Status. The Organization represents that: (i) it is an organization organized and operated (A) exclusively for educational or charitable purposes, and (B) not for pecuniary profit; and (ii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The Organization agrees that it shall not perform any act or enter into any agreement which shall adversely affect such status as set forth in this Section.

Section 7.8. Restrictions on Religious Use. The Organization agrees that with respect to the Facility or portion thereof, so long as such Facility or portion thereof exists and unless and until such Facility or portion thereof is sold for the fair market value thereof, such Facility or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction shall not prohibit the free exercise of any religion provided, further, that if at any time hereafter, in the opinion of Nationally Recognized Bond Counsel, the then applicable law would permit the Facility or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Facility and each portion thereof. The Issuer and its agents may conduct such inspections as the Issuer deems necessary to determine whether the Facility or

any portion or real property thereof financed by Bonds is being used for any purpose proscribed hereby. The Organization hereby further agrees that prior to any disposition of any portion of the Facility for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Issuer, the use of such portion of such Facility to the restriction that (i) so long as such portion of such Facility (and, if included in the Facility, the real property on or in which such portion of such Facility is situated) shall exist, and (ii) until such portion of such Facility is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Facility shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Issuer or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Nationally Recognized Bond Counsel, the then applicable law would permit such portion of the Facility, or, if included in the Facility, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of this Section an involuntary transfer or disposition of the Facility or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

Section 7.9. Sale of the Facility or Mortgaged Property; Grant of Easements; Release of Portions of Facility.

(a) The Organization covenants that, except for the Lease Agreement, leases, subleases or licenses of portions of the Facility entered into in the ordinary course of business and in compliance with the provisions of the Tax Compliance Agreement and Sections 7.19 hereof, it will not transfer, lease, sell or convey the Project or the Mortgaged Property or any part thereof or interest therein, including development rights, without the prior approval of the Trustee (in its sole discretion) and the Issuer, provided that the Issuer shall not approve such transfer, lease, sale or conveyance unless (a) in the opinion of Nationally Recognized Bond Counsel, the same will not adversely affect the exclusion of interest on any Tax-Exempt Bond from gross income for federal income tax purposes, and (b) except with respect to leases or subleases in the ordinary course of business, the Organization pays to the Trustee either for deposit into the applicable Redemption Account of the Bond Fund, or to purchase defeasance securities in accordance with Section 10.1 of the Indenture, an amount equal to the greater of:

- (i) the amount, if any, which is sufficient to redeem or provide for payment in accordance with Section 10.1 of the Indenture of any Outstanding Tax-Exempt Bonds required to be redeemed or deemed paid in order to preserve the exclusion of interest on Tax-Exempt Bonds from gross income for federal income tax purposes; and
- (ii) the lesser of (A) the net proceeds of such transfer, sale or conveyance or (B) a percentage of the Outstanding Tax-Exempt Bonds determined by dividing (1) the principal amount of Tax-Exempt Bonds issued to finance the portion of such Project being transferred, sold or conveyed (which principal amount shall be

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(2) an amount of cash for deposit in the applicable Redemption Account of the Bond Fund equal to greater of (A) 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 County, and (B) if such unimproved Land is released in connection with its sale, the amount received by the Organization upon such sale.

(d) No conveyance or release effected under the provisions of this Section 7.9 shall entitle the Organization to any abatement or diminution of the loan payments or other amounts payable under Section 4.3 or any other payments required to be made by the Organization under this Agreement, the Promissory Note or any other Security Document to which it shall be a party.

Section 7.10. 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 herein collectively called "Liens"), whether or not valid, is made against the Trust Estate, the Facility or any part thereof or the interest of the Organization in the Facility or in the Lease Agreement, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Organization in any Project Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 7.10(b), the Organization forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 7.10(a).

(b) The Organization may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if (i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facility or any part thereof or the interest of the Organization in the Facility or in the Lease Agreement, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Organization in any Project Document, (ii) neither the Facility nor any part thereof or interest therein, nor the Trust Estate or any portion thereof would be in any danger of being sold, forfeited or lost, (iii) neither the Organization, the Issuer nor 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 Organization has furnished such security, if any, as may be required in

reasonably determined by the Issuer) by (2) the aggregate principal amount of Tax-Exempt Bonds issued.

(b) The Organization may, with the prior written consents of the Issuer and the Trustee (such consents not to be unreasonably withheld or delayed), so long as there exists no Event of Default hereunder, grant such rights of way or easements over, across, or under, its leasehold interest in the Facility, or grant such permits or licenses in respect to the use thereof, free from this Agreement and the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the Organization 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 Organization from the granting of said rights-of-way, easements, permits or licenses shall be paid to the Trustee and deposited in the applicable Redemption Account of the Bond Fund.

(c) So long as there exists no Event of Default hereunder, and the Organization 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 Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes, the Organization may from time to time request in writing to the Issuer and the Trustee the release of and removal from this Agreement and from 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, is situated) provided that such release and removal will not adversely affect the use or operation of the Facility as the Approved Facility and such release is effected simultaneously with the release of such unimproved Land under the Lease Agreement. Upon any such request by the Organization, the Issuer shall, at the sole cost and expense of the Organization, direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved Land from this Agreement and from 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 Commencement Date; (ii) any liens, easements and encumbrances created at the request of the Organization or the School or to the creation or suffering of which the Organization or the School consented; (iii) any liens and encumbrances or reservations resulting from the failure of the Organization or the School to perform or observe any of the agreements on its respective part contained in this Agreement or any other Project Document; (iv) Permitted Encumbrances (other than the liens of the Mortgage); and (v) any liens for taxes or assessments not then delinquent; provided, that, no such release shall be effected unless there shall be deposited with the Trustee the following:

- (1) 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 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; and

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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 7.11. Filing

(a) The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Issuer (at the sole cost and expense of the Organization) in the office of the Secretary of State of the State in the City of Albany, New York, and in the appropriate office of the Register of the County, which financing statements shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions.

(b) The Issuer and the Organization acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code-Secured Transactions provides that an initial financing statement filed in connection with a "public-financed transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public financed transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code-Secured Transactions defines a public-finance transaction as a secured transaction in connection with which, in substance, (x) bonds are issued, (y) all or a portion of the bonds have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party or assignee with respect to the collateral or secured obligation is a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the foregoing recordation and filings, if in the Opinion of Counsel to the Organization (described hereinbelow), to preserve (after the thirtieth (30th) anniversary of the Closing Date) the lien and security interest of the Indenture, it is necessary to re-record and/or reindex documents, re-file financing statements and/or file continuation statements and/or take any other actions (individually or collectively, the "Continuation Action(s)"), then, the Organization in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required

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filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Organization as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Organization. In the event the Organization chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)" hereinabove, the Trustee shall reasonably promptly perform such Continuation Actions at the Organization's sole expense. The Organization shall perform the obligations described hereinabove in clauses "(A)" and "(B)" no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of the Indenture.

The Opinion of Counsel to the Organization shall be addressed to the Organization, the Issuer and the Trustee. Counsel shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year period thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Organization, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Organization, or (ii) the Organization through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Organization as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Organization, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the lien and security interest of the Indenture.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Organization acknowledges and agrees that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or re-recording of any document, or the failure to effect any act referred to in this Section, or the failure to effect

any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) The Organization agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Issuer and the Trustee to comply with this Section and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in either of the name or address of the Organization. The Organization agrees that the Issuer and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Organization as necessary at the sole cost and expense of the Organization.

Section 7.12. No Further Encumbrances Permitted. The Organization shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Trust Estate, the Facility or any part thereof, or the interest of the Organization in the Facility or in the Lease Agreement, or the interest of the Organization in any Project Document, except for Permitted Encumbrances. The Organization 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 Mortgaged Property (as defined in the Mortgage) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage.

Section 7.13. Documents Automatically Deliverable to the Issuer.

(a) Each Fiscal Year, the Organization shall provide to the Trustee and the Issuer, within 45 days of its adoption, a copy of the Organization's annual budget for the Fiscal Year covered by such budget, and shall provide or cause the School to provide within 45 days of its adoption a copy of the School's annual budget for the Fiscal Year covered by such budget.

(b) Within 45 days of receipt of results from the SUNY NYSED, the Organization shall provide or cause the School to provide to the Trustee and the Issuer the results of any educational testing required by State law.

(c) Within 5 Business Days of receipt, the Organization will deliver, or cause the School to deliver to the Trustee and the Issuer any notice or allegation of a violation of the School's charter which, if uncorrected, may have a material adverse effect on the School's charter resulting in either formal corrective action, charter non-renewal or charter revocation (a "Charter Violation").

(d) Prior to completion of the Facility on the first day of each month commencing October 1, 2023, the Organization shall provide to the Trustee and the Issuer monthly reports on the status of construction of the Facility.

(e) The Organization shall promptly notify the Issuer of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Organization and set forth a

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description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Organization shall state this fact on the notice.

(f) The Organization shall promptly provide written notice to the Issuer if any representation or warranty made by the Organization pursuant to Section 2.2 would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(g) The Organization shall deliver all insurance-related documents required by Section 7.1.

(h) Within 120 days after the close of each Fiscal Year during which action was taken by the Organization pursuant to Section 3.4, the Organization shall deliver written notice of the Additional Improvement(s) to the Issuer.

(i) If a removal involving property having a value in the aggregate exceeding \$100,000 was taken by the Organization pursuant to Section 3.5(a), the Organization shall deliver written notice of such removal to the Issuer within five (5) Business Days following such removal.

(j) Promptly following completion of the Project, but no later than ten (10) Business Days following the receipt of a temporary or permanent certificate of occupancy with respect to the Facility, the Organization shall deliver to the Issuer the certificate as to Project completion in substantially the form set forth in Exhibit E - "Form of Project Completion Certificate", together with all attachments required thereunder.

(k) If the Organization shall request the consent of the Issuer under Section 7.9 to any assignment or transfer, the Organization shall submit such request to the Issuer in the form prescribed by the Issuer.

(l) The Organization shall furnish or cause to be furnished to the Trustee, (i) as soon as available and in any event within two hundred ten (210) days after the close of each Fiscal Year, a copy of the annual financial statements of the Organization and the School, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Organization's and the School's Independent Accountant and prepared in accordance with GAAP, (ii) as soon as available and in any event within sixty (60) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Organization and the School, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained earnings and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Organization and the School, as applicable and copies of each report on enrollment and attendance and similar statistics with respect to the School submitted by the School to the SUNY CSI and/or NYSED during the previous calendar quarter; (iii) any communication from SUNY CSI and/or NYSED regarding a Charter Violation and (iv) the Organization's and the School's adopted Budget and any amendments within 60 days of their adoption.

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(m) The Organization shall deliver to the Trustee with each delivery of annual financial statements required by Section 7.24(a)(i), (i) a certificate of an Authorized Representative of the Organization as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, the Organization and the School was in compliance with all the provisions which relate to the Organization in this Agreement and in any other Project Document to which it shall be a party, and (ii) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Organization with respect thereto, and (iii) a certificate of an Authorized Representative of the Organization that the insurance it maintains complies with the provisions of Section 7.1 of this Agreement, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect. In addition, upon twenty (20) days prior request by the Trustee, the Organization will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Organization either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

(n) The Organization shall promptly notify the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Organization and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Organization shall state this fact on the notice.

(o) The Organization shall deliver to the Trustee all insurance-related documents required by Sections 7.1.

(p) Notwithstanding anything to the contrary herein, the foregoing reporting requirements shall not constitute obligations under the Continuing Disclosure Agreement unless specifically provided therefor therein.

Section 7.14. Requested Documents. Upon request of the Issuer, the Organization shall deliver or cause to be delivered to the Issuer within five (5) Business Days of the date of a written request:

(a) Reserved.

(b) a certificate of an Authorized Representative of the Organization that the insurance the Organization maintains complies with the provisions of Section 7.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect;

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(c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facility;

(d) If no action was taken by the Organization pursuant to Section 3.4 or no action involving the removal of property having a value in the aggregate exceeding \$100,000 was taken by the Organization pursuant to Section 3.5(a), a certificate of an Authorized Representative of the Organization certifying to the fact that no such action was taken by the Organization pursuant to such Section 3.4 or 3.5(a) during such preceding Fiscal Year;

(e) If action was taken by the Organization pursuant to Section 3.4 or involving the removal of property having a value in the aggregate exceeding \$100,000 pursuant to Section 3.5(a), a written report of an Authorized Representative of the Organization summarizing the action taken by the Organization and stating that, in his/her opinion, such action complied with the provisions of Section 3.4 or 3.5(a), as applicable;

(f) a certificate of an Authorized Representative of the Organization as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Organization was in compliance with all the provisions that relate to the Organization in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Organization with respect thereto;

(g) upon twenty (20) days prior written request by the Issuer, a certificate of an Authorized Representative of the Organization either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, exists or specifying each such default or breach of which such Authorized Representative has knowledge; and

(h) employment information requested by the Issuer pursuant to Section 7.6(b).

Section 7.15. Books of Record and Account; Compliance Certificates

(a) The Organization agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Organization.

(b) As soon as possible after the end of each Fiscal Year of the Organization so long as any Bond shall be Outstanding, and in any event no later than forty-five (45) days after the end of such Fiscal Year, the Organization shall furnish to the Issuer a certificate (1) stating that no Event of Default hereunder has occurred or is continuing or, if any Event of Default exists, providing a list of such Events of Default, specifying the nature and period of existence thereof and what action the Organization has taken or proposes to take with respect thereto, and (2) setting forth the unpaid principal balance of the Bonds and accrued but unpaid

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Lease Agreement by causing the School to comply) with all applicable Legal Requirements, whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the Organization, 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 Organization 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 Organization may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in Section 7.17(b) if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of the Organization in the Facility or in the Lease Agreement, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Organization in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Organization, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Organization 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 7.18. Operation as Approved Facility

(a) The Organization 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 Organization 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 Organization will permit the Trustee and its duly authorized agents, at all reasonable times upon reasonable advance written notice to enter upon the Facility (while observing the School's Facility access safety policies and procedures applicable to visitors) and to examine and inspect the Facility and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facility. The Organization will further permit the Issuer, or its duly authorized agent, upon reasonable advance written notice, at all reasonable times, to enter the Facility (while observing the School's Facility access safety policies and procedures applicable to visitors), but solely for the purpose of assuring that the Organization 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.

interest thereon and stating that no defenses, offsets or counterclaims exist with respect to the indebtedness evidenced thereby.

Section 7.16. Taxes, Assessments and Charges

(a) The Organization 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 or any part thereof or interest of the Organization in the Facility or in the Lease Agreement, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Organization in any Project Document, during the term of this Agreement, 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, all of which are herein called "impositions". The Organization may pay any imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance. The Issuer shall forward, as soon as practicable, to the Organization any notice, bill or other statement received by the Issuer concerning any imposition.

(b) The Organization may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any 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 Organization in the Facility or in the Lease Agreement, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Organization in any Project Document, (ii) none of the Trust Estate, the Facility or any part thereof or interest of the Organization in the Facility or in the Lease Agreement, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Organization in any Project Document, would be in any danger of being sold, forfeited or lost, (iii) neither the Organization, the Issuer nor 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 Organization 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 7.17. Compliance with Legal Requirements

(a) The Organization 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) Throughout the term of this Agreement and at its sole cost and expense, the Organization shall promptly observe and comply (which may be accomplished through the

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Section 7.19. Maintenance of Corporate Existence

(a) The Organization covenants that it will (i) maintain its corporate existence, (ii) continue to operate as a not-for-profit corporation, (iii) obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, and (iv) except as expressly permitted hereby, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it.

(b) The Organization covenants that it will cause the School to (i) maintain its corporate existence, (ii) continue to operate as a not-for-profit education corporation authorized to operate the School, (iii) apply for, obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, and (iv) except as expressly permitted hereby, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it.

(c) The Organization or the School, with the prior written consent of the Issuer (which consent shall not be unreasonably withheld), may (A) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies as an organization described in Section 501(c)(3) of the Code, or any successor provision of federal income tax law, (B) permit one or more corporations or any other organization to consolidate with or merge into it, or (C) acquire all or substantially all of the assets of one or more corporations or other organizations. Notwithstanding the foregoing provisions of this Section, no disposition, transfer, consolidation or merger otherwise permitted hereby shall be permitted unless (1) the same would not in the opinion of Nationally Recognized Bond Counsel adversely affect the exclusion of interest on any Tax-Exempt Bond from gross income for purposes of federal income taxation, (2) the Organization will not as a result thereof be in default hereunder, (3) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and is qualified as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (4) the surviving, resulting or transferee corporation assumes in writing all of the obligations of the Organization hereunder, under the Mortgage and other Security Documents, and furnishes to the Issuer (x) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions hereof, and will meet the requirements of the Act, and (y) such other certificates and documents as the Issuer may reasonably require to establish compliance with this Section.

Section 7.20. Security Interest and Further Assurances. The Issuer shall pledge and assign to the Trustee pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all (except for the Issuer's Reserved Rights) of the Issuer's right, title and interest in this Agreement, including all loan payments hereunder and under the Promissory Note, and in furtherance of said pledge the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture.

(a) The Organization will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Organization, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of the Trust Estate and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

Section 7.21. Continuing Disclosure. The Organization shall, if required by Securities and Exchange Commission Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of a continuing disclosure agreement. Notwithstanding any other provision of this Agreement, failure of the Organization to comply with such continuing disclosure agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Organization to comply with its obligations under this Section 7.21. The Organization agrees that the Issuer shall have no continuing disclosure obligations.

Section 7.22. Tax Compliance Agreement.

(a) The Organization shall comply with all of the terms, provisions and conditions set forth in the Tax Compliance Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) Promptly following receipt of notice from the Trustee as provided in Section 5.08 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Organization shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

Section 7.23. Compliance with the Indenture. The Organization will comply with the provisions of the Indenture with respect to the Organization. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Organization will use its best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Section 7.24. Reserved.

Section 7.25. Contracts with Affiliates. The Organization shall not enter into any contract or transaction with any Affiliate (except for leases between the Organization and the School for properties other than the Facility occupied or to be occupied in the future by the School) of the Organization, except upon such terms as are customarily acceptable to a bona fide third party in an arms'-length transaction.

Section 7.26. Use and Possession of the Project. Subject to the rights, duties and remedies of the Issuer hereunder, the Organization (and by operation of the Lease Agreement - the School) shall have sole and exclusive control and possession of and

responsibility for (i) the Facility, (ii) the operation of the Facility and supervision of the activities conducted therein or in connection with any part thereof, and (iii) the maintenance, repair and replacement of the Facility; provided, however, that, except as otherwise limited hereby, the foregoing shall not prohibit use of the Facility by persons other than the Organization or its staff or employees or the School and its staff, employees, students or faculty in furtherance of the Organization's and School's respective corporate purposes, provided that such use will not adversely affect the exclusion of interest on any Tax-Exempt Bonds from gross income for federal income tax purposes.

Section 7.27. No Material Impairment of Value. The Organization shall not take any action that would impair, in any material respect, the value or utility of the Facility as intended for the purposes of this Agreement.

Section 7.28. Certain Covenants with Respect to the Lease Agreement. At least ten (10) days prior to the execution by the Organization of any amendment, supplement or modification to the Lease Agreement, the Organization shall deliver a copy of same in substantially final form to each of the Issuer and the Trustee. Promptly upon the execution thereof, the Organization shall furnish certified copies of such amendment, supplement or modification to the Issuer and the Trustee. The Organization shall promptly transmit to each of the Issuer and the Trustee (y) notice of any default by the School under the Lease Agreement including a full description of the nature of the default and the amount or act necessary to cure the same, and (z) copies of any termination or default notice it shall receive or deliver under the Lease Agreement.

Section 7.29. Environmental Quality Review and Historic Preservation. For the purpose of assisting the Issuer in making any findings or determinations which might be required by (i) Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereunder (collectively, "SEQR"), or (ii) the New York State Historic Preservation Act of 1980 and the regulations promulgated thereunder (collectively the "Preservation Act"), the Organization agrees as follows:

(a) It has prepared and will prepare such documents, if any, as the Issuer or other governmental body having primary responsibility under SEQR or the Preservation Act determines are required by SEQR or the Preservation Act, in such form and containing such information in such detail as the Issuer or such other governmental body determines is required by SEQR or the Preservation Act, which documents are or shall be accurate in all material respects; and

(b) It has reviewed either:

(1) the determination of the Issuer or other governmental body having primary responsibility under SEQR relative to the Project to the effect that such Project will not have a significant adverse impact on the environment; or

(2) the written findings by the Issuer or other governmental body having primary responsibility under SEQR relative to the Project that:

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(i) consistent with social, economic and other considerations of State policy, all practicable means have been and will be taken with respect to such Project to minimize or avoid adverse environmental effects; and

(ii) all practicable means will be taken with respect to such Project to minimize or avoid adverse environmental effects;

(c) It will in all respects undertake the Project in a manner consistent with the findings or determination of the Issuer or other governmental body having primary responsibility under SEQR relative to the Project; and

(d) If the Issuer determines that any action is required to be taken in connection with any component of the Project pursuant to the Preservation Act, then prior to the expenditure of Bond proceeds for that component, the provisions of the Preservation Act shall have been complied with.

Section 7.30. Waiver of Defenses. The Organization covenants and agrees, for the benefit of the Issuer, the Trustee and the Holders of the Bonds, not to assert that any inconsistency between the terms, covenants, conditions and provisions of the Lease Agreement with the Mortgage or any of the other Security Documents shall have the effect of modifying, releasing, impairing or otherwise limiting any of the obligations, covenants and agreements of the Organization under the Mortgage or under any of the other Security Documents.

Section 7.31. Financial Covenants.

(a) If the Lease Agreement is terminated for so long as the Series 2023 Bonds remain outstanding, the Organization shall continue to comply with the financial covenants set forth in the Covenant Agreement and imposed upon the School as if those covenants were made by the Organization.

Section 7.32. Limitations on Incurrence of Additional Indebtedness. The Organization shall be precluded from incurring Additional Indebtedness (i) without the School's express written consent and (ii) that is senior to the lien of the Mortgage on the Facility and the obligations of the Organization under the Loan Agreement. The Organization may incur Additional Parity Indebtedness only upon providing to the Trustee a certificate of an Authorized Representative of the School, accompanied by a confirming Independent Financial Consultant's Certificate, to the effect that (i) the requirements of Section 2.07 of the Indenture have been met, but this clause (i) applies only if the other Indebtedness takes the form of Additional Bonds, and (ii) that the requirements of Section 5(1) of the Covenant Agreement would be met on a pro-forma basis if treating such Additional Indebtedness as Additional Indebtedness (as such term is defined in the Covenant Agreement) of the School under the Covenant Agreement.

In addition to the foregoing, prior to the incurrence of Additional Parity Indebtedness, the Issuer, the Trustee, the Organization and the School and any issuer of such Additional Parity Indebtedness shall have entered into an intercreditor agreement, satisfactory to all parties.

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Additional Indebtedness subordinate to the obligations of the Organization under this Agreement and lien on the Facility are permitted by this Agreement but only upon the express written consent of the School.

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ARTICLE VIII

REMEDIES AND EVENTS OF DEFAULT

Section 8.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Organization to pay any loan payment that has become due and payable by the terms of Section 4.3(a) or (c) which, in any case, results in an Event of Default under the Indenture;

(b) Failure of the Organization to pay any amount (except as set forth in Section 8.1(a) hereof) 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, 5.2, 5.3, 5.4, 7.1, 7.2, 7.3, 7.4, 7.8, 7.10, 7.11, 7.12, 7.13, 7.16, 7.17, 7.19, 7.25, 7.28, 8.7, 8.8, 10.3, 11.2 or 11.3 and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Organization specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five per cent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Organization to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 8.1(a) or (b)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Organization specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five per cent (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 Organization 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; provided, however, that failure by the Organization to observe or perform any covenant, condition or agreement contained in Section 7.31(a) of this Loan Agreement shall not constitute an Event of Default under this Loan Agreement;

(d) The Organization 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;

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Agreement and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Organization under this Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by

(i) bringing an action for damages, injunction or specific performance,

or

(ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Organization under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Organization under the Issuer's Reserved Rights,

(c) No action taken pursuant to this Section 8.2 (including termination of this Agreement) or by operation of law or otherwise shall, except as expressly provided herein, relieve the Organization from the Organization's obligations hereunder, all of which shall survive any such action.

Section 8.3. Bankruptcy Proceedings. In case proceedings shall be pending for the bankruptcy or for the reorganization of the Organization 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 Organization or in the case of any other similar judicial proceedings relative to the Organization or the creditors or property of the Organization, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and the Promissory Note, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and Section 4.3(a)) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment hereunder or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Organization, the creditors or property of the Organization, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 8.4. Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this

(e) A proceeding or case shall be commenced, without the application or consent of the Organization, 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 Organization, or of all or any substantial part of its respective 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 Organization shall be entered in an involuntary case under such Bankruptcy Code;

(f) Any representation or warranty made by the Organization (i) in the application and related materials submitted to the Issuer or the initial purchaser(s) of the Bonds for approval of the Project or its financing, or (ii) herein or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement, or (iv) in the Tax Compliance Agreement, or (v) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Lease Agreement including the Mortgage; or

(h) An "Event of Default" under the Indenture or under any other Security Document shall occur and be continuing.

Section 8.2. Remedies on Default.

(a) Whenever any Event of Default referred to in Section 8.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable, without presentment, demand, protest or any other notice whatsoever, all of which are hereby expressly waived by the Organization; provided, however, that upon the occurrence of an Event of Default under Section 8.1(d) or (e), all principal installments of loan payments payable under Section 4.3(a) for the remainder of the term of this Agreement, 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 Rent then due under the Lease

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Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Organization hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Organization with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Organization be continued or repeated.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Organization or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Organization hereby waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquiry, stay, appraisal, extension or redemption laws now existing or which may hereafter exist which, but for this provision, might be applicable to any sale or relisting made under the judgment, order or decree of any court or under the powers of sale and relisting conferred by this Agreement or otherwise.

Section 8.6. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 8.7. Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Organization should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Organization herein contained or contained in any other Security Document, the Organization 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 8.8. Certain Continuing Representations. If at any time during the term of this Agreement, any representation or warranty made by the Organization pursuant to Section 2.2 would, if made on any date during the term of this Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Organization shall be deemed to be in default under this Agreement unless the Issuer shall, upon written request by the Organization, either waive such default in writing or consent in writing to an

exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 10.3(a).

ARTICLE IX

OPTIONS TO TERMINATE

Section 9.1. Termination of this Agreement.

(a) The Organization shall have the option to terminate this Agreement by causing the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(b) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, but not later than the receipt by the Organization of ten (10) days prior written notice from the Issuer directing termination of this Agreement, the Organization shall terminate this Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in Section 9.2, and (y) the survival of those obligations of the Organization set forth in Section 9.3.

Section 9.2. Actions on Termination.

(a) As a condition precedent to the termination of this Agreement, the Organization shall

(i) pay to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and the other Security Documents;

(B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Compliance Agreement; and

(ii) pay to the Issuer

(A) the fees and expenses of the Issuer,

(B) all other amounts due and payable under this Agreement and the other Security Documents, and

(C) one dollar, and

(iii) perform all accrued obligations hereunder or under any other Project Document,

(b) Upon the termination of this Agreement in accordance with Section 9.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the Organization, to the Organization (i) a termination of this Agreement, and (ii) all necessary documents releasing all of the Issuer's rights and interests in and to any rights of action under this

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Agreement (other than as against the Organization or any insurer of the insurance policies under Section 7.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Facility or any portion thereof. Concurrently with the delivery of such instruments, there shall be delivered by the Issuer (at the sole cost and expense of the Organization), to the Trustee any instructions or other instruments required by Article X of the Indenture to defease and pay the Outstanding Bonds, together with a direction to the Trustee that the Trustee deliver to the Issuer and the Organization a release, satisfaction or termination of the Indenture and of the mortgage lien and security interest of the Mortgage.

Section 9.3. Survival of Organization Obligations. Upon compliance with Section 9.2, this Agreement and all obligations of the Organization hereunder shall be terminated except the obligations of the Organization under Sections 7.2, 7.22, 8.2, 8.7, 8.8, 11.4, 11.5, 11.6, 11.11, 11.13 and 11.14 shall survive such termination.

ARTICLE X

CERTAIN PROVISIONS RELATING TO THE BONDS

Section 10.1. Issuance of Additional Bonds. If a Series of Additional Bonds are to be issued pursuant to the Indenture, the Issuer and the Organization shall enter into an amendment to the Promissory Note and this Agreement, providing, among other things, for the payment by the Organization of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

Section 10.2. Reserved.

(a) **Mandatory Redemption of Bonds as Directed by the Issuer.** Upon the determination by the Issuer that (x) the Organization is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not as a qualified "project" in accordance with the Act and the failure of the Organization within thirty (30) days of the receipt by the Organization 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), or (y) the Organization has committed a material violation of a material Legal Requirement and the failure of the Organization within thirty (30) days of the receipt by the Organization of written notice of such determination from the Issuer to cure such material violation, the Organization 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 Organization and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

(b) In the event the Organization fails to obtain or maintain the public liability insurance with respect to the Facility required under Section 7.1, and the Organization shall fail to cure such circumstance within ten (10) days of the receipt by the Organization of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Organization to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Organization 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 10.3. Right to Cure Issuer Defaults. The Issuer hereby grants the Organization full authority for account of the Issuer to perform any covenant or obligation the

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non-performance of which is alleged to constitute a default in any notice received by the Organization, in the name and stead of the Issuer, with full power of substitution.

Section 10.4. Reserved.

Section 10.5. Investment of Funds. Any moneys held as part of the Robate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Reserve Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Organization, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Compliance Agreement). Neither the Issuer nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Force Majeure. In case by reason of *force majeure* either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such *force majeure* in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Organization to make the loan payments or other payments required under the terms hereof and under the Promissory Note, or (ii) the obligations of the Organization to comply with Sections 7.1 or 7.2), so far as they are affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "*force majeure*" shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, pandemics, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the Organization's financial condition or inability to obtain financing constitute a *force majeure*. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

The Organization shall promptly notify the Issuer and the Trustee upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Organization shall also promptly notify the Issuer and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Organization.

Section 11.2. Pledge under Indenture and Mortgage. Pursuant to the Mortgage, the Organization will mortgage its interest in the Facility to the Trustee as security for the Bonds and the obligations of the Organization under the Security Documents. Pursuant to the Indenture, the Issuer will pledge and assign the Promissory Note and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for the payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds.

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Section 11.3. Amendments. This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the parties hereto.

Section 11.4. Service of Process. The Organization represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Organization under this Agreement shall be satisfied and met. If for any reason the Organization should cease to be so subject to service of process in the State, the Organization hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action, the Organization hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Organization as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Organization's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Organization under this Agreement remain unsatisfied, the Organization's agent(s) designated in this Section 11.4 shall accept and acknowledge on the Organization's behalf each service of process in any such suit, action or proceeding brought in any such court. The Organization agrees and consents that each such service of process upon such agents and written notice of such service to the Organization in the manner set forth in Section 11.5 shall be taken and held to be valid personal service upon the Organization whether or not the Organization shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Organization according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Organization or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Organization.

Section 11.5. Notices. All notices, certificates or other communications hereunder shall be sufficient if sent (i) by registered or certified United States mail, return receipt requested and postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

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(1) if to the Issuer:

Nassau County Local Economic Assistance Corporation
One West Street, 4th Floor
Mineola, NY 11501
Attention: Chief Executive Officer/Executive Director

with a copy to:

Harris Beach PLLC
333 Barle Ovington Blvd., Suite 901
Uniondale, New York 11553
Attn: Andrew D. Komaromi, Esq.

(2) if to the Organization:

Friends of Roosevelt Children's Academy Charter School, Inc.
c/o The Roosevelt Children's Academy Charter School
201 Debevoise Ave.
Roosevelt, New York 11575
Attention: Philip Leconte, COO

with a copy to:

Cohen Schneider Law, P.C.,
275 Madison Ave., Suite 1905
New York, NY 10016
Attention: Cliff S. Schneider, Esq.

(3) if to the Trustee:

U.S. Bank National Association
Corporate Trust Services
100 Wall Street, 6th Floor
New York, NY 10005
Attention: Deborah Todak

with a copy to:

Paparone Law
30 Broad Street, 14th Floor, #1482
New York, NY 10004
Attention: Melissa Paparone, Esq.

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The Issuer, the Organization and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 11.6. Consent to Jurisdiction. The Organization irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Organization, the Organization's leasehold, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the courts of record of the State in Nassau County or the United States District Court for the Eastern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (w) to move to dismiss on grounds of *forum non conveniens*, (x) to remove to any federal court other than the United States District Court for the Eastern District of New York, and (y) to move for a change of venue to a New York State Court outside Nassau County.

If the Organization commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in Nassau County or the United States District Court for the Eastern District of New York, the Organization shall, upon request of the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in Nassau County or the United States District Court for the Eastern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Organization shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in Nassau County or the United States District Court for the Eastern District of New York.

Section 11.7. Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Organization relating to the Facility, other than any other Project Document.

Section 11.8. Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as of such illegal or invalid provision had not been contained herein.

Section 11.9. Effective Date Counterparty. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Commencement Date. This Agreement shall become effective upon its delivery on the Commencement Date. It

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Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the County, and neither the State nor the County 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 Organization hereunder and under the Promissory Note.

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may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.10. Binding Effect. This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agents, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer and the Organization and their respective successors and assigns.

Section 11.11. Third Party Beneficiaries.

(a) The Issuer and the Organization agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer and the Organization as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee.

(b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Organization, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Organization, the Paying Agents and the Holders of the Bonds.

Section 11.12. Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to giving effect to the principles of conflicts of laws thereof.

Section 11.13. Waiver of Trial by Jury. The Organization, to the extent permitted by law, does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Organization's obligations hereunder, the Facility, the Project, the relationship between the Issuer and the Organization, the Organization's leasehold, use or occupancy of the Facility and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 11.14. Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking

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IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its Authorized Representative and the Organization has caused its name to be hereto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

NASSAU COUNTY LOCAL ECONOMIC
ASSISTANCE CORPORATION

By: _____
Sheldon L. Shrenkel
Chief Executive Officer/Executive Director

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.

By: _____
Reginald Tuggle
Board Chair

STATE OF NEW YORK)
 : ss.:
COUNTY OF NASSAU)

On the ____ day of May, in the year 2023, before me, the undersigned, personally appeared Sheldon L. Shrenkel, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
 : ss.:
COUNTY OF NASSAU)

On the ____ day of May, in the year 2023, before me, the undersigned, personally appeared Reginald Tuggle, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

APPENDICES

EXHIBIT A

DESCRIPTION OF THE LAND

EXHIBIT B**AUTHORIZED REPRESENTATIVE**

(i) of the Organization:

Name	Title
Reginald Tuggle	Director, Board Chair
Sydney Pigott	Director, Secretary
Dean Olsen	Director, Treasurer
Phillip Leconte	Chief Operating Officer/CFO, Roosevelt Children's Academy Charter School

EXHIBIT C**PROJECT COST BUDGET**

Project Budget	Totals
Asbestos Removal	
Demolition	479,575.00
Hard Costs (GMP)	\$22,550,881.00
Technology Wiring/Infrastructure	
FF&E	\$1,524,031.00
A&E	\$415,425.00
Updated Steel Drawings	
Studies, Consulting, Engineering, and Surveys	
Environmental	
Traffic Study	56,046.00
Geotech	
Other Engineering	
Kitchen Consulting	
Landscape Architect	
Legal Counsel (Variance)	2,541,665.06
Steel Redesign Increase	
Survey	
A&E Studies	
Owner's Rep/Project Mgt	
3rd Party Special Inspections	
Utilities	
Permit Fees	
Security	
Owner's Risk	
Builder's Risk	
Below Ground Contingency Exclusion	365,201.33
Fees/Other Pre-construction Costs	\$1,965,648.00
Project Contingency	
TOTAL	\$29,898,472.44

EXHIBIT D**PROJECT COMPLETION CERTIFICATE OF ORGANIZATION AS
REQUIRED BY SECTIONS 3.2(f) AND 7.13(k) OF THE LOAN AGREEMENT**

The undersigned, an Authorized Representative (as defined in the Loan Agreement referred to below) of FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC., (the "Organization"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 3.2(f) and 7.13(k) of that certain Loan Agreement, dated as of May 1, 2023 (the "Loan Agreement"), between the Nassau County Local Economic Assistance Corporation (the "Issuer") and the Organization, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Loan Agreement):

(i) the Project Work has been substantially completed in accordance with the plans and specifications therefor and the date of completion of the Project was _____;

(ii) except for any Project costs not due and payable or the liability for payment of which is being contested or disputed by the Organization in good faith, all labor, service, machinery, equipment, materials and supplies used therefor have been paid for;

(iii) all other facilities necessary in connection with the Project have been completed and all costs and expenses incurred in connection therewith have been paid;

(iv) all property constituting the Facility is subject to the Lease Agreement and the Mortgage, subject only to Permitted Encumbrances;

(v) in accordance with all applicable laws, regulations, ordinances and guidelines, the Facility is ready for occupancy, use and operation for its intended purposes;

(vi) this Certificate is given without prejudice to any rights of the Organization against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate; and

(vii) attached hereto are (a) releases of mechanics' liens by the general contractor and by all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, (b) a certificate of occupancy, (c) any and all permissions, approvals, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement, and (d) evidence that all real property taxes and assessments due and payable under Section 7.16 of the Loan Agreement in respect of the Facility have been paid in full.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this ____ day of _____, ____.

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.

By: _____
Name:
Title:

EXHIBIT E

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

[\$]

May 10, 2023

PROMISSORY NOTE

FOR VALUE RECEIVED, FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. a not-for-profit corporation organized and existing under the laws of the State of New York (the "Organization"), by this promissory note hereby promises to pay to the order of NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION (the "Issuer") the principal sum of [] (\$), together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Initial Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Initial Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION or its successor as trustee (the "Trustee") under the Indenture.

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments, Redemption Price and Purchase Price on the Initial Bonds are payable under the Loan Agreement (as defined below), subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the "Promissory Note" referred to in the Loan Agreement, dated as of May 1, 2023 (the "Loan Agreement"), between the Organization and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of May 1, 2023 (the "Indenture"), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer's \$31,315,000 aggregate principal amount of Educational Revenue Bonds (Roosevelt Children's Academy Charter School, Inc. Project), Series 2023A and \$685,000 aggregate principal amount of Educational Revenue Bonds (Roosevelt Children's Academy Charter School Project), Series 2023B (collectively, the "Initial Bonds") issued by the Issuer pursuant to the

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ENDORSEMENT

Pay to the order of U.S. Bank National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Initial Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Promissory Note.

NASSAU COUNTY LOCAL
ECONOMIC ASSISTANCE
CORPORATION

By: _____
Chief Executive Officer/Executive Director

Dated: May 10, 2023

Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Initial Bonds are hereby incorporated as a part of this Promissory Note.

The Organization may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Organization.

The Organization hereby promises to pay costs of collection and attorneys' fees in case of default on this Promissory Note.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.

By: _____
Name:
Title:

EXHIBIT F

FORM OF ANNUAL EMPLOYMENT REPORT

COMPANY NAME:
ADDRESS:
TYPE OF BUSINESS:
CONTACT PERSON:
TELEPHONE NUMBER:

Occupation	Number of New Jobs	Number Listed ¹	Number Filled	
			Job Service Division Applicants	Job Training Partnership Act eligible persons

¹ With local Job Service Division and local service delivery office created pursuant to the Job Training Partnership Act.

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NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION

AND

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
AS TRUSTEE

TRUST INDENTURE

DATED AS OF MAY 1, 2023

RELATING TO

\$31,315,000 EDUCATIONAL REVENUE BONDS (FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. - ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT), SERIES 2023A

AND
\$685,000 EDUCATIONAL REVENUE BONDS (FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. - ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT), SERIES 2023B (TAXABLE)

ISSUED BY NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION.

THIS INSTRUMENT IS INTENDED TO CONSTITUTE A SECURITY AGREEMENT UNDER THE UNIFORM COMMERCIAL CODE OF THE STATE OF NEW YORK.

INDENTURE OF TRUST

THIS TRUST INDENTURE dated as of May 1, 2023 (the "Indenture") by and between the NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION, a local development corporation existing under the laws of the State of New York, having its principal office at One West Street, 4th Floor, Mineola, New York 11501 (the "Issuer") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America having a designated corporate trust office located at 100 Wall Street, 6th Floor, New York, NY 10005, as trustee (the "Trustee") for the holders of the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A in the aggregate principal amount of \$31,315,000 (the "Series 2023A Bonds" or the "Tax-Exempt Bonds") and the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable) in the aggregate principal amount of \$685,000 (the "Series 2023B Bonds" or "Taxable Bonds") and collectively with the Series 2023A Bonds, the "Initial Bonds" and any additional bonds (the "Additional Bonds", collectively with the Initial Bonds, the "Bonds") issued by the Issuer hereunder (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in Section 1.01 of this Indenture);

WITNESSETH:

WHEREAS, pursuant to the purposes and powers contained within Section 1411 of the Not-for-Profit Corporation Law of the State of New York (the "State"), as amended, a resolution the Nassau County Legislature (the "County Legislature") adopted on September 20, 2010 and approved by the County Executive of Nassau County on September 21, 2010 ("County Resolution"), and pursuant to its duly filed certificate of incorporation, the Issuer was established as a not-for-profit local development corporation of the State with the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing and equipping certain projects exclusively in furtherance of the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Issuer is authorized to issue its bonds for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge the revenues and receipts from the lease or sale thereof to secure the payment of such bonds and interest thereon; and

WHEREAS, ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL a not-for-profit education corporation organized and existing under the laws of the State of New York, (the

"School") on its own behalf and on behalf of its affiliate, the FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC., a not-for-profit corporation organized and existing under the laws of the State of New York ("the Organization") and collectively with the School, the "Institution"), submitted an application (the "Application") to the Issuer requesting that the Issuer issue, in one or more series or subseries, the Bonds for the purpose of paying or reimbursing the costs associated with a certain project (the "Project") consisting of: (A) the construction on the Organization's approximately one (1) acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York (the "Land") of a new, approximately 50,787 sq. ft. school building facility (the "Improvements"); (B) the acquisition of and installation in and around the Improvements of certain items of machinery, fixtures, equipment and other items of tangible personal property (collectively, the "Equipment") and, together with the Land, and the Improvements, the "Facility") and (C) funding of a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Bonds (the costs associated with items (A), through (C) being hereinafter collectively referred to as the "Project Costs").

WHEREAS, the Organization entered into negotiations with officials of the Issuer for the construction, renovation, equipping and furnishing of the Facility; and

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

WHEREAS, the site for the Facility, including the improvements to be constructed thereon, will be subject to a Lease Agreement by and between the Organization and the School executed and delivered contemporaneously herewith (the "Lease Agreement") whereby the School, as lessee will lease the Facility from the Organization, as lessor, and the School will covenant to make lease payments to the Organization (the "Rents") in an amount equal to the Organization's obligations under the Loan Agreement totaling not less than the debt service on the Series 2023 Bonds as the same become due and payable, but without acceleration, as well as such other facilities-operational expenses as may be agreed to between the Organization and the School from time to time.

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

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

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WHEREAS, contemporaneously herewith the Organization will enter into a Depositary Agreement, dated as of May 10, 2023 (the "Depositary Agreement"), by and between the Organization and U.S. Bank Trust Company, National Association as depositary bank (the "Depositary Bank") for the creation of a deposit account (the "Borrower Account") for the deposit of certain funds received by the Organization, including but not limited to Rents under the Lease Agreement from the School. Pursuant to the terms of the Depositary Account Control Agreement (the "Borrower DACA") dated as of May 10, 2023, by and among the Trustee, as secured party thereunder, the Organization and the Depositary Bank, the Organization will grant a security interest in the Borrower Account to the Trustee and authorize the Trustee to transfer the amounts required hereunder and the Loan Agreement to the applicable Account of the Bond Fund established hereunder. Rents are to be paid by the School from gross revenues to the Depositary Bank into the Borrower Account created under the Depositary Agreement.

WHEREAS, to further secure the Series 2023 Bonds, the Organization has created a security interest in its Gross Revenues (as such term is defined in the Loan Agreement) in favor of the Trustee pursuant to a Pledge and Security Agreement, dated as of the date hereof from the Organization to the Trustee (the "Pledge and Security Agreement").

WHEREAS, pursuant to a certain Covenant Agreement, dated as of May 10, 2023 (the "Covenant Agreement"), by the School for the benefit of the Trustee, the School will fulfill certain covenants and agreements in order to provide additional security for timely payment of amounts due under the Lease, for the benefit of the holders of the Series 2023 Bonds and any Additional Bonds issued under the Indenture.

WHEREAS, all obligations of the School due under the Lease are payable from the Gross Revenues of the Charter School as such term is defined in the Covenant Agreement.

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Organization and the School will grant a Mortgage and Security Agreement and Assignment of Leases and Rents (Project Loan) and a Mortgage and Security Agreement and Assignment of Leases and Rents (Building Loan), each dated as of the Closing Date, and each from the Organization and the School to the Issuer (as each of the same may hereafter be amended or supplemented, collectively the "Mortgage", which Mortgage will be assigned by the Issuer to the Trustee pursuant to an Assignment of Mortgage dated as of Closing Date (the "Assignment of Mortgage") from the Issuer to the Trustee for the benefit of the holders of the Initial Bonds); and

WHEREAS, the Initial Bonds will be issued and sold by D.A. Davidson & Co., acting as underwriter (the "Underwriter"), pursuant to a Bond Purchase Agreement dated May 2, 2023 (the "Bond Purchase Agreement") by and among the Underwriter, the Issuer, and the Organization. The Underwriter will utilize a preliminary official statement (the "Preliminary Official Statement") and a final official statement (the "Final Official Statement") in connection with the underwriting of the Initial Bonds; and

WHEREAS, to assure compliance with the continuing disclosure requirements imposed by the Securities and Exchange Commission, the Organization and the Trustee will execute and

deliver to the Underwriter a continuing disclosure undertaking dated as of May 10, 2023 (the "Continuing Disclosure Agreement"); and

WHEREAS, the Initial Bonds will be issued as "book-entry-only" obligations to be held by The Depositary Trust Company, as depositary (the "Depositary") for the Initial Bonds, and, to comply with the requirements of the Depositary, the Issuer will execute and deliver to the Depositary a letter of representations (the "Depositary Letter") relating to the Initial Bonds; and

WHEREAS, the Trustee has the power to enter into this Indenture and to execute the trusts hereby created and in evidence thereof has joined in the execution hereof; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Initial Bonds under the Act as herein provided have been in all respects approved and duly and validly authorized by the Bond Resolution; and

WHEREAS, the undertaking of the Project, including without limitation, the providing of the Facility is for a proper purpose, to wit, to promote and preserve the job opportunities, health, general prosperity, and economic welfare of the inhabitants of the State and the County; and

WHEREAS, the Issuer deems it appropriate and necessary that the proceeds of the sale of the Initial Bonds shall be deposited with the Trustee, and that, upon satisfaction of the requirements set forth herein and in the Loan Agreement, the Trustee shall disburse such proceeds to pay the Project Costs (as hereinafter defined); and

WHEREAS, the Bonds shall be payable solely from the Trust Revenues (as hereinafter defined), which include, without limitation, loan repayments made by the Organization under the Loan Agreement; and

WHEREAS, the Issuer, by the terms of this Indenture and as security for the Bonds, intends to grant to the Trustee a first priority security interest in the Trust Revenues; and

WHEREAS, the Initial Bonds and the Trustee's certificate of authentication to be endorsed on the Initial Bonds are to be in substantially the forms thereof attached hereto as Exhibit C and made a part hereof, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Initial Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge of and Lien (as hereinafter defined) on the Trust Revenues herein pledged to the payment of the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the execution and issuance of the Initial Bonds, subject to the terms hereof, have in all respects been duly authorized;

GRANTING CLAUSES

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby unto the Trustee and its successors and assigns, for the benefit of the holders and all future holders of the Bonds, GRANT A SECURITY INTEREST IN, PLEDGE AND ASSIGN the following (hereinafter referred to as the "Trust Estate"):

I

All right, title and interest of the Issuer in and to the Trust Revenues;

II

Any and all moneys and securities from time to time held by the Trustee under the terms of this Indenture, except (A) moneys deposited with or paid to the Trustee for the redemption of the Bonds, notice of which has been duly given, and (B) moneys on deposit in the Rebate Fund (as hereinafter defined);

III

Any and all contract rights of the Issuer under the Security Documents;

IV

Any and all other property of every name and nature from time-to-time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee;

This Indenture is also intended to constitute a security agreement under the Uniform Commercial Code of the State so that the Trustee shall have and may enforce a security interest, to secure payment of all sums due or to become due under the Bonds and this Indenture, in so much of the property described in Granting Clauses I through IV above as may be made subject to such a security interest, including the moneys held by the Trustee hereunder, such security interest to attach at the earliest moment permitted by law and also to include and attach to all additions and accessions thereto, all substitutions and replacements therefor and all proceeds and products thereof and proceeds of proceeds, and all other contract rights and general intangibles of the Issuer (except the Issuer's Reserved Rights, as hereinafter defined) obtained in connection with or relating to the Facility, as well as any and all items of property in the foregoing classifications which are hereafter acquired;

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ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms shall have the respective meanings in this Indenture, except as the context otherwise requires:

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

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

An Affiliate of a Person shall mean a Person that directly or indirectly through one or more intermediaries Controls, or is under common Control with, or is Controlled by, such Person.

Approved Facility shall mean the Facility as occupied, used and operated by the Organization and 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 and the Lease Agreement.

Approved Project Operations shall mean, subject to the Loan Agreement, those uses and operations relating to the education of elementary or secondary school students in accordance with the School's charter and pursuant to Article 56 of the Education Law of the State of New York.

Assignment of Mortgage shall mean the Assignment of Mortgage, dated as of the Closing Date, from the Issuer to the Trustee.

Authorized Denomination shall mean, in the case of the Initial Bonds, \$5,000 or any integral multiple thereof.

Authorized Principal Amount shall mean, in the case of the Initial Bonds, an amount not to exceed \$32,000,000.

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SUBJECT, HOWEVER, to Permitted Encumbrances (as hereinafter defined);

EXCEPTING THEREFROM, the Issuer's Reserved Rights (as hereinafter defined);

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby pledged and assigned, or agreed or intended so to be, unto the Trustee and its successors in said trust and to it and its assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to the Lien or otherwise of any of the Initial Bonds over any other Initial Bonds;

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall well and truly pay, or cause to be paid, to the holders and owners of the Bonds the principal of, premium, if any, and interest due or to become due on the Bonds at the times and in the manner provided herein and in the Bonds, or shall provide for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon as permitted by and in the manner provided in Article X hereof, and shall well and truly cause to be kept, performed and observed all of its covenants contained in this Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payment, these presents and the Lien upon the property described in Granting Clauses I through IV above and the pledge of the Trust Revenues and rights hereby granted shall cease, terminate and be void, and thereupon the Trustee shall execute and deliver to the Person (as hereinafter defined) or Persons designated in Article X such instruments in writing as shall be requisite to satisfy the Lien hereof upon the property described in Granting Clauses I through IV above, and convey to the Person or Persons designated in Article X the moneys and other property, if any, then held by the Trustee, except moneys held by the Trustee for the payment of interest on, premium, if any, and principal of the Bonds and except as expressly provided in this Indenture; otherwise this Indenture shall remain in full force and effect, upon the trusts and subject to the covenants and conditions hereinafter set forth.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and the Lien on all of the property described in Granting Clauses I through IV above and all Trust Revenues, including without limitation the revenues, receipts and other moneys hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer hereby agrees and covenants with the Trustee and with the respective holders and owners, from time to time, of the Bonds, as follows:

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Authorized Representative shall mean:

(i) In the case of the Issuer, the Chair, Vice Chair, Chief Executive Officer/Executive Director, Chief Operating Officer, Administrative Director, 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 Organization, a person named in Exhibit B — "Authorized Representative" to the Loan Agreement, or any other officer or employee of the Organization who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Organization has given written notice to the Issuer and the Trustee; and

provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Indenture or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

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

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

Bond Payment Date shall mean, with respect to a Series of Bonds, each date upon which interest, principal and/or Sinking Fund Installments shall be scheduled to be paid under such Series of Bonds.

Bond Purchase Agreement means the bond purchase agreement dated May 2, 2023 by and among the Issuer, the Organization and the Underwriter, relating to the underwriting of the Initial Bonds by the Underwriter, as said bond purchase agreement may be amended or supplemented from time to time.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10.

Bond Resolution shall mean the resolution of the Issuer adopted on June 30, 2022, authorizing the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

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Bond Year means a period of twelve (12) consecutive months, beginning on July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

Borrower Account shall have the meaning assigned to that term in the recitals hereto.

Borrower DACA shall have the meaning assigned to that term in the recitals hereto.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Organization and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Business Day shall mean any day other than:

- (i) a Saturday or Sunday or a legal holiday;
- (ii) a day on which the Trustee or the Paying Agent is required or authorized by law or executive order to be closed;
- (iii) a day on which banking institutions in the County are authorized by law or executive order to remain closed; or
- (iv) a day on which The New York Stock Exchange or DTC is closed.

Capitalized Interest Period shall have the meaning assigned to such term in Section 5.02(b).

County shall mean Nassau County, New York.

Closing Date shall mean May 10, 2023, the date of the initial issuance and delivery of the Initial Bonds.

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

Commencement Date shall mean May 10, 2023 on which date the Loan Agreement was executed and delivered.

Completion Date shall mean October 1, 2024.

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

Computation Period shall have the meaning assigned to that term in the Tax Compliance Agreement.

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

Electronic Means shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

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

Event of Default shall have the meaning specified in Section 8.01(a).

Event of Taxability means:

(i) a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Organization shall consent or from which no timely appeal shall be taken to the effect that interest on the Tax Exempt Bonds is includible in the gross income of the owner thereof under Section 61 of the Code; or

(ii) the delivery to the Organization and to the Issuer of an opinion of Bond Counsel (reasonably satisfactory to the Organization) to the effect that interest on the Series 2023A Bonds is includible in the gross income of the owner thereof under Section 61 of the Code.

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

Favorable Opinion of Bond Counsel shall mean, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Nationally Recognized Bond Counsel, to the effect that such action is permitted under the Indenture and will not adversely affect the exclusion of interest on a Series of Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of such Series of Bonds).

Final Maturity Date shall mean, with respect to any particular Bond, the final Stated Maturity of the principal due on such Bond, unless such Bond is called for redemption in whole prior to such date, in which case any such term shall mean the redemption date relating to such Bond.

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

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the

Continuing Disclosure Agreement means each continuing disclosure agreement dated the Closing Date for the Initial Bonds and each series of Additional Bonds by and between the Organization and the Trustee, as said continuing disclosure agreement may be amended or supplemented from time to time.

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: fees of the Underwriter; counsel fees (including bond counsel to the Issuer, counsel to the Underwriter, Trustee's counsel, Issuer's counsel, Organization's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer or the Organization incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Compliance Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs (for the Initial Bonds and of the preliminary and final Official statement relating to the Initial Bonds); printing costs for the Initial Bonds and offering documents; 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 shall have the meaning assigned to that term in the Recitals hereto.

Debt Service Payment means, with respect to any Bond Payment Date, (A) the interest payable on the Bonds on such Bond Payment Date, plus (B) the principal, if any, payable on the Bonds on such Bond Payment Date, plus (C) the premium, if any, payable on the Bonds on such Bond Payment Date, plus (D) the Sinking Fund Installments, if any, payable on the Bonds on such Bond Payment Date.

Defaulted Interest shall have the meaning specified in Section 2.02(c).

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

Disability Aid shall mean those certain federal and State payments payable to the Organization attributable to students with disabilities.

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

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

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Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Commencement Date, so as to properly reflect the financial position of the Organization, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

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

Government Obligations shall mean the following:

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

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

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

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements existing on the Commencement Date and erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land throughout the term of the Loan Agreement (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indenture shall mean this Indenture of Trust, dated as of May 1, 2023, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI.

Independent Engineer shall mean a Person (not an employee of any of the Issuer, the Organization or any Affiliate of any thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Organization.

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Bonds. Initial Bonds means collectively, the Series 2023A Bonds and the Series 2023B Bonds.

Initial Tax-Exempt Bonds means the Series 2023A Bonds.

Initial Taxable Bonds means the Series 2023B Bonds.

Interest Payment Date shall mean, with respect to the Initial Bonds, January 1 and July 1 of each year, commencing July 1, 2023, and with respect to any Series of Additional Bonds, the dates set forth therein in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

Issuer shall mean the Nassau County Local Economic Assistance Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York, 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 Organization to complete the Project;

(iv) 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 Sections 2.2, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 4.4, 4.5, 4.6, 4.7, 5.1, 5.2, 5.3, 5.4, 6.1, 6.3, 6.4, 7.1, 7.2, 7.3, 7.5, 7.6, 7.8, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16, 7.17, 7.18, 7.19, 7.21, 7.22, 7.23, 7.26, 7.28, 7.29, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 9.1, 9.2, 9.3, 10.1, 10.3, 10.6, 11.1, 11.3, 11.4, 11.5, 11.6, 11.11, 11.13 and 11.14 of the Loan Agreement, and

(v) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 8.2(b) of the Loan Agreement;

Land shall mean that certain lot, piece or parcel of land located at (a) 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York, all as more particularly described in Exhibit A - "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 7.9(c) of the Loan Agreement.

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Mortgage shall mean, collectively, the Mortgage and Security Agreement and Assignment of Leases and Rents (Project Loan) and the Mortgage and Security Agreement and Assignment of Leases and Rents (Building Loan) relating to the Facility, each dated as of even date herewith, and each from the Organization and the School to the Issuer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Nationally Recognized Bond Counsel shall mean 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 Organization, the Bond Registrar, the Paying Agents and the Trustee.

Opinion of Counsel shall mean a written opinion of counsel for the Organization 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 the Friends of Roosevelt Children's Academy Charter School, Inc., a not-for-profit corporation, organized and existing under the laws of the State of New York, and its successors and assigns.

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 articles of incorporation or certificate of incorporation, and the by-laws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Other Education Aid shall mean any federal or State payments, other than State Education Operating Aid or Disability Aid, payable to the Organization for the purpose of funding operations of the Organization.

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;

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Lease Agreement shall have the meaning assigned to that term in the recitals hereto.

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 wages, and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the County, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Organization, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Liens shall have the meaning specified in Section 7.10(a) of the Loan Agreement.

Loan shall mean the loan made by the Issuer to the Organization pursuant to the Loan Agreement as described in Section 4.1 of the Loan Agreement.

Loan Agreement shall mean the Loan Agreement, dated as of even date herewith, by and between the Issuer and the Organization.

Loan Payment Date shall mean the first Business Day of each January and July of each calendar year for so long as the Bonds are Outstanding under the Indenture.

Long-Term Indebtedness means any Additional Indebtedness of the Organization and the School other than Short-Term Indebtedness and indebtedness subordinate to the Bonds.

Loss Event shall have the meaning specified in Section 5.1 of the Loan Agreement.

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

Maturity Date means (A), with respect to the Series 2023A Bonds, July 1, 2055, (B), with respect to the Series 2023B Bonds, July 1, 2026 and (C), with respect to any Additional Bonds, the final Stated Maturity of the principal of such Additional Bonds.

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.

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(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X, there has been separately set aside and held in the applicable Redemption Account of the Bond Fund either:

(A) moneys, and/or

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

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III,

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

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.

Permitted Encumbrances shall mean:

(i) the Lease Agreement, the Mortgage, the Building Loan Agreement, the Indenture, and any other Project Document;

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(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 7.10(b) of the Loan Agreement;

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the Organization certifies to the Issuer and the Trustee will not materially interfere with or impair the use and enjoyment of the Facility by the Organization 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 Organization 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 Facility enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Trustee's mortgagee interest under the Mortgage in the Facility, 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 Organization in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Organization 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 issuer 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 Organization 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 Organization, 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;

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

(v) all costs of title insurance as provided in Section 3.7 of the Loan Agreement;

(vi) the payment of the Costs of Issuance with respect to the Initial Bonds;

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

(viii) all costs which the Organization 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 Organization for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

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

"Project Costs" shall not include (i) fees or commissions of real estate brokers; (ii) moving expenses; (iii) amounts payable as rent under the Lease Agreement; or (iv) operational costs.

Project Documents shall mean, collectively, the Lease Agreement, the Bond Purchase Agreement and the Security Documents.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Project Work shall mean the design and construction of the Improvements in accordance with the Plans and Specifications.

Promissory Note shall mean, with respect to the Initial Bonds, that certain Promissory Note in substantially the form of Exhibit E to the Loan Agreement, and, with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and herewith.

Qualified Investments shall mean, to the extent permitted by applicable law, the following: (i) obligations of the State or the United States of America, (ii) obligations, the principal and interest of which are guaranteed by the State or the United States of America, (iii) obligations of any agency of the United States of America which may from time to time be legally purchased by savings banks within the State as an investment of funds belonging to them or under their control, (iv) bankers' acceptances of, or certificates of deposit issued by, or demand, trust or time deposits with, any bank, trust company or national banking association (including the Trustee and any of its affiliates) having undivided capital and surplus aggregating

(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 Organization from the City, the State or any governmental agency or instrumentality; and

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

Person shall mean an individual or any Entity.

Plans and Specifications shall mean the plans and specifications prepared for the Project by or on behalf of the Organization, as amended from time to time by or on behalf of the Organization to reflect any remodeling or relocating of the Project or substitutions, additions, modifications and improvements to the Project made by the Organization in compliance with the Loan Agreement, said plans and specifications being duly certified by an Authorized Representative of the Organization and filed in the designated corporate trust office of the Trustee and available to the Issuer.

Pledge and Security Agreement shall have the meaning assigned to that term in the recitals hereto.

Principal Payment Date means (A) with respect to the Initial Bonds, each Interest Payment Date on which a Sinking Fund Installment is due on the Bonds, and each Maturity Date of the Initial Bonds, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of principal due on such Additional Bonds.

Project shall have the definition set forth in the recitals herof.

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, plans and specifications and for supervising 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 material men in connection with the completion of the Project;

(iii) the interest on the Initial Bonds during the construction and renovation of the Project until the completion of the Project;

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at least \$25,000,000, (v) repurchase agreements or other contracts for the purchase and sale of and secured by obligations of the type specified in (i) through (iii) above, (vi) commercial paper of any Person other than the Organization or any Affiliate of the Organization which has been classified for rating purposes by Moody's as Prime-1 or by S&P's as A-1, (vii) money market mutual funds investing in the obligations described in (i), (ii), (iii) or (v) described above, including, without limitation, any other 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 (x) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (y) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (z) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates, or (viii) investment agreements or repurchase agreements with any bank, trust company, national banking association (which may include the Trustee or any of its affiliates) or any other financial institution or insurance company or guaranteed thereby, provided that the institution providing such investment agreements or repurchase agreements shall be rated "A" (or its equivalent) or better by a Rating Agency, or the principal amount of such investment agreements or repurchase agreements then outstanding shall be fully secured and collateralized by the pledge and deposit of securities (including wireable securities) described in (i) above or obligations of the Federal National Mortgage Association with a market value equal to one hundred two and one-half percent (102 1/2%) of such principal amount, that the Trustee has a perfected first security interest in the collateral, that the Trustee or any agent has possession of the collateral, and that such obligations are free and clear of claims by third parties. The investment agreements or repurchase agreements described in (viii) above shall be only of institutions whose capital surplus (or in the case of financial institutions other than banks, net worth) is in excess of \$50,000,000.

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

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 Compliance Agreement.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

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Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c).

Regular Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the last day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

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 Section 5.01.

Rents shall have the meaning assigned to that term in the recitals hereto.

Reserve Fund means the special trust fund so designated, established pursuant to Section 5.01.

Reserve Fund Requirement means (i) with respect to the Initial Bonds, as of any particular date of computation, calculated on a combined basis but attributable to each Series of the Initial Bonds on a pro-rata basis taking into account the original par amount of such Series of the Initial Bonds, which is equal to the least of (a) ten percent (10%) of the original principal amount of the Initial Bonds, or (b) one hundred percent (100%) of the greatest amount required in the then current or any future Bond Year to pay the sum of: (1) interest on the Initial Bonds payable in such Bond Year, excluding accrued interest received upon the issuance of such Bonds and capitalized interest financed by the issuance of such Bonds, and (2) the principal and the Sinking Fund Installments due on the Initial Bonds in such Bond Year, or (c) one hundred twenty-five percent (125%) of the average annual debt service on the Initial Bonds. The Reserve Fund Requirement with respect to any Additional Bonds shall be as set forth in the Supplemental Indenture entered into in connection therewith, provided however, that proceeds of such Additional Bonds deposited in an account of the Reserve Fund established in connection therewith, shall not exceed the amount that may be used to finance a reasonably required reserve or replacement fund under Section 148 of the Code.

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.

S&P shall mean Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State, its successors and their assigns, and, if such corporation 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 means the Roosevelt Children's Academy Charter School, a duly organized and validly existing New York not-for-profit corporation and an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxation pursuant to Section 501(a) of the Code, and its successors and assigns.

School Districts means, collectively, at any time, the Hempstead School District and any other public school district which has students residing in such school district and attend the School at the Facility.

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

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Note, the Pledge and Security Agreement, the Covenant Agreement, this Indenture, the Tax Compliance Agreement, the Building Loan Agreement, the Mortgage, the Assignment of Mortgage and Borrower DACA.

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 2023A Bonds means the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A, in the aggregate principal amount of \$31,315,000 issued pursuant to the Bond Resolution and Article II of the Indenture and sold by the Underwriter pursuant to the Bond Purchase Agreement, in substantially the form attached to the Indenture as Exhibit C, and any Tax-Exempt Bonds issued in exchange or substitution therefor.

Series 2023A Capitalized Interest Account means the special trust account so designated within the Project Fund established pursuant to Section 5.01.

Series 2023A Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023A Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023A Project Account means the special trust account so designated within the Project Fund established pursuant to Section 5.01.

Series 2023A Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

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Series 2023A Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Series 2023B Bonds means the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable) in the aggregate principal amount of \$685,000 issued pursuant to the Bond Resolution and Article II of the Indenture and sold by the Underwriter pursuant to the Bond Purchase Agreement, in substantially the form attached to the Indenture as Exhibit C, and any Taxable Bonds issued in exchange or substitution therefor.

Series 2023B Capitalized Interest Account means the special trust account within the Project Fund established pursuant to Section 5.01.

Series 2023B Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023B Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023B Project Account means the special trust account so designated within the Project Fund established pursuant to Section 5.01.

Series 2023B Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2023B Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Short-Term Indebtedness means any Additional Indebtedness incurred, assumed or guaranteed by the Organization maturing not more than 365 days after it is incurred.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Special Record Date shall have the meaning specified in Section 2.02(c).

State shall mean the State of New York.

State Education Operating Aid shall mean all New York State Education Department operating aid payments appropriated for the purpose of funding operating expenses of the Organization on a per-pupil basis.

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Stated Maturity means, when used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest on such Bond is due and payable.

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

Taxable Bonds means the Series 2023B Bonds and any Additional Bonds not constituting Tax-Exempt Bonds.

Tax Compliance Agreement shall mean the Tax Compliance Agreement, dated the Closing Date, between the Issuer and the Organization, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Tax-Exempt Bonds means the Series 2023A Bonds and any Bond issued as an obligation of the Issuer, the interest on which is intended to be excluded from the gross income of the holder thereof pursuant to Section 103 of the Code.

Tax Prohibited Uses shall mean rental of residential property, any private or commercial golf course, country club, massage parlor, hot tub facility, sunbath facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or any other use as shall not constitute a permitted use for recovery zone facility bonds under the Code.

Trustee shall mean U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, in its capacity as trustee under this 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.

Trust Revenues means (A) all loan repayments made or to be made by or on behalf of the Organization under the Loan Agreement (except payments made with respect to the Issuer's Reserved Rights) and the Note, (B) all other amounts pledged to the Trustee by the Issuer or the Organization to secure the Bonds or performance of their respective obligations under the Loan Agreement, the Lease Agreement and the Indenture, (C) the Net Proceeds (except proceeds with respect to the Issuer's Reserved Rights) of insurance settlements and Condemnation awards with respect to the Facility, (D) all payments received or otherwise realized by the Trustee under the Borrower DACA, the Lease Agreement and the Mortgage, (E) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (1) moneys, earnings and investments held in the Rebate Fund, (2) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of which has been duly given, and (3) as specifically otherwise provided, (F) any amounts realized through the exercise of any and all contract rights granted or assigned to the Trustee under the Security Documents and (G) all other moneys received or held by the Trustee

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for the benefit of the Bondholders pursuant to the Indenture. Notwithstanding anything to the contrary, the following amounts shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and such amounts shall not secure any amount payable on the Bonds: amounts held in the Rebate Fund.

Underwriter means D.A. Davidson & Co., Incorporated, as underwriter of the Initial Bonds on the Closing Date.

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

Section 1.02. Construction. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(e) Unless the content indicates otherwise, references to designated "Exhibits," "Articles," "Sections," "Subsections," "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

(f) The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

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Maturity Date (July 1)	Aggregate Principal Amount Maturing	Interest Rate on Maturing Series 2023A Bonds
2033	\$4,480,000	4.00%
2043	\$8,765,000	5.00%
2055	\$18,070,000	5.00%

(3) The Series 2023A Bonds are subject to scheduled mandatory sinking fund redemption prior to maturity as provided in Section 2.03(c)(i) hereof.

(b) **Specific Details of the Series 2023B Bonds.** (1) The Series 2023B Bonds shall be issued in the aggregate principal amount of \$685,000 and shall be designated "Nassau County Local Economic Assistance Corporation Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable)". The Series 2023B Bonds shall be prefixed "BR" and numbered from one upward. The Series 2023B Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations.

(2) The Series 2023B Bonds shall be dated their date of delivery and shall bear interest from their dated date, or from the most recent Interest Payment Date to which interest has been paid. Interest on the Series 2023B Bonds shall be payable on the first days of January and July of each year, commencing on July 1, 2023. The Series 2023B Bonds shall mature on July 1 of the years and shall bear interest (on the basis of a 360-day year composed of twelve 30-day months) at the rate per annum set forth in the table below:

Maturity Date (July 1)	Aggregate Principal Amount Maturing	Interest Rate on Maturing Series 2023B Bonds
2026	\$685,000	6.00%

(3) The Series 2023B Bonds are subject to scheduled mandatory sinking fund redemption prior to maturity as provided in Section 2.03(c)(ii) hereof.

(c) **Payment of Principal, Redemption Price and Interest.** The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Initial Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Initial Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, upon presentation and surrender of such Initial Bonds, at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Initial Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Initial Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check or draft mailed to such registered owner at his

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ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Restriction on Issuance of Bonds. (a) No Bonds may be authenticated and issued under the provisions of this Indenture except in accordance with this Article II. Except as provided in Section 2.07 and Section 3.07 hereof, the total aggregate principal amount of Initial Bonds that may be issued and authenticated hereunder is expressly limited to \$32,000,000.

(b) The Bonds, together with the premium, if any, and the interest thereon, shall be special limited obligations of the Issuer payable, with respect to the Issuer, solely from the Trust Revenues, which Trust Revenues are hereby pledged and assigned for the equal and ratable payment of all sums due under the Bonds, and shall be used for no other purpose than to pay the principal of, premium, if any, on and interest on the Bonds, except as may be otherwise expressly provided herein.

(c) THE BONDS ARE NOT AND SHALL NOT BE A DEBT OF THE STATE OR OF NASSAU COUNTY, NEW YORK AND NEITHER THE STATE NOR NASSAU COUNTY, NEW YORK SHALL BE LIABLE THEREON. THE BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE OR OF NASSAU COUNTY, NEW YORK.

(d) No recourse shall be had for the payment of the principal of, or the premium, if any, or the interest on, any Bond or for any claim based thereon or on this Indenture against any past, present or future member, officer, employee or agent (other than the Organization), as such, of the Issuer or of any predecessor or successor corporation, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

Section 2.02. Issuance and Terms of the Initial Bonds. (a) **Specific Details of the Series 2023A Bonds.** (1) The Series 2023A Bonds shall be issued in the aggregate principal amount of \$31,315,000 and shall be designated "Nassau County Local Economic Assistance Corporation Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A". The Series 2023A Bonds shall be prefixed "AR" and numbered from one upward. The Series 2023A Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations.

(2) The Series 2023A Bonds shall be dated their date of delivery and shall bear interest from their dated date, or from the most recent Interest Payment Date to which interest has been paid. Interest on the Series 2023A Bonds shall be payable semi-annually on January 1 and July 1 (each an "Interest Payment Date") of each year, commencing on July 1, 2023. The Series 2023A Bonds shall mature on July 1 of the years and shall bear interest (on the basis of a 360-day year composed of twelve 30-day months) at the rates per annum as set forth in the table below:

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address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Initial Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Initial Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

Interest on any Initial Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Initial Bond on the relevant Regular Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Organization shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Organization of such Special Record Date and, in the name and at the expense of the Organization, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date thereof to be mailed, first class postage prepaid, to each owner of an Initial Bond entitled to such notice at the address of such owner as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Initial Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Initial Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Initial Bond and each such Initial Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 2.03. Redemption of Initial Bonds. (a) **General Optional Redemption.** (1) The Series 2023A Bonds shall be subject to redemption, on or after July 1, 2033, in whole at any time or in part on any Interest Payment Date (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Organization of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2023A Bonds to be redeemed, plus accrued interest to the date of redemption.

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(ii) The Series 2023B Bonds are not subject to optional redemption.

(b) Extraordinary Redemption. The Initial Bonds are also subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Organization (which option shall be exercised only upon the giving of notice by the Organization of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), as a whole on any date, upon notice or waiver of notice as provided in this Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption if one or more of the following events shall have occurred:

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

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

(c) Mandatory Sinking Fund Installment Redemption. (i) The Series 2023A Bonds maturing on July 1, 2033 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set

forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f):

Sinking Fund Installment Payment Date	Sinking Fund Installment
07/01/2026	\$295,000
07/01/2027	530,000
07/01/2028	530,000
07/01/2029	575,000
07/01/2030	595,000
07/01/2031	620,000
07/01/2032	645,000
07/01/2033 [†]	670,000

[†] Final Maturity

(ii) The Series 2023A Bonds maturing on July 1, 2043 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f):

Sinking Fund Installment Payment Date	Sinking Fund Installment
07/01/2034	\$700,000
07/01/2035	730,000
07/01/2036	770,000
07/01/2037	805,000
07/01/2038	845,000
07/01/2039	890,000
07/01/2040	935,000
07/01/2041	980,000
07/01/2042	1,030,000
07/01/2043 [†]	1,080,000

[†] Final Maturity

(iii) The Series 2023A Bonds maturing on July 1, 2055 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f):

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Sinking Fund Installment Payment Date	Sinking Fund Installment
07/01/2044	\$1,135,000
07/01/2045	1,190,000
07/01/2046	1,250,000
07/01/2047	1,315,000
07/01/2048	1,380,000
07/01/2049	1,450,000
07/01/2050	1,520,000
07/01/2051	1,600,000
07/01/2052	1,680,000
07/01/2053	1,760,000
07/01/2054	1,850,000
07/01/2055 [†]	1,940,000

[†] Final Maturity

(iv) The Series 2023B Bonds maturing on July 1, 2026 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below, provided that the amount of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f):

Sinking Fund Installment Payment Date	Sinking Fund Installment
07/01/2025	\$475,000
07/01/2026 [†]	210,000

[†] Final Maturity

(d) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Initial Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent

(i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture, or

(ii) excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility,

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

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(e) Mandatory Redemption Upon Failure to Operate the Facility for Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Initial Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (x) the Organization 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, or (y) the Organization has committed a material violation of a material Legal Requirement, or (ii) the Organization shall fail to obtain or maintain the public liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Organization 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 Organization of written notice of such default or failure from the Issuer and a demand by the Issuer on the Organization to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Initial Bonds, together with interest accrued thereon to the date of redemption.

(f) Mandatory Taxability Redemption. The Tax-Exempt Bonds shall be redeemed in whole as soon as practicable after the occurrence of an Event of Taxability and the receipt by the Trustee of written notice from any Holder or the Organization of the occurrence of an Event of Taxability (but in no event later than one hundred twenty (120) days following the date the Trustee is notified of an Event of Taxability pursuant to this subsection) at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date.

(g) Redemption of Initial Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:

(1) Redemption shall be made pursuant to the general optional redemption provisions of Section 2.03(a) or (b) at such times as are permitted under such Section and, in the case of Section 2.03(a), in such principal amounts, as the Organization shall request in a written notice to the Trustee in accordance with Section 4.3(c) of the Loan Agreement.

(2) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(c) as and when required by this Section without the necessity of any request by, or notification from the Issuer or from the Organization, but subject to the provisions of Section 5.06(d) and (f).

(3) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(d) at the earliest possible date following the deposit of amounts in the Redemption Account of the Bond Fund, without the necessity of any instructions or further act of the Issuer or the Organization.

(4) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(e) and (f) on the date specified therein in the event redemption

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is required under such circumstances, without the necessity of any instructions or further act of the Organization.

Section 2.04. Delivery of Initial Bonds. Subject to Section 2.09 hereof, the Initial Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Initial Bonds including the interest, if any, accrued on the Initial Bonds to the Closing Date, the Initial Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:

- (a) a copy, duly certified by the Secretary, Assistant Secretary or any other Authorized Representative of the Issuer, of the Bond Resolution;
- (b) an original executed counterpart of all Security Documents;
- (c) a written opinion by Nationally Recognized Bond Counsel to the effect that the issuance of the Initial Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and
- (d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Initial Bonds to the purchaser(s) therein identified upon payment to the Trustee for the account of the Issuer of the purchase price therein specified, plus accrued interest, if any.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the President and Chief Executive Officer of the Issuer, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary or Chief Financial Officer of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.06. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in the Form of Initial Bond in Exhibit C, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee shall note, with respect to each Bond to be authenticated under this

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Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Bonds Outstanding to become includable in gross income for Federal income tax purposes;

(4) a certificate of an Authorized Representative of the Organization to the effect that the Organization is not in default under the Loan Agreement or this Indenture, is not aware of any Events of Default under the Loan Agreement or this Indenture and that such Series of Additional Bonds may be issued under Section 7.32 of the Loan Agreement;

(5) an original, executed counterpart of the amendment to each Security Document; and

(6) subject to Section 2.09 hereof, a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any.

(c) Upon the request of the Organization, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund ("Refunding Bonds") all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this Section 2.07 of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.

(1) A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:

(A) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(B) Either:

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Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

Section 2.07. Additional Bonds. (a) So long as the Lease Agreement, the Mortgage, the Loan Agreement and the Promissory Note are each in effect, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, (iv) refunding Outstanding Bonds or (v) refunding the Series 2023 Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility (including the Lease Agreement) or the Facility, including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Organization shall enter into an amendment to the Loan Agreement, and the Organization shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes, shall be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith. Notwithstanding anything to the contrary herein, no Additional Bond shall be issued hereunder (i) without the School's consent and (ii) unless the requirements of Section 5(l) of the Covenant Agreement were on a pro-forma basis if treating such Additional Bonds as Additional Indebtedness (as such term is defined in the Covenant Agreement) of the School under the Covenant Agreement.

(b) Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary or any other Authorized Representative of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Loan Agreement and the Mortgage, the Facility referred to therein and the premises subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of

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(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article X, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article X.

(2) The Organization shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

(d) Each Series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with the Initial Bonds and all other Series of Additional Bonds, if any, issued pursuant to this Section, without preference, priority or distinction of any Bond over any other Bonds (except with respect to deposits in the applicable accounts of the Reserve Fund, as further set forth herein) and except as expressly provided in or permitted by this Indenture.

(e) No Series of Additional Bonds shall be issued unless the Lease Agreement, the Loan Agreement, the Promissory Note, the Mortgage and the Borrower DACA, are in effect and at the time of issuance there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Section 2.08. CUSIP Numbers. The Issuer in issuing the Bonds may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to registered owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers of which it has actual knowledge.

Section 2.09. Book Entry Bonds. (a) Except as provided in Section 2.09(c), the Holder of all of the Initial Bonds shall be DTC (the "Securities Depository") and the Initial Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest

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for any Initial Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Initial Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee. It is anticipated that during the term of the Initial Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal of, Sinking Fund Installments for, redemption premium, if any, and interest on, the Initial Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.09(c).

(b) The Initial Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for the single maturity thereof. Upon initial issuance, the ownership of such Initial Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Initial Bonds registered in its name for the purposes of payment of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds, selecting the Initial Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Initial Bonds, obtaining any consent or other action to be taken by Holders of the Initial Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Organization, nor the Issuer shall be affected by any notice to the contrary. All notices with respect to the Initial Bonds shall be made and given to DTC as provided in the Depository Letter (as defined in the recitals to this Indenture). Neither the Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Initial Bonds under or through DTC or any Participant, or any other Person that is not shown on the registration books of the Trustee as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Security Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Initial Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal of, Sinking Fund Installments, redemption premium, if any, and interest on the Initial Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of, Sinking Fund Installments, redemption premium, if any, and interest on the Initial Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.09(e), no Person other than DTC shall receive an authenticated Initial Bond certificate evidencing the obligation of the Issuer to make payments of principal of, Sinking Fund Installments, redemption premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Initial Bond certificates, the Issuer may notify DTC

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all Initial Bonds are being redeemed or retired in whole, Initial Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments, Purchase Price or Redemption Price except upon final maturity or redemption in whole.

(h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of an Initial Bond or Bonds for cancellation shall cause the delivery of an Initial Bond or Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Initial Bond certificates. In such event, the Trustee shall issue, transfer and exchange Initial Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the Initial Bonds at any time by giving written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Initial Bond certificates as described in this Indenture. In the event Initial Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, Sinking Fund Installments, redemption premium, if any, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Organization) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Initial Bonds to any DTC Participant having Initial Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Initial Bonds.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Security Document by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.

(e) NEITHER THE ISSUER, THE ORGANIZATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENTS, REDEMPTION PRICE OF OR INTEREST ON THE INITIAL BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE INITIAL BONDS.

(f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE INITIAL BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE INITIAL BONDHOLDERS OR REGISTERED HOLDERS OF THE INITIAL BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE INITIAL BONDS.

(g) For so long as the Holder of all of the Initial Bonds shall be DTC, and all Initial Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Initial Bonds for purchase or upon redemption or retirement in whole and (ii) unless

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ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. Date of Bonds. The Initial Bonds shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges) and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Initial Bonds has been paid. Bonds authenticated prior to the first Interest Payment Date shall bear interest from their date of original issuance. Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall bear interest from and including the Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, the date of the first delivery of fully executed and authenticated Bonds hereunder.

Section 3.02. Form and Denominations. Bonds shall be issued in fully registered form, without coupons, in any authorized denomination not exceeding the aggregate principal amount of Bonds of the same series, maturity and interest rate as the Bond for which the denomination is to be specified. Subject to the provisions of Section 3.03, the Initial Bonds shall be in substantially the form set forth in Exhibit C, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 3.03. Legends. Each Bond shall contain on the face thereof a statement to the effect that "THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF NASSAU COUNTY, AND NEITHER THE STATE OF NEW YORK NOR NASSAU COUNTY SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR." The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

Section 3.04. Medium of Payment. The principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

Section 3.05. Bond Details. Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such rates or rates per annum, shall be subject to redemption on such terms and conditions and shall be payable as to

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principal or Redemption Price, if any, Sinking Fund Installments, and interest at such place or places as shall be specified in this Indenture.

Section 3.06. Interchangeability, Transfer and Registry. (a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

(b) Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered owner or his duly authorized attorney-in-fact, with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

(c) The Issuer, the Bond Registrar, the Trustee, and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Organization, the Bond Registrar, the Trustee, nor any Paying Agent shall be affected by any notice to the contrary.

(d) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Organization but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the

Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.08. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

Section 3.09. Reserved.

Section 3.10. Bond Registrar. The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the Organization for its inspection during normal business hours the registration books for the Bonds, as may be requested by the Organization in connection with any purchase or tender offer by it with respect to the Bonds.

Section 3.11. Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal, Sinking Fund Installment and/or interest on the Bonds, or the date fixed for redemption of any Bonds, shall be a day other than a Business Day, then payment of such principal, Sinking Fund Installment and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Sinking Fund Installment and/or Interest Payment Date or the date fixed for redemption, as the case may be, except that interest shall continue to accrue on any unpaid principal.

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ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER AMOUNTS

Section 4.01. Application of Proceeds of Initial Bonds. (a) The Issuer shall deposit with the Trustee all of the proceeds from the sale of the Initial Bonds, including accrued interest payable on the Initial Bonds. The Trustee shall deposit the proceeds from the sale of the Initial Bonds as follows: (1) the Trustee shall deposit the portion of the proceeds of the Series 2023A Bonds representing accrued interest, if any, on the Series 2023A Bonds into the Series 2023A Interest Account of the Bond Fund and proceeds of the Series 2023B Bonds representing accrued interest, if any, on the Series 2023B Bonds into the Series 2023B Interest Account of the Bond Fund; (2) the Trustee shall deposit a portion of the proceeds of the Series 2023A Bonds in an amount equal to \$1,998,043.79 into the Series 2023A Bonds Account of the Reserve Fund representing in the Reserve Fund Requirement for the Series 2023A Bonds, and a portion of the proceeds of the Series 2023B Bonds in an amount equal to \$43,706.21 into the Series 2023B Bonds Account of the Reserve Fund, representing the Reserve Fund Requirement for the Series 2023B Bonds; (3) the Trustee shall deposit a portion of the proceeds of the Series 2023A Bonds in an amount equal to \$27,507,846.20 into the Series 2023A Project Account of the Project Fund; (4) the Trustee shall deposit a portion of the proceeds of the Series 2023B Bonds in an amount equal to \$592,405.33 into the Series 2023B Project Account of the Project Fund; (5) the Trustee shall deposit a portion of the proceeds of the Series 2023A Bonds in an amount equal to \$1,765,226.96 into the Series 2023A Capitalized Interest Account of the Project Fund; and (6) the Trustee shall deposit a portion of the proceeds of the Series 2023B Bonds in an amount equal to \$38,613.46 into the Series 2023B Capitalized Interest Account of the Project Fund.

(b) The proceeds of any Additional Bonds shall be deposited as provided in the supplement to this Indenture authorizing the issuance of such Additional Bonds. Any such proceeds required to be deposited in the Project Fund shall be deposited in the appropriate account relating to such Additional Bonds within the Project Fund.

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ARTICLE V

CUSTODY AND INVESTMENT OF FUNDS

Section 5.01. Creation of Funds and Accounts. (a) The Issuer hereby establishes and creates the following special trust Funds and Accounts comprising such Funds:

- (1) Project Fund
 - (a) Series 2023A Capitalized Interest Account
 - (b) Series 2023B Capitalized Interest Account
 - (c) Series 2023A Project Account
 - (d) Series 2023B Project Account
- (2) Bond Fund
 - (a) Series 2023A Principal Account
 - (b) Series 2023B Principal Account
 - (c) Series 2023A Interest Account
 - (d) Series 2023B Interest Account
 - (e) Series 2023A Redemption Account
 - (f) Series 2023B Redemption Account
 - (g) Series 2023A Sinking Fund Installment Account
 - (h) Series 2023B Sinking Fund Installment Account
- (3) Reserve Fund
 - (a) Series 2023A Bonds Account
 - (b) Series 2023B Bonds Account
- (4) Renewal Fund
- (5) Earnings Fund
- (6) Rebate Fund

(b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any

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Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund, and be subject to the lien hereof.

Section 5.02. Project Fund. (a) There shall be deposited in Series 2023A Project Account and the Series 2023B Project Account in the Project Fund any and all amounts required to be deposited therein pursuant to Sections 4.01, 5.07 and 5.08 or otherwise required to be deposited therein pursuant to the Loan Agreement or this Indenture.

Moneys on deposit in the Series 2023A Project Account shall be disbursed and applied by the Trustee to pay Project Costs and moneys on deposit in the Series 2023B Project Account shall be disbursed and applied by the Trustee to pay certain Costs of Issuance pursuant to the provisions of the Loan Agreement and this Section 5.02. Moneys on deposit in the Project Fund with respect to the Additional Bonds shall be disbursed in accordance with the provisions of the supplemental Indenture authorizing issuance of such Additional Bonds.

(b) The Trustee shall apply the amounts in the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund for the payment of interest on the Series 2023A Bonds and the Series 2023B Bonds, respectively, as the same shall become due until the earlier of the Completion Date (as evidenced in accordance with the provisions of Section 3.2(f) of the Loan Agreement) or the exhaustion of amounts in such Accounts (the "Capitalized Interest Period"). On the seventh (7th) Business Day immediately preceding each Interest Payment Date during the Capitalized Interest Period, the Trustee shall transfer from the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund to the applicable Interest Account of the Bond Fund an amount which, together with any amounts on deposit in such Interest Account and available therefor, shall be sufficient to pay the interest on the Series 2023A Bonds and the Series 2023B Bonds, respectively, becoming due on such Interest Payment Date. Upon the Completion Date, the Trustee shall transfer any balance remaining in the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund, first, to the extent of the amount of interest accrued on the Series 2023A Bonds and the Series 2023B Bonds, respectively, from the Interest Payment Date immediately preceding the Completion Date through but not including the Completion Date, to the applicable Interest Account of the Bond Fund, and second, the balance to the Series 2023A Project Account of the Project Fund to pay any remaining Project Costs.

(c) The Trustee is hereby authorized to disburse from the Series 2023A Project Account of 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 Organization, make wire transfers) for each disbursement from the Series 2023A Project Account of the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Organization; provided, however, that the Trustee shall retain in the Series 2023A Project Account of the Project Fund an amount equal to the lesser of (i) one percent (1%) of the original principal amount of the initial Bonds or (ii) \$500,000, until an Authorized Representative of the Organization shall have delivered the completion certificate and other documents required by Section 3.2(f) of the Loan Agreement.

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Project Fund, shall, after making any such transfer to the Rebate Fund, be deposited in an applicable account of the Bond Fund based on consultation with Bond Counsel. The Trustee shall promptly notify the Organization of any amounts so deposited in the Bond Fund pursuant to this Section 5.02(f).

(g) In the event the Organization shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to Section 7.10 of the Tax Compliance Agreement and Section 5.08) shall be deposited in the applicable Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, the balance in the Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to Section 7.10 of the Tax Compliance Agreement and Section 5.08) shall be deposited in the applicable accounts of the Bond Fund as provided in Section 5.03.

(h) Except as provided in Section 5.07, all earnings on amounts held in the Project Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Project Fund.

Section 5.03. Deposit Account Control Agreement. Pursuant to the terms of Borrower DACA, the Organization has granted a security interest in the Borrower Account to the Trustee and authorized the Trustee to transfer the amounts required hereunder and the Loan Agreement to the applicable Account of the Bond Fund established hereunder.

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.

(b) In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or this Indenture, and the Organization 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 Section 7.10 of the Tax Compliance Agreement and Section 5.08, transfer the amounts deposited in the Renewal Fund to the applicable 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 Organization shall have failed to take action to effect such redemption, or

The requisition from the Series 2023A Project Account of 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 Organization), 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 of its Indenture Resolution for the Project. Such requisition shall be as set forth in Exhibit D — "Form of Requisition from the Series 2023A Project Account of the Project Fund" and shall be submitted to the Trustee. The Trustee shall disburse amounts from the Series 2023A Project Account of 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 of the Facility shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Series 2023A Project Account of 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 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.

(d) The Trustee shall keep and maintain adequate records pertaining to each Account of the Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Organization upon reasonable written request.

(e) The Trustee shall on written request furnish to the Issuer and the Organization within a reasonable time period a written statement of disbursements from each Account of 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.

(f) The completion of the Project shall be evidenced as set forth in Section 3.2(f) of the Loan Agreement including the filing of the certificate of an Authorized Representative of the Organization referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, shall, after making any transfer to the Rebate Fund as directed pursuant to Section 7.10 of the Tax Compliance Agreement and Section 5.08, be deposited by the Trustee in an applicable account of the Bond Fund based on consultation with Bond Counsel. 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

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(3) the Organization 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 Section 7.10 of the Tax Compliance Agreement and Section 5.08, 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 Compliance Agreement and Section 5.08, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit in the applicable Redemption Account of the Bond Fund, as directed by the Majority Holders (or if no such direction shall be received within ninety (90) days after request therefor by the Trustee shall have been made, for deposit in the applicable Redemption Account of the Bond Fund).

(d) The Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Organization or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facility upon written instructions from the Organization. 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 Organization. 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 Organization 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 Organization 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 the Organization has a good and valid leasehold interest in all property constituting part of the Facility, and all property constituting part of the Facility is subject to the Lease Agreement and the Loan Agreement, and the mortgage liens and security interests of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Organization against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.4 of the Loan Agreement, and (z) that no Person other

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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 it is a temporary certificate of occupancy, the Organization 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 and the Lease Agreement; (ii) a certificate of an Authorized Representative of the Organization 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 Organization 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 Compliance Agreement and Section 5.08, be transferred by the Trustee to 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 Interest Account of the Bond Fund and applied to the payment of interest on such Series of Bonds.

(b) Amounts disbursed from the Series 2023A Capitalized Interest Account and the Series 2023B Capitalized Interest Account of the Project Fund for the payment of interest on the Series 2023A Bonds and the Series 2023B Bonds, respectively, during the Capitalized Interest Period, which shall be credited to the applicable Interest Account of the Bond Fund and applied to the payment of interest on the Bonds;

(c) Amounts transferred from the applicable accounts of the Reserve Fund which are in excess of the amount required to be held in such accounts of the Reserve Fund as of such date, which shall be credited to Series 2023A Project Account until the Completion Date and thereafter to the applicable Interest Account of the Bond Fund and applied to the payment of interest on the applicable series of Bonds.

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by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds.

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

(d) Amounts in the applicable Redemption Account of the Bond Fund shall be applied, at the written direction of the Organization, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the applicable Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date. Any amounts deposited in the applicable Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held in accordance with Article X) shall be transferred to the applicable Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in this subsection, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under this Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the applicable Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In connection with purchases of Bonds out of the Bond Fund as provided in this Section, the Organization 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 Organization. The payment of the purchase price shall be made out of the moneys deposited in the applicable Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the applicable Interest Account of the Bond Fund.

(d) 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 Compliance Agreement and Section 5.08) (i) in the applicable Account of the Bond Fund pursuant to Section 5.02(i) or in the applicable Redemption Account of the Bond Fund pursuant to the first sentence of Section 5.02(g), which shall be kept segregated from any other moneys within such Account, or (ii) in the applicable account of the Bond Fund pursuant to the second sentence of Section 5.02(g).

(e) Loan payments received by the Trustee pursuant to Section 4.3 of the Loan Agreement, from the Organization or by operation of the Borrower DACA which shall be deposited in and credited, to the applicable Interest Account, the applicable Principal Account, and the applicable Sinking Fund Installment Account of the Bond Fund, as applicable.

(f) Advance loan payments received by the Trustee pursuant to Section 4.3(c) of the Loan Agreement, which shall be deposited in and credited to the applicable Redemption Account of the Bond Fund.

(g) Any amounts transferred from the Earnings Fund pursuant to Section 5.07(b), which shall be deposited in and credited to the Interest Account of the Bond Fund pro-rata.

(h) The excess amounts referred to in Section 5.06(d), which shall be deposited in and credited to the Interest Account of the Bond Fund.

(i) Any amounts transferred from the applicable Redemption Account pursuant to Section 5.06(h), which shall be deposited to the applicable Interest Account, the applicable Principal Account and the applicable Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes.

(j) Amounts in the Renewal Fund required by Section 5.04 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 Compliance Agreement and Section 5.08) to the Redemption Account of the Bond Fund pursuant to Section 5.04(g).

(k) All other receipts when and if required by the Loan Agreement or by this Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in Section 8.03) to the Redemption Account of the Bond Fund.

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 Interest Account in the Bond Fund the interest due on the Bonds, and (ii) further pay out of the applicable Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Bonds.

(b) The Trustee shall on each principal payment date on the Bonds pay or cause to be paid to the respective Paying Agents therefor out of the applicable Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than such as shall be due

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(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 Organization 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 applicable Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to Section 5.06(d) or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the applicable 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 Organization 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 Organization indicating whether or not and to what extent the provisions of this Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) Moneys in the applicable 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 applicable Interest Account, to the applicable Principal Account or to the applicable 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, or any other special fund (other than the Reserve Fund, the Rebate Fund or the Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by Journal entry indicate the Fund source of the income or earnings.

(b) On the first Business Day following each Computation Period (as defined in the Tax Compliance 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 Organization pursuant to the Tax Compliance Agreement. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Organization in accordance with the Tax Compliance Agreement.

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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 Organization shall deliver to the Trustee a certificate of an Authorized Representative of the Organization 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 Compliance Agreement, (y) the proceeds of the 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 Bonds have been invested in the Yield on which (calculated as set forth in the Tax Compliance Agreement) does not exceed the Yield on such Bonds (calculated as set forth in the Tax Compliance Agreement). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by this Section shall be deposited in the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, and thereafter in the applicable Interest Account of the Bond Fund.

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 Compliance Agreement) from an Authorized Representative of the Organization, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Compliance Agreement), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 3.2(f) of the Loan Agreement or the restoration of the Facility pursuant to Section 5.04, 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 Organization. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Organization 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 Organization, shall withdraw such excess amount and deposit it in the Series 2023A Project Account of the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, or, after the completion of the Project, deposit it in the Series 2023A Interest Account of the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Organization, 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

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July 1, September 1, November 1, January 1, March 1 and May 1, commencing immediately succeeding the date of receipt by the Organization from the Trustee of notice of such withdrawal or deficiency.

(e) The Trustee shall transfer the amounts on deposit in the Series 2023B Bonds Account of the Reserve Fund to the Series 2023A Bonds Account of the Reserve Funds upon final maturity of the Series 2023B Bonds. On the final maturity date of the Bonds, any moneys on deposit in the Reserve Fund may be used to pay the principal of and interest on the Bonds on such final maturity date. In addition, if the principal of all the Bonds shall become due and payable, whether by maturity, by redemption or otherwise, the Trustee shall transfer from the Reserve Fund and deposit into the Bond Fund any balance remaining in the account in the Reserve Fund.

(f) Semiannually, at least fifteen (15) Business Days prior to each Interest Payment Date, the amounts in the Reserve Fund shall be valued by the Trustee as provided in Section 5.12(e) hereof.

(i) In the event that on such date with respect to the Series 2023A Bonds, the amount in the applicable accounts of the Bond Fund shall be less than the amount required for payment of interest on and principal of such Series 2023A Bonds (including payment of sinking fund redemption amounts, if any) due and payable on such Bond Payment Date, the Trustee shall, (1) transfer from the Series 2023A Bonds Account of the Reserve Fund to the Series 2023A Interest Account, Series 2023A Principal Account and Series 2023A Sinking Fund Installment Account of the Bond Fund such amount as will increase the balance in such accounts of the Bond Fund to an amount sufficient to make such payment and (2) immediately notify the Issuer and the Institution of such transfer. In the event that after making the transfers set forth above, if the balance on deposit in such accounts of the Bond Fund remains insufficient to make the payments due on the Series 2023A Bonds, after making the transfer set forth in Section 5.09(ii) immediately below, the Trustee shall transfer amounts on deposit in the Series 2023B Bonds Account of the Reserve Fund to the Series 2023A Interest Account, Series 2023A Principal Account and Series 2023A Sinking Fund Installment Account of the Bond Fund in an amount sufficient to make the payment due on the Series 2023A Bonds.

(ii) In the event that on such date with respect to the Series 2023B Bonds, the amount in the applicable accounts of the Bond Fund shall be less than the amount required for payment of interest on and principal of such Series 2023B Bonds (including payment of sinking fund redemption amounts, if any) due and payable on such Bond Payment Date, the Trustee shall, (1) transfer from the Series 2023B Bonds Account of the Reserve Fund to the Series 2023B Interest Account, Series 2023B Principal Account and Series 2023B Sinking Fund Installment Account of the Bond Fund such amount as will increase the balance in the Series 2023B Bonds Account of the Bond Fund to an amount sufficient to make such payment and (2) immediately notify the Issuer and the Institution of such transfer. The Trustee is prohibited from using any amounts on deposit in the Series 2023A Bonds Account of the Reserve Fund to make payments on the Series 2023B Bonds.

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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 Initial Bonds as of the date of such payment and (ii) notwithstanding the provisions of Article X, not later than thirty (30) days after the date on which all Initial Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

Section 5.09. Reserve Fund. (a)(1) On the Closing Date for the Initial Bonds, the Trustee shall deposit (i) proceeds of the Series 2023A Bonds in an amount equal to the Reserve Fund Requirement with respect to the Series 2023A Bonds into the Reserve Fund Series 2023A Bonds Account and (ii) proceeds of the Series 2023B Bonds in an amount equal to the Reserve Fund Requirement with respect to the Series 2023B Bonds into the Reserve Fund Series 2023B Bonds Account. In addition, there shall be credited to the Reserve Fund: (a) loan repayments under the Loan Agreement to be deposited thereto; and (b) amounts transferred from the Bond Fund.

(2) Upon the issuance of any Additional Bonds, the Trustee shall deposit an amount equal to the Reserve Fund Requirement relating to such Additional Bonds into the Reserve Fund.

(b) If, on any Bond Payment Date, the amount on deposit in the applicable accounts of the Bond Fund, subsequent to the receipt of all payments pursuant to the Loan Agreement and the Borrower DACA, is not sufficient to pay the principal and/or interest due on such Bond Payment Date with respect to any Bonds then Outstanding, the Trustee shall, transfer from the applicable account of the Reserve Fund and deposit into the applicable account of the Bond Fund an amount of money sufficient, when added to the amounts then on deposit in such account of the Bond Fund and available to make the Debt Service Payments coming due on such Series of Bonds on such Bond Payment Date, to enable the Trustee to make all such Debt Service Payments coming due on such Series of Bonds on such Bond Payment Date.

(c) Moneys on deposit in the Reserve Fund will be invested, pending application, in Qualified Investments pursuant to the Indenture and the earnings credited to the applicable Interest Account of the Bond Fund. On the seventh (7th) Business Day prior to each Interest Payment Date during the term of the Bonds, the Trustee shall ensure that any investment earnings on moneys on deposit in the Reserve Fund have been transferred to the applicable Interest Account of the Bond Fund and shall be credited to the Organization's obligation to make loan repayments under the Loan Agreement. Amounts on deposit in the Reserve Fund shall at all times consist of cash and/or Qualified Investments and at no time shall the Organization, the Trustee or the Issuer deposit or cause to be deposited in the Reserve Fund any insurance policy, surety bond, letter of credit or similar instrument in lieu of or in partial substitution for cash or Qualified Investments on deposit in the Reserve Fund.

(d) The Trustee shall notify the Organization in writing of any withdrawal from the Reserve Fund, or any deficiency in the amounts required to be on deposit to the credit of the Reserve Fund determined upon the semiannual valuation thereof. Pursuant to Section 4.3 of the Loan Agreement, the Organization has agreed to replenish any withdrawal from, or deficiency in, the Reserve Fund over a twelve (12) month period in bi-monthly payments, each such payment to be in an amount equal to one-sixth (1/6) of the amount of the deficiency, payable on

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(g) The Trustee shall notify the Organization in writing of any deficiency in the amounts required to be on deposit in the Reserve Fund.

Section 5.10. Reserved.

Section 5.11. Transfer to Rebate Fund. The Trustee shall have no obligation under this Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Organization to make such transfer.

Section 5.12. Investment of Funds and Accounts. (a) Amounts in any Fund or Account established under this Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof. Any investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. In particular, unexpended Bond proceeds transferred from the Project Fund (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund) to the applicable Redemption Account of the Bond Fund pursuant to Section 5.02(f) may not be invested at a Yield (as defined in the Tax Compliance Agreement) which is greater than the Yield on the applicable Series of Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Organization; 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 Compliance Agreement. Any investment hereunder shall be made in accordance with the Tax Compliance Agreement, and the Organization 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 Bond Fund with respect to amounts held in the Reserve Fund, as set forth in Section 5.09(c) and (iv) the Earnings Fund with respect to the investment of amounts held in any other Fund.

(b) At the written request of an Authorized Representative of the Organization no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Organization 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 Organization, 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

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be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of this Article. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with this Section 5.12(c). As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Organization.

(d) Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with this Indenture. The investments authorized by this Section 5.09 shall at all times be subject to the provisions of applicable law, as amended from time to time.

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

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

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

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

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

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

No brokerage confirmations will be provided by the Trustee for so long as the Trustee provides periodic statements to the Issuer and the Organization that include investment activity.

Section 5.13. Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions of this Indenture, if on any Interest Payment Date or redemption date the amounts held in the Funds established under this Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Organization. Upon receipt of written instructions from an Authorized Representative of the Organization

directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture.

Section 5.14. Repayment to the Organization from the Funds. After payment in full of the Bonds (in accordance with Article X) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid hereunder and under each of the Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the Federal government pursuant to this Indenture and the Tax Compliance Agreement, all amounts remaining in any Fund shall be paid to the Organization upon the expiration or sooner termination of the term of the Loan Agreement as provided in Section 4.3(g) of the Loan Agreement.

Section 5.15. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Compliance Agreement or this Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Organization. After the payment of such unclaimed moneys to the Organization, the Holder of such Bond shall thereafter look only to the Organization for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

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ARTICLE VI

REDEMPTION OF BONDS

Section 6.01. Privilege of Redemption and Redemption Price. Bonds or portions thereof subject to redemption prior to maturity shall be redeemable, upon mailed notice as provided in this Article, at the times, at the Redemption Prices and upon such terms in addition to and consistent with the terms contained in this Article as shall be specified in this Indenture and in said Bonds.

Section 6.02. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Section 6.03. Notice of Redemption. When redemption of any Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact

person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to at least two (2) of the national information services that disseminate redemption notices. The Trustee shall call Series 2023A Bonds for redemption as provided in Section 2.03(f) hereof as soon as practicable (but in no event more than one hundred twenty (120) days following the date the Trustee is notified of Event of Taxability pursuant to Section 2.03(f) hereof without the need for further direction from the Issuer or the Organization. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any redemption date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

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

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

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

Section 6.04. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(a) Payment of the Redemption Price plus interest accrued to the redemption date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the date of redemption, direct that payments of Redemption Price and accrued interest to the date of redemption be made by wire transfer as soon as practicable after tender of the Bonds in Federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

Section 6.05. Cancellation of Redeemed Bonds. All Bonds redeemed in full under the provisions of this Article, shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any paid portion of a Bond.

(a) If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.

Section 6.06. No Partial Redemption After Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an

Event of Default hereunder, there shall be no redemption of less than all of the Bonds Outstanding.

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ARTICLE VII

PARTICULAR COVENANTS

Section 7.01. Payment of Principal and Interest. The Issuer covenants that it will from the sources herein contemplated promptly pay or cause to be paid the principal of, Sinking Fund Installments for, Purchase Price, and interest on the Bonds, and the Redemption Price, if any, together with interest accrued thereon to the date of redemption, at the place, on the dates and in the manner provided in this Indenture and in the Bonds according to the true intent and meaning thereof.

Section 7.02. Performance of Covenants Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Organization pursuant to the Loan Agreement and the Promissory Note, to assign the Loan Agreement and the Promissory Note, and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Section 7.03. Books and Records; Certificate as to Defaults. The Issuer and the Trustee each covenant and agree that, so long as any of the Bonds shall remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facility, and that the Holders of any of the Bonds shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer and the Organization to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the Issuer's obligations under this Section 7.03. Within thirty (30) days after receiving the certificate from the Organization as provided in Section 7.24(b) of the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement were applied by it to the payment of the principal or Redemption Price, if any, of, Purchase Price, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture and that the Trustee has no knowledge of any defaults under this Indenture or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Upon reasonable written request, the Trustee shall make available to the Organization for its inspection during normal business hours, its records with respect to the Project and the Facility.

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The Trustee agrees that, upon the written request of the Issuer or the Organization, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

Section 7.04. Loan Agreement. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Organization under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is hereby granted the right, to the extent provided therefor in this Section 7.04 and subject to the provisions of Section 9.02, to enforce all rights of the Issuer and all obligations of the Organization under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. Subject to Section 9.02 hereof, the Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement (including, without limitation, Sections 3.5, 5.3 and 7.9 thereof) upon compliance or noncompliance by the Organization and the Issuer with the provisions of the Loan Agreement relating to the same.

Section 7.05. Creation of Liens; Indebtedness. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the School's leasehold interest under the Lease of the Facility (subject only to Permitted Encumbrances). The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by this Indenture and the other Security Documents.

Section 7.06. Ownership; Instruments of Further Assurance. Subject to Section 9.02 hereof, the Trustee on behalf of the Organization, subject to Section 7.04 and upon the written direction of any Bondholder, shall defend the interest of the Organization in the Facility and every part thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described herein and in the remainder of the Trust Estate, subject to the liens, pledge and security interests of this Indenture and of the other Security Documents, and the loan payments, revenues and receipts pledged hereby to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien, pledge and security interest hereof and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien, pledge and security interest of this Indenture and of the other Security Documents as fully and completely as though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

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Section 7.07. Security Agreements: Recording and Filing. (a) This Indenture constitutes a "security agreement" within the meaning of the New York State Uniform Commercial Code-Secured Transactions. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement at the direction of the Issuer in the office of the Secretary of State of the State in the City of Albany, New York, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing recordation and filings, this Indenture shall be re-recorded and re-indexed, and financing and continuation statements shall be filed and re-filed, by the Trustee whenever in the Opinion of Counsel to the Organization (which opinion shall be reasonably acceptable to and addressed to the Trustee) such action is necessary to preserve the lien and security interest hereof. Any such re-recordings, re-indexings, filings or re-filings shall be prepared by the Organization and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by any fees or requisite charges and the Opinion of Counsel referred to above. The Trustee will thereupon effect any such filings and re-filings of financing and continuation statements in said office of the Secretary of State, and promptly notify the Organization of any such filings.

(b) The Issuer and the Trustee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code-Secured Transactions provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public financed transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code-Secured Transactions defines a public-finance transaction as a secured transaction in connection with which, in substance, (x) bonds are issued, (y) all or a portion of the bonds have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party or assignee with respect to the collateral or secured obligation is a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

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(e) The Trustee acknowledges and agrees (on behalf of itself and the Bondholders) that neither the Issuer, nor any of its directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Organization.

Section 7.08. Issuer Tax Covenant. The Issuer covenants that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Organization or the Trustee, that would cause the interest on the Tax-Exempt Bonds to become includable in gross income for Federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

Subsequent to the foregoing recordation and filings, if in the Opinion of Counsel to the Organization (described hereinbelow), to preserve (after the thirtieth (30th) anniversary of the Closing Date) the lien and security interest of this Indenture, it is necessary to re-record and/or re-index documents, re-file financing statements and/or file continuation statements and/or take any other actions (individually or collectively, the "Continuation Action(s)"), then, the Organization in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Organization as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Organization. In the event the Organization chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)" hereinabove, the Trustee shall reasonably promptly perform such Continuation Actions at the Organization's sole expense. The Organization shall perform the obligations described hereinabove in clauses "(A)" and "(B)" no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of this Indenture.

The Opinion of Counsel to the Organization shall be addressed to the Organization, the Issuer and the Trustee. Counsel shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year period thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Organization, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Organization, or (ii) the Organization through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Organization as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Organization, the School, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of this Indenture are to be subjected to the lien and security interest of this Indenture.

(d) Any filings with respect to Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of Uniform Commercial Code financing statements.

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ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

Section 8.01. Events of Default: Acceleration of Due Date. (a) Each of the following events is hereby defined as and shall constitute an "Event of Default":

(1) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(2) Failure in the payment of the principal or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption thereof or otherwise;

(3) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or hereunder on its part to be performed (except as set forth in Section 8.01(a)(1) or (2)) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Organization 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 Organization 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 (1) the occurrence of an Event of Default under Section 8.01(a)(1) or (2) hereof, the Trustee shall, or (2) the occurrence of an Event of Default under Section 8.01(a)(3) or (4) hereof and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Majority Holders, the Trustee shall, by notice in writing delivered to the Organization, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement and thereupon the principal of the Bonds then Outstanding and the interest accrued thereon shall become immediately due and payable, and interest shall continue to accrue thereon until the date of payment.

(c) If there shall occur an Event of Default under Section 8.1(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

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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 Majority Holders 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 Organization's interest in the Facility shall not have been sold or relet or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(e) Pursuant to the Loan Agreement, the Issuer has granted to the Organization 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 Organization to constitute a default hereunder, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Organization as performance by the Issuer.

Section 8.02. Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Majority Holders shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under this Indenture, 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, Purchase Price, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings

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shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(B) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(A).

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 8.01, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04. Actions by Trustee. All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Holders of the Outstanding Bonds.

Section 8.05. Majority Holders Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the

under this Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in this Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Organization 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 Majority Holders and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Section 8.03. Application of Revenues and Other Moneys After Default.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available

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method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06. Individual Bondholder Action Restricted. (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provisions of this Indenture or of any other Security Document or the execution of any trust under this Indenture or for any remedy under this Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in this Article, and the Majority Holders shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in this Indenture or in such other Security Document or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and, subject to the provisions of Section 8.03, be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in this Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 8.07. Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Organization, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 8.08. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

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Section 8.09. Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Section 8.10. Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Organization by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

Section 8.11. Waivers of Default. The Trustee shall waive any default hereunder and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Organization, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

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this Indenture or under any other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

(c) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Organization, the Issuer or any Bondholder.

(d) The Trustee shall not be liable or responsible for the failure of the Organization or the School to effect or maintain insurance on the Facility as provided in the Lease Agreement, the Mortgage or the Loan Agreement nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Organization, the Trustee or any other Person.

(e) The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it by Section 7.07 at the expense of the Organization.

(f) The Trustee shall on the same date as it shall render the statement required of it by Section 7.03, make annual reports to the Issuer and the Organization of all moneys received and expended during the preceding year by it under this Indenture and of any Event of Default known to it under the Loan Agreement or this Indenture or under any other Security Document.

(g) With respect to the Tax Compliance Agreement, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action required to be taken thereunder except upon the receipt of a written certificate of direction of an Authorized Representative of the Organization delivered to the Trustee in accordance with the terms of the Tax Compliance Agreement. Notwithstanding any provision of the Tax Compliance Agreement or any other Security Document, nothing in the Tax Compliance Agreement, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Compliance Agreement to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Organization.

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ARTICLE IX

TRUSTEE, BOND REGISTRAR AND PAYING AGENTS

Section 9.01. Appointment and Acceptance of Duties of Trustee. The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

Section 9.02. Indemnity of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Section 9.03. Responsibilities of Trustee. (a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of this Indenture or any other document or instrument whatsoever except as otherwise provided in Section 7.07. The recitals, statements and representations contained in this Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing, refiling, recording and re-recording as contained in Section 7.07.

(b) The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under this Indenture or the Tax Compliance Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with this Indenture or the Tax Compliance Agreement or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under

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Section 9.04. Compensation of Trustee, Bond Registrar and Paying Agents. The Trustee, the Bond Registrar and the Paying Agents shall be entitled to receive and collect from the Organization as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered hereunder and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or the Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under Section 5.13, 6.04 or Article X) for the foregoing advances, fees, costs and expenses incurred.

Section 9.05. Evidence on Which Trustee May Act. (a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

(b) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or, at the sole cost and expense of the Organization, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Organization), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Section 9.06. Trustee and Paying Agents May Deal in Bonds. Any national banking association, bank or trust company acting as a Trustee or Paying Agent and its respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

Section 9.07. Resignation or Removal of Trustee. The Trustee may resign and thereby become discharged from the trusts created under this Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Organization and to the Holders of all Bonds not less than thirty (30) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

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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 Organization. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to this Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the "Trust Corpus").

Section 9.08. Successor Trustee. (a) If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the Organization 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 Organization 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 forty-five (45) days of such vacancy or notice of resignation, the Majority Holders, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.08, within sixty (60) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Organization 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.

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acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.

(b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee, and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital stock and surplus aggregating at least \$40,000,000, having an investment grade rating of at least "Baa3" or "P-3", and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.

(c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 9.10. Appointment of Co-Trustee. (a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered

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(c) Any Trustee appointed under this Section shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than \$100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".

(d) Any predecessor Trustee shall transfer to any successor Trustee appointed under this Section as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.

(e) Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Section 9.09. Paying Agents. (a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written

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by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

ARTICLE X

DISCHARGE OF INDENTURE; DEFEASANCE

Section 10.01. Defeasance. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in this Indenture, and all fees and expenses and other amounts due and payable under this Indenture and the Loan Agreement, and any other amounts required to be rebated to the Federal government pursuant to the Tax Compliance Agreement or this Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under this Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security hereunder, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of this Indenture and of the Mortgage and execute and deliver to the Organization 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 Organization or on its order all moneys or securities held by them pursuant to this Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the Federal government under the Tax Compliance Agreement or this Indenture.

(b) Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of this Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the

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ARTICLE XI

AMENDMENTS OF INDENTURE

Section 11.01. Limitation on Modifications. This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article.

Section 11.02. Supplemental Indentures Without Bondholders' Consent. (a) The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

- (1) To cure any formal defect, omission or ambiguity in this Indenture or in any description of property subject to the lien hereof, if such action is not materially adverse to the interests of the Bondholders.
- (2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect.
- (3) To add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.
- (4) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.
- (5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.
- (6) To modify or amend such provisions of this Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Tax-Exempt Bonds not be includable in gross income for Federal income tax purposes.
- (7) To issue Additional Bonds in accordance with the terms hereof.
- (8) To effect any other change herein which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.
- (9) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or

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Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date.

Section 10.02. Defeasance Opinion and Verification. Prior to any defeasance becoming effective as provided in Section 10.01(b), there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Section 10.03. No Limitation of Rights of Holders. No provision of this Article X, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds under Section 3.06, 3.07 or 3.09 until such Bonds shall have been paid in full.

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to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Section 11.03. Supplemental Indentures With Bondholders' Consent. (a) Subject to the terms and provisions contained in this Article, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption (except as provided in Section 2.03(a)) or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 11.03(a), without, in the case of items (i) through and including (v) of this Section 11.03(a), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

(b) If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

(c) Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms. Each valid consent shall be effective only if accompanied by proof of

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the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with this Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

Section 11.04. Supplemental Indenture Part of this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 11.02 or 11.03.

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briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee's own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

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ARTICLE XII

AMENDMENTS OF RELATED SECURITY DOCUMENTS

Section 12.01. Rights of Organization. Anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to Article XI which materially and adversely affects any rights, powers and authority of the Organization under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Organization shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Organization.

Section 12.02. Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; and (vi) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Section 12.03. Amendments of Related Security Documents Requiring Consent of Bondholders. Except as provided in Section 12.02, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured as in Section 11.03 set forth; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Organization to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Note, or (ii) the Tax Compliance 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 of the Tax-Exempt Bonds to become includable in gross income for Federal income tax purposes. If at any time the Organization shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in Article XI with respect to Supplemental Indentures. Such notice shall

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ARTICLE XIII

MISCELLANEOUS

Section 13.01. Evidence of Signature of Bondholders and Ownership of Bonds. (a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.

(c) Except as otherwise provided in Section 11.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

Section 13.02. Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the Organization or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

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- (1) If to the Issuer, to

Nassau County Local Economic Assistance Corporation
One West Street, 4th Floor
Mineola, NY 11501
Attention: Chairman

with a copy to

Harris Beach PLLC
Uniondale Office
333 Earle Ovington Blvd
Suite 901
Uniondale, NY 11553
Attention: Andrew Konomi, Esq.

- (2) If to the Organization:

Friends of Roosevelt Children's Academy Charter School, Inc.
c/o The Roosevelt Children's Academy Charter School
201 Debevoise Ave.
Roosevelt, New York 11575
Attention: Philip Leconte, COO

with a copy to:

Cohen Schneider Law, P.C.,
275 Madison Ave.
New York, NY 10016
Attention: Chit S. Schneider, Esq.

- (3) If to the Trustee:

U.S. Bank Trust Company, National Association
Corporate Trust Services
100 Wall Street, 6th Floor
New York, NY 10005
Attention: Deborah Todak

with a copy to:

Paparoni Law
30 Broad Street, 14th Floor, #1482
New York, NY 10004
Attention: Melissa Paparoni, Esq.

The Issuer, the Organization and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 13.03. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Organization, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Organization, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds.

Section 13.04. Partial Invalidity. If any one or more of the provisions of this Indenture or of the Bonds shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as of such illegal or invalid provision had not been contained herein.

Section 13.05. Effective Date; Counterparts. The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06. Laws Governing Indenture. This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State, without regard to giving effect to the principles of conflicts of laws thereof.

Section 13.07. No Pecuniary Liability of Agency or Members; No Debt of the State or the City. Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State of New York or the Nassau County and neither the State of New York nor Nassau County 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 payable by the Issuer solely from the loan payments, revenues and receipts derived from or in connection with the Facility pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in the Mortgage, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan

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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, rental income and other moneys held or derived from or in connection with the Facility and pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. Neither the Bonds, the interest thereon, the Sinking Fund Installments therefor, nor the Redemption Price thereof shall ever constitute a debt of the State of New York or of Nassau County and neither the State of New York nor the Nassau County shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

Section 13.08. Priority of Indenture Over Liens. This Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Indenture and the Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Facility subsequent to the recordation thereof. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvements and that the Issuer will apply the same first to the payment of the costs of improvements before using any part of the total of the same for any other purpose.

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and behalf by its Authorized Representative, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf by one of its duly authorized trust officers, all as of the day and year first hereinabove written.

NASSAU COUNTY LOCAL
ECONOMIC ASSISTANCE
CORPORATION

BY:

Sheldon L. Shrenkel
Chief Executive Officer/Executive Director

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

BY:

Deborah Todak
Vice President

STATE OF NEW YORK)
 : ss.
COUNTY OF NASSAU)

On the ____ day of May, of the year two thousand and twenty-three, before me, the undersigned, personally appeared Sheldon L. Shrenkel known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
 : ss.
COUNTY OF _____)

APPENDICES

On the ____ day of May, of the year two thousand and twenty-three, before me, the undersigned, personally appeared Deborah Todak, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

Notary Public

EXHIBIT A

DESCRIPTION OF THE LAND

EXHIBIT A

DESCRIPTION OF THE LAND

EXHIBIT B

[RESERVED]

EXHIBIT C

FORM OF FULLY REGISTERED INITIAL BOND

FORM OF SERIES 2023A BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK LIMITED PURPOSE TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF NASSAU COUNTY, AND NEITHER THE STATE OF NEW YORK NOR NASSAU COUNTY SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
EDUCATIONAL REVENUE BOND
(FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. -
ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT),
SERIES 2023A

NO.: AR-_____ PRINCIPAL AMOUNT: \$ _____

INTEREST RATE: _____ per annum MATURITY DATE: _____

DATED DATE: May __, 2023 CUSIP NO: _____

Promise to Pay. Nassau County Local Economic Assistance Corporation (the "Issuer"), a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State"), for value received, hereby promises to pay, solely from the sources hereinafter described, to CEDE & CO., and its registered successors or assigns, on the Maturity Date identified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount set forth above (subject to reduction as hereinafter provided) and

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interest thereon (computed on the basis of a 360-day year composed of twelve 30-day months) from the Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid, to the Maturity Date identified above (or such earlier date on which the principal hereof has been paid or duly provided for), at the Interest Rate identified above, on the first days of January and July of each year (each an "Interest Payment Date"), commencing July 1, 2023.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank Trust Company, National Association in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

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

Method of Currency. The principal of, Sinking Fund Installments for, Redemption Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

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Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Nassau County Local Economic Assistance Corporation Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A" issued in the aggregate principal amount of \$31,315,000 (hereinafter called the "Series 2023A Bonds"). The Issuer is, simultaneously with the issuance of the Series 2023A Bonds, issuing a series of bonds designated as "Nassau County Local Economic Assistance Corporation Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable)" issued in the aggregate principal amount of \$685,000 (hereinafter called the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Initial Bonds"). The Initial Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and a resolution adopted by the members of the Issuer on June 30, 2022 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of Closing Date (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of financing the cost of (i) the construction of an approximately 50,787 square-foot educational facility which will include a four-story building with a one-level parking garage and a two-story building with a one-level parking garage, and an athletic field, all to be operated as a charter school and located on the Land, (ii) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other tangible personal property, (iii) the funding of a portion of the interest to become due on the Initial Bonds, (iv) the funding of a Reserve Fund for the Initial Bonds, and (v) the financing of certain costs incurred in connection with the issuance of the Initial Bonds (collectively, the "Project"). The Facility is subject to a certain Agreement of Lease, dated the Closing Date, (as the same may be amended or supplemented, the "Lease Agreement"), by and between Friends of Roosevelt Children's Academy Charter School, Inc. (the "Organization"), as landlord, and the Roosevelt Children's Academy Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York (the "School"). In order to finance the costs of the Project, the Issuer has made a loan to the Organization of the proceeds of the Initial Bonds in the original amount pursuant to a certain Loan Agreement, dated as of May 1, 2023, between the Issuer and the Organization (as the same may be amended or supplemented, the "Loan Agreement"), and the Organization has executed a certain Promissory Note dated the date of original issuance of the Initial Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Organization's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Organization of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Initial Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note and the Mortgage and the Assignment of Mortgage (hereinafter referred to) are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Initial Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Initial Bonds, the rights and remedies of the holders of the

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Initial Bonds, and the rights, duties and obligations of the Issuer, the Organization and the Trustee.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions set forth in the Indenture, a series of additional bonds ("Additional Bonds"; and together with the Initial Bonds, the "Bonds") may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption) or refunding Series 2023 Bonds (to the extent that such Bonds shall be subject to earlier redemption). All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

Pledge and Security. The Bonds are issued under and are equally and ratably secured by the Indenture except as expressly set forth therein. The Indenture grants the Trustee a first security interest in all right, title and interest in and to the Trust Revenues (as defined in the Indenture), including, without limitation, all rights to receive loan repayments made or to be made by or on behalf of the Organization under the Loan Agreement (except payments made with respect to the Issuer's Reserved Rights) and the Promissory Note sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due. The Bonds are also secured by mortgage liens on and security interests in the Organization's fee title in and to the Facility, and an assignment of leases and rents, pursuant to a Mortgage and Security Agreement and Assignment of Leases and Rents (Project Loan) and a Mortgage and Security Agreement and Assignment of Leases and Rents (Building Loan), each dated as of May 10, 2023, and each from the Organization to the Issuer (as each of the same may hereafter be amended or supplemented, collectively the "Mortgage"), which Mortgage will be assigned by the Issuer to the Trustee pursuant to an Assignment of Mortgage dated as of May 10, 2023 (the "Assignment of Mortgage") from the Issuer to the Trustee.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF NASSAU COUNTY, AND NEITHER THE STATE OF NEW YORK NOR NASSAU COUNTY SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

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event giving rise to such redemption, the Organization has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(b) **Mandatory Sinking Fund Installment Redemption.** The Series 2023A Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment

(c) **Mandatory Redemption from Excess Proceeds and Certain Other Amounts.** The Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture, or

(ii) excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility,

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

(d) **Mandatory Redemption Upon Failure to Operate the Facility for Approved Project Operations, Material Violation of Material Legal Requirements or Failure to Maintain Liability Insurance.** The Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (x) the Organization 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, or (y) the Organization has committed a material violation of a material Legal Requirement, or (ii) the Organization shall fail to obtain or maintain the public liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Organization 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 Organization of written notice of such default or failure from the Issuer and a demand by the Issuer on the Organization to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this

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Redemption of Bonds. (A) **General Optional Redemption.** (a) The Series 2023A Bonds shall be subject to redemption, on or after July 1, 2033, in whole at any time or in part on any Interest Payment Date (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Organization of its intention to prepay loan payments due under the Loan Agreement), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2023A Bonds to be redeemed, plus accrued interest to the date of redemption.

(a) **Extraordinary Redemption.** The Bonds are also subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Organization (which option shall be exercised only upon the giving of notice by the Organization 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 Organization 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 Organization 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 Organization, 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 Organization by reason of the operation of the Facility.

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Organization shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Organization stating that, as a result of the occurrence of the

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Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

(c) **Mandatory Redemption Upon Event of Taxability.** The Series 2023A Bonds shall be redeemed in whole as soon as practicable after the occurrence of an Event of Taxability and the receipt by the Trustee of written notice from any Holder or the Organization of the occurrence of an Event of Taxability (but in no event later than one hundred twenty (120) days following the date the Trustee is notified of an Event of Taxability pursuant to this subsection) at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

As used in this Series 2023A Bond:

(1) "Event of Taxability" means

(A) a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Organization shall consent or from which no timely appeal shall be taken to the effect that interest on the Series 2023A Bonds is includible in the gross income of the owner thereof for Federal income tax purposes; or

(B) the delivery to the Organization and to the Issuer of an opinion of Bond Counsel (reasonably satisfactory to the Organization) to the effect that interest on the Series 2023A Bonds is includible in the gross income of the owner thereof for Federal income tax purposes.

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- (2) "Tax Incidence Date" means the date from which the interest on this Series 2023A Bond is deemed to be includible in the gross income of the owner of this Series 2023A Bond by virtue of an Event of Taxability.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Organization, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

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Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

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In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Organization but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, Purchase Price, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

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IN WITNESS WHEREOF, Nassau County Local Economic Assistance Corporation has caused this Bond to be duly executed in its name by the manual or facsimile signature of its Chair or Vice Chair, all as of the Dated Date identified above.

NASSAU COUNTY LOCAL ECONOMIC
ASSISTANCE CORPORATION

BY: _____
Chief Executive Officer/Executive Director

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(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the Issue described in the within-mentioned Indenture.

U.S. Bank Trust Company, National Association
as Trustee

By _____
Authorized Signatory

Date of Authentication: _____

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(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____
Attorney to transfer such bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment
must correspond with the name as it appears
on the face of the within bond in every
particular, without alteration or enlargement
or any change whatever.

SIGNATURE GUARANTEED
MEDALLION GUARANTEED

Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee by (must be by a
member of the Stock Exchange
Medallion Program or the New York
Stock Exchange, Inc. Signature
Program in accordance with Securities
and Exchange Commission Rule
17Ad-15)]

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FORM OF FULLY REGISTERED INITIAL BOND

FORM OF SERIES 2023B BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK LIMITED PURPOSE TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF NASSAU COUNTY, AND NEITHER THE STATE OF NEW YORK NOR NASSAU COUNTY SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
EDUCATIONAL REVENUE BOND
(FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. -
ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT),
SERIES 2023B (TAXABLE)

NO.: BR-_____ PRINCIPAL AMOUNT: \$ _____

INTEREST RATE: _____ per annum MATURITY DATE: _____

DATED DATE: May __, 2023 CUSIP NO: _____

Promise to Pay. Nassau County Local Economic Assistance Corporation (the "Issuer"), a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State"), for value received, hereby promises to pay, solely from the sources hereinafter described, to CEDE & CO., and its registered successors or assigns, on the Maturity Date identified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount set forth above (subject to reduction as hereinafter provided) and interest thereon (computed on the basis of a 360-day year composed of twelve 30-day months) from the Dated Date set forth above, or from the most recent Interest Payment Date (as

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hereinafter defined) to which interest has been paid, to the Maturity Date identified above (or such earlier date on which the principal hereof has been paid or duly provided for), at the Interest Rate identified above, on the first days of January and July of each year (each an "Interest Payment Date"), commencing July 1, 2023.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank Trust Company, National Association in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

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

Method of Currency. The principal of, Sinking Fund Installments for, Redemption Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Nassau County Local Economic Assistance Corporation Educational Revenue

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Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B ("Taxable") issued in the aggregate principal amount of \$685,000 (hereinafter called the "Series 2023B Bonds"). The Issuer is, simultaneously with the issuance of the Series 2023B Bonds, issuing a series of bonds designated as "Nassau County Local Economic Assistance Corporation Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A" issued in the aggregate principal amount of \$31,315,000 (hereinafter called the "Series 2023A Bonds" and together with the Series 2023B Bonds, the "Initial Bonds"). The Initial Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and a resolution adopted by the members of the Issuer on June 30, 2022 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of Closing Date (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of financing the cost of (i) the construction of an approximately 50,787 square-foot educational facility which will include a four-story building with a one-level parking garage and a two-story building with a one-level parking garage, and an athletic field, all to be operated as a charter school and located on the Land, (ii) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other tangible personal property, (iii) the funding of a portion of the interest to become due on the Initial Bonds, (iv) the funding of a Reserve Fund for the Initial Bonds, and (v) the financing of certain costs incurred in connection with the issuance of the Initial Bonds (collectively, the "Project"). The Facility is subject to a certain Agreement of Lease, dated the Closing Date, (as the same may be amended or supplemented, the "Lease Agreement"), by and between Friends of Roosevelt Children's Academy Charter School, Inc. (the "Organization"), as landlord, and the Roosevelt Children's Academy Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York (the "School"). In order to finance the costs of the Project, the Issuer has made a loan to the Organization of the proceeds of the Initial Bonds in the original amount pursuant to a certain Loan Agreement, dated as of May 1, 2023, between the Issuer and the Organization (as the same may be amended or supplemented, the "Loan Agreement"), and the Organization has executed a certain Promissory Note dated the date of original issuance of the Initial Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Organization's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Organization of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of Sinking Fund Installments for, and interest on the Initial Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note and the Mortgage and the Assignment of Mortgage (hereinafter referred to) are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Initial Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Initial Bonds, the rights and remedies of the holders of the Initial Bonds, and the rights, duties and obligations of the Issuer, the Organization and the Trustee.

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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 Organization 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 Organization 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 Organization, 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 Organization by reason of the operation of the Facility.

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

(c) Mandatory Sinking Fund Installment Redemption. The Series 2023B Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment

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Additional Bonds. As provided in the Indenture, upon satisfying certain conditions set forth in the Indenture, a series of additional bonds ("Additional Bonds"; and together with the Initial Bonds, the "Bonds") may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

Pledge and Security. The Bonds are issued under and are equally and ratably secured by the Indenture except as expressly set forth therein. The Indenture grants the Trustee a first security interest in all right, title and interest in and to the Trust Revenues (as defined in the Indenture), including, without limitation, all rights to receive loan repayments made or to be made by or on behalf of the Organization under the Loan Agreement (except payments made with respect to the Issuer's Reserved Rights) and the Promissory Note sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due. The Bonds are also secured by mortgage liens on and security interests in the Organization's fee title in and to the Facility, and an assignment of leases and rents, pursuant to a Mortgage and Security Agreement and Assignment of Leases and Rents (Project Loan) and a Mortgage and Security Agreement and Assignment of Leases and Rents (Building Loan), each dated as of May 10, 2023, and each from the Organization to the Issuer (as each of the same may hereafter be amended or supplemented, collectively the "Mortgage"), which Mortgage will be assigned by the Issuer to the Trustee pursuant to an Assignment of Mortgage dated as of May 10, 2023 (the "Assignment of Mortgage") from the Issuer to the Trustee.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF NASSAU COUNTY, AND NEITHER THE STATE OF NEW YORK NOR NASSAU COUNTY SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Redemption of Bonds. (A) General Optional Redemption. (a) The Series 2023B Bonds shall not be subject to optional redemption.

(b) Extraordinary Redemption. The Bonds are also subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Organization (which option shall be exercised only upon the giving of notice by the Organization of its intention to

(d) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent

(i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture; or

(ii) excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility,

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

(e) Mandatory Redemption Upon Failure to Operate the Facility for Approved Project Operations, Material Violation of Material Legal Requirements or Failure to Maintain Liability Insurance. The Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (x) the Organization 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, or (y) the Organization has committed a material violation of a material Legal Requirement, or (ii) the Organization shall fail to obtain or maintain the public liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Organization 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 Organization of written notice of such default or failure from the Issuer and a demand by the Issuer on the Organization to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of

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optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Organization, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection

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performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

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therewith; any such expenses shall be paid by the Organization but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, Purchase Price, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been

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IN WITNESS WHEREOF, Nassau County Local Economic Assistance Corporation has caused this Bond to be duly executed in its name by the manual or facsimile signature of its Chair or Vice Chair, all as of the Dated Date identified above.

NASSAU COUNTY LOCAL ECONOMIC
ASSISTANCE CORPORATION

By: _____
Chief Executive Officer/Executive Director

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(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue described in the within-mentioned Indenture.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION
as Trustee

By _____
Authorized Signatory

Date of Authentication: _____

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint
Attorney to transfer such bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment
must correspond with the name as it appears
on the face of the within bond in every
particular, without alteration or enlargement
or any change whatever.

SIGNATURE GUARANTEED
MEDALLION GUARANTEED

Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee by (must be by
a member of the Stock Exchange
Medallion Program or the New York
Stock Exchange, Inc. Signature
Program in accordance with
Securities and Exchange
Commission Rule 17Ad-15)]

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EXHIBIT D

Form of Requisition from the Project Accounts of the Project Fund

REQUISITION NO.

TO: U.S. Bank Trust Company, National Association,
as Trustee

FROM: FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL,
INC.

Ladies and Gentlemen:

You are requested to draw from the Series _____ Project Account of the Project Fund, established by Section 5.01 of the Indenture of Trust, dated as of May 1, 2023 (the "Indenture"), between the Nassau County Local Economic Assistance Corporation (the "Issuer") and yourself, a check or checks in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

(i) I am an Authorized Representative of ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL (the "Organization");

(ii) the number of this Requisition is _____;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02 of the Indenture and under Section 3.2 of the Loan Agreement and each such item has been properly paid or incurred as an item of Project Cost;

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;

(v) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vi) each such item stated in Schedule A attached hereto is a proper charge against the Project Fund;

(vii) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

(viii) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Tax Compliance Agreement;

(ix) if the payment herein requested is a reimbursement to the Organization for costs or expenses of the Organization incurred by reason of work performed or supervised by officers or employees of the Organization or any Affiliate, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Organization and such costs or expenses will be treated by the Organization on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(x) no portion of the proceeds of the Bonds will be applied to reimburse the Organization for Project Costs paid more than sixty (60) days prior to March 9, 2017, the date the Issuer adopted its authorizing resolution for the Project, except for amounts which do not exceed twenty percent (20%) of the Project Costs financed with the proceeds of the Bonds which were applied to finance certain preliminary expenses with respect to the Project. Preliminary expenses, for purposes of this exception, include architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation of the Project. No portion of the proceeds of the Bonds will be applied to reimburse the Organization for a cost (other than preliminary expenditures) paid more than eighteen (18) months prior to the date of this requisition or the date the Facility to which the cost relates was placed in service, whichever is later. In no event shall the proceeds of the Bonds be applied to reimburse the Organization for a Project Cost paid more than three (3) years prior to the date of issuance of the Bonds, unless such cost is attributable to a preliminary expenditure, as described above;

(xi) no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Security Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(xii) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;

(xiii) each item which payment under this requisition is to be made when added to all other payments previously made from the Project Fund, will not result in less than 95% of the proceeds of the Bonds (exclusive of costs of issuance of the Bonds or any reasonably required reserve) (including any earnings thereon) being used for the acquisition, construction, reconstruction or improvement of land or property that is subject to the allowance for depreciation provided in section 167 of the Code;

(xiv) such item of cost for which payment is herein requested is chargeable to the capital account of the Facility for Federal income tax purposes, or would be so chargeable either with an election by the Organization or but for the election of the Organization to deduct the amount of such item;

(xv) none of the items being requisitioned constitute "profit" to any Entity affiliated with, or related to, the Organization; and

(xvi) the representations and warranties made by the Organization in the Security Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and

(xvii) the Trustee shall be entitled to conclusively rely on the correctness, accuracy and conformance to Section 5.02 of the Indenture as it relates to the representations and certifications of the Organization as it relates to, among other things, the bills, invoices, representations as to reimbursement and the need for notice of title continuation/endorsement of title insurance with respect to this Requisition.

Attached to this Requisition is a schedule of or a copy of bills, invoices or other documents evidencing and supporting this Requisition.

Dated: _____

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.

BY: ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL, its sole member

By _____
Authorized Representative

SCHEDULE A TO REQUISITION NO. _____

Amount	Payee (with address)	Purpose

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COVENANT AGREEMENT

among

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL,
(the "Charter School")

And

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE
CORPORATION,
(the "Issuer")

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of May 10, 2023

Relating to:

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
EDUCATIONAL REVENUE BONDS
(FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC. -
ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL PROJECT)
Consisting of
\$31,315,000 Series 2023A
\$685,000 Series 2023B (Taxable)

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COVENANT AGREEMENT

This COVENANT AGREEMENT, dated as of May 10, 2023 (this "Covenant Agreement") is made by and among ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, a New York not-for-profit education corporation and 501(c)(3) organization (the "Charter School"), NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION, a local development corporation existing under the laws of the State of New York (the "Issuer"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association (the "Trustee"), not in its individual or corporate capacity but solely as trustee under that certain Trust Indenture, dated as of May 1, 2023 (the "Indenture"), between the Trustee and the Issuer, as hereinafter defined.

WHEREAS, Nassau County Local Economic Assistance Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State"), and its successors and assigns (the "Issuer"), has agreed to issue its (a) Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A (the "Series 2023A Bonds"), in the aggregate principal amount of \$31,315,000; and (b) Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable) (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Initial Bonds"), in the aggregate principal amount of \$685,000; and

WHEREAS, the Initial Bonds and any Additional Bonds are collectively referred to herein as the "Bonds"; and

WHEREAS, the Initial Bonds will be issued by the Issuer pursuant to the terms of (i) the resolution of the governing body of the Issuer (the "Resolution") and (ii) the Indenture; and

WHEREAS, the proceeds of the Initial Bonds will be loaned by the Issuer to Friends of Roosevelt Children's Academy Charter School, Inc., a New York not-for-profit corporation (the "Institution") pursuant to a Loan Agreement, dated as of May 1, 2023 (the "Loan Agreement"); and

WHEREAS, proceeds of the Initial Bonds will be used by the Institution for the purposes of: (a) (i) the construction of a new, approximately 50,787 sq. ft. school building facility on a 0.96 acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York; and (ii) the acquisition of and installation in and around the Improvements of certain items of machinery, fixtures, equipment and other items of tangible personal property (collectively, the "Facility"); and (b) funding of a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Bonds (collectively, the "Project"); and

WHEREAS, the Facility will be owned by the Institution and leased by the Institution to the Charter School pursuant to a Lease Agreement, dated as of April 26, 2023 (the "Lease"). The term (the "Term") of the Lease is forty-eight years; and

the Annual Debt Service Requirements for any Fiscal Year for which such principal, premium, interest, or other debt service charges are payable from funds irrevocably deposited or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest, amounts held in a reserve fund, and accrued interest so deposited or set aside in trust or escrowed with the Trustee, or any Independent Person approved by the Trustee);

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

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

(5) In the case of capital or operating lease Indebtedness, only the rent charges thereunder attributable to principal of (and premium, if any) and interest on other Indebtedness of the Charter School or the Institution shall be included in the calculation of the Annual Debt Service Requirements, and rent charges attributable to the operation or maintenance of the leased facility shall be excluded from the calculation of the Annual Debt Service Requirements.

"Authorized Representative" in the case of the Institution has the meaning assigned to it in the Loan Agreement.

"Authorized Representative of the Charter School" means a person named in Exhibit A — "Authorized Representative", or any other officer or employee of the Charter School who is authorized to perform specific duties hereunder or under any other School Documents and of whom another Authorized Representative of the Charter School has given written notice to the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Covenant Agreement, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

WHEREAS, in connection with the issuance of the Initial Bonds, the Charter School will also enter into (i) the Lease, (ii) this Covenant Agreement, (iv) the Tax Compliance Agreement; and (v) the Continuing Disclosure Agreement (collectively, the "School Documents"); and

WHEREAS, the Initial Bonds were issued pursuant to the Indenture; and

WHEREAS, in consideration of the issuance of the Initial Bonds by the Issuer and the entry into the Indenture by the Trustee, the Charter School is required to deliver this Covenant Agreement to the Trustee and the Charter School has agreed to fulfill certain covenants and agreements set forth in this Covenant Agreement in order to provide additional security for the timely payments of amounts due by the Charter School under the Lease;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is acknowledged, the parties hereto agree as follows:

Section 1. **Defined Terms.** Capitalized terms shall have the meanings defined herein. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Lease Agreement, the Loan Agreement, or the Indenture.

"Accountant" means initially, Reid CPAs, LLP, or thereafter any other Independent certified public accounting firm licensed to practice in the State (which may be the firm of accountants that regularly audits the books and accounts of the Charter School) from time to time selected by the Charter School.

"Accountant's Certificate" means a report, certificate or opinion by the Accountant.

"Additional Bonds" means any additional bonds issued and secured in accordance with the Indenture on a parity with the Outstanding Initial Bonds.

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

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

(2) Principal of (and premium, if any) and interest and other debt service charges on Indebtedness, or portions thereof, shall not be included in the computation of

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"Authorizer" means The State University of New York, Charter School Institute, or any successor thereto.

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

"Board" means the Board of Trustees of the Charter School.

"Bond Buyer Revenue Bond Index" shall mean the daily index of municipal bond prices created by the Chicago Board of Trade and published by The Bond Buyer, based on the prices of 40 recently issued and actively traded long-term municipal bonds.

"Bond Counsel" means Harris Beach PLLC or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

"Bonds" means the Initial Bonds and any Additional Bonds.

"Capital Improvements" means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions which, under generally accepted accounting principles (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board generally used in the United States of America, are properly chargeable as capital items.

"Cash on Hand" means the sum of unrestricted cash, unrestricted cash equivalents, unrestricted liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of the Charter School. Cash on Hand shall not include any Trustee-held funds or proceeds of Indebtedness.

"Charter Contract" means the charter agreement between Charter School and the Authorizer, as revised and accepted by the Authorizer, together with any subsequent applications to modify or renew the Charter Contract.

"Charter Schools Act" means Article 56 of the New York Education Law, as amended.

"Code" means the Internal Revenue Code of 1986, as amended; each reference to the Code is deemed to include (i) any successor internal revenue law and (ii) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code is deemed to include any successor provision of any successor internal revenue law and applicable regulations, whether final, temporary or proposed, under such provision or successor provision.

"Construction Window" means the period between the Closing Date and ending on the date on which the Institution receives a temporary certificate of occupancy for the entirety of the Facility.

"Continuing Disclosure Agreement" means as to the Initial Bonds, the Continuing Disclosure Agreement dated as of May 10, 2023, entered into by the Charter School, the Institution, and the Dissemination Agent, and as to any Series of Additional Bonds, the continuing disclosure undertaking or agreement entered into by the Charter School and the Institution in connection with such Series of Additional Bonds.

"Dissemination Agent" means U.S. Bank Trust Company, National Association, and its successors and assigns or any successor Dissemination Agent appointed by the Charter School pursuant to the provisions of the Continuing Disclosure Agreement.

"EMMA" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, privileges, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and expert consultants' fees and disbursements, any of which are incurred at any time as a result of the existence of Regulated Chemicals upon, about, beneath or migrating, or threatening to migrate, onto or from the Facility, or the existence of a violation of Environmental Requirements pertaining to the Facility, regardless of whether or not such Environmental Damages were caused by or within the control of the Charter School.

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act of 1976, 42 U.S.C. §§ 6901 et seq., Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by SARA, 42 U.S.C. §§ 1820 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1810 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251, et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001, et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq., the National Environmental Policy Act of 1975, 42 U.S.C. § 4321 et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651, et seq., and the Clean Air Act, 42 U.S.C. §§ 7412 et seq., and any other applicable federal or state laws pertaining to the protection of the environment, as any such laws may be amended, modified or supplemented and any regulations promulgated pursuant to any of the foregoing.

"Environmental Report" means any Environmental Assessment Tests (each as defined in Section 6 hereof), or other environmental report or audit conducted at the Facility for any reason.

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"Financial Product Agreement" means any type of financial management instrument or contract, which shall include, but not be limited to, (a) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (c) any contract to exchange cash flows or payments or a series of payments; (d) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk forward supply agreements; and (e) any other type of contract or arrangement that the governing body of the Charter School determines is to be used, or is intended to be used, to manage or reduce the cost of debt (including but not limited to a bond insurance policy), to convert any element of debt from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

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

"GAAP" means those accounting principles applicable in the preparation of financial statements of the Charter School, consistently applied, as in effect from time to time and promulgated by the Governmental Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

"Gross Revenues" means all funds, money, grants, donations or other distributions received by the Charter School from the State or any other sources, together with all other revenues, income or receipts of any kind whatsoever.

"Hazardous Materials" means: (a) any substances defined as "hazardous substances," "pollutants," "contaminants," "hazardous materials," "hazardous wastes," or "hazardous or toxic substances" or related materials as now or hereafter defined in any Environmental Law; (b) those substances listed or otherwise identified as substances of the type referred to in the preceding subsection (a) in the regulations adopted and publications issued pursuant to any Environmental Law, as the same may be amended, modified or supplemented; (c) any friable asbestos, airborne asbestos in excess of that generally found in the atmosphere, respectively, where the Facility is located, or any substance or material containing asbestos, excluding any such materials located on the Facility prior to the date hereof so long as such materials are contained, maintained, abated or removed in compliance with all applicable Environmental Laws; and (d) any substance the presence of which on the Facility is prohibited by any applicable Environmental Law; provided that Hazardous Material shall not include any such substances used in or resulting from the ordinary operation of the Facility, for the cleaning of the Facility or used in connection with the Charter School's programming, provided that such substances are stored, handled and disposed of in compliance with all applicable Environmental Laws and other applicable laws and regulations.

"Indebtedness" means, with respect to the Charter School, (a) obligations for the payment of borrowed money incurred or assumed by the Charter School, (b) capital or operating lease obligations of the Charter School, including the obligations of the Charter School under the Lease,

"Environmental Requirements" means all applicable federal, State, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, safety or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251, et seq., the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601, et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001, et seq., the Clean Air Act of 1966, as amended, 42 U.S.C. §§ 7401, et seq., the National Environmental Policy Act of 1975, as amended, 42 U.S.C. § 4321, et seq., the Rivers and Harbors Act of 1899, 33 U.S.C. §§ 401 et seq., the Endangered Species Act of 1973, as amended 16 U.S.C. §§ 1531, et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651, et seq., the Safe Drinking Water Act of 1974, as amended 42 U.S.C. §§ 300(f), et seq., and all rules, regulations, policies and guidance documents promulgated or published thereunder, and any State, regional or local statute, law, rule, regulation or ordinance relating to public health, safety or the environment, including, without limitation those relating to:

- (a) releases, discharges, emissions or disposals to air, water, land or groundwater;
- (b) the withdrawal or use of groundwater;
- (c) the use, handling, or disposal of polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde;
- (d) the transportation, treatment, storage, discharge, disposal, release or management of hazardous substances or materials (including, without limitation, petroleum, its derivatives, by-products or other hydrocarbons), and any other solid, liquid, or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Facility or any property adjacent to or surrounding the Facility;
- (e) the exposure of persons to toxic, hazardous, or other controlled, prohibited or regulated substances; and
- (f) any Regulated Chemical.

"Event of Default" means those events of default specified in Section 7 hereof.

"Facility" means the same as defined in the recitals of this Covenant Agreement.

"Facilities Consultant" means an independent firm of professional property inspection consultants qualified to conduct a physical needs assessment of charter school facilities and assess the good repair, working order and condition of real property and having a favorable reputation for skill and experience in the field of property inspection consultation and which may include a firm with whom the Charter School transacts business.

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(c) all indebtedness of any type, including capitalized lease obligations, guaranteed, directly or indirectly, in any manner by the Charter School, or in effect guaranteed, directly or indirectly, by the Charter School through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; (d) any other guarantees or like obligations, and (e) any other obligation for the payment of money secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon the Facility or property related thereto owned or leased by the Charter School whether or not the Charter School has assumed or become liable for the payment thereof.

"Indemnified Persons" means the Registered Owners, the Beneficial Owners and the Trustees, their successors, assigns, trustees, directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees.

"Indenture" means the Trust Indenture, dated as of May 1, 2023, between the Issuer and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Bonds are authorized to be issued and secured.

"Independent" when used with respect to any specified Person means such a Person who (i) does not have any direct financial interest or any material indirect financial interest in the Charter School or the Institution, and (ii) is not connected with the Charter School or the Institution as an officer, employee, promoter, member of the board of trustees or directors, partner or person performing similar functions.

"Independent Consultant" means an independent management consultant or certified public accountant selected by the Charter School experienced in the management, operation and/or financing of charter schools in the State.

"Initial Bonds" means the same as defined in the recitals of this Covenant Agreement.

"Insurance Consultant" means an independent insurance consultant and/or risk management firm or an insurance broker or commercial insurance agent (which may be a consultant, firm, broker or agent with whom the Charter School regularly transacts business) selected by the Charter School and with a reputation for providing commercial insurance services to entities of similar complexity to the Charter School.

"Lease" means the same as defined in the recitals of this Covenant Agreement.

"Liabilities" means any causes of action (whether in contract, tort or otherwise), claims, costs, damages, demands, judgments, liabilities, losses, suits and expenses (including, without limitation, reasonable costs of investigation, and attorney's fees and expenses) of every kind, character and nature whatsoever.

"Lien" means any mortgage or pledge of, security interest in, or lien or encumbrance on, any property which secures any indebtedness or other obligation of the Charter School or which

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secures any obligation of any Person other than an obligation to the Charter School, excluding Liens created by a Security Document.

"Majority Holder" shall have the meaning assigned to it in the Indenture.

"Maximum Annual Debt Service Requirements" means, as of any date of calculation, the highest Annual Debt Service Requirements with respect to all outstanding Indebtedness for any succeeding Fiscal Year.

"MSRB" means the Municipal Securities Rulemaking Board.

"Net Income Available for Debt Service" means, for any period of determination thereof, Gross Revenues for such period minus its total Operating Expenses for such period.

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

"Permitted Encumbrance" shall have the meaning assigned to it in the Indenture.

"Person" includes an individual, association, corporation, partnership, joint venture or a government or an agency or a political subdivision thereof.

"Owner's Representative" means Beau Geste Management, or any other independent, individual, licensed architect or engineer or independent, licensed engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Charter School for other purposes) selected by the Charter School as evidenced to the Trustee by a written certificate containing the specimen signature of the authorized signatory for the Owner's Representative's firm.

"Owner's Representative's Certificate" means a written opinion or report signed by the Owner's Representative.

"Rebate Analyst" has the meaning set forth in the Tax Compliance Agreement.

"Regulated Chemicals" means any substance, the presence of which requires investigation, permitting, control, monitoring or remediation under any federal, State or local statute, regulation, ordinance or order, including without limitation:

(a) any substance defined as "hazardous waste" under the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.);

(b) any substance defined as a "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §§ 9601 et seq.);

(c) any substance defined as a "hazardous material" under the Hazardous Materials Transportation Act (49 U.S.C. §§ 1800 et seq.);

(d) any substance defined under any New York statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively;

(e) asbestos;

(f) urea formaldehyde;

(g) polychlorinated biphenyls;

(h) perfluoroalkyl substances, and any related derivatives;

(i) petroleum, or any distillate or fraction thereof;

(j) any hazardous or toxic substance designated pursuant to the laws of the State; and

(k) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

"Rents" has the meaning assigned to it in the Lease.

"School Documents" means the same as defined in the recitals of this Covenant Agreement.

"Security Documents" shall have the meaning ascribed in the Indenture.

"Series 2023A Bonds" means the same as defined in the recitals of this Covenant Agreement.

"Series 2023B Bonds" means the same as defined in the recitals of this Covenant Agreement.

"Series 2023 Taxable Bonds" means the Series 2023B Bonds.

"Series 2023 Tax-Exempt Bonds" means the Series 2023A Bonds.

"Short-Term Indebtedness" means Indebtedness with a maturity date less than a year from the date of incurrence of such Indebtedness.

"Taxable Bonds" means the Series 2023 Taxable Bonds and any other such Additional Bonds that may be issued as taxable bonds under the Indenture.

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"Tax-Exempt Bonds" means the Series 2023 Tax-Exempt Bonds and any Additional Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes.

"Tax Compliance Agreement" has the meaning assigned to it in the Indenture.

"Underwriter" means D.A. Davidson & Co.

Section 2. Term of Agreement: Compliance with the Lease Agreement; Compliance with Tax Compliance Agreement.

(A) This Covenant Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the payments on the Bonds shall have been fully paid or provision is made for full payment of the Bonds pursuant to the Indenture and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds, all fees and expenses of the Issuer accrued and to accrue through final payment of the Bonds and all other liabilities of the Institution or Charter School accrued and to accrue through final payment of the Bonds under the Indenture have been paid or provision is made for such payments pursuant to the Indenture; provided, however, notwithstanding any other provision hereof (a) the indemnification provisions of Sections 5(C) and 6(A) hereof and the agreements contained in Section 8(C) hereof shall survive the termination of the term of this Covenant Agreement for the periods of times set forth therein; (b) all agreements, representations and certifications by the Charter School as to the excludability from gross income of interest on the Tax-Exempt Bonds shall survive termination hereof until the expiration of statutes of limitation applicable to the liability of the Beneficial Owners of such Bonds for federal and state income taxes with respect to interest on the Tax-Exempt Bonds; and (c) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Issuer Indemnified Persons, and all such agreements, representations and certifications regarding the excludability from gross income of the interest on the Tax-Exempt Bonds shall be enforceable by the Beneficial Owners of such Bonds, directly against the Charter School until the expiration of statutes of limitation applicable to the liability of the Beneficial Owners of such Bonds for federal and state income taxes with respect to the interest on the Tax-Exempt Bonds.

(B) The Charter School shall ensure that the Lease remains in force and effect for the term of the Bonds.

(C) The Charter School shall materially comply with all provisions of the Lease, including but not limited to the payment of Rents on the dates and in the amounts required under the terms of the Lease.

(D) The Charter School shall make or cause to be made all payments required under the Lease by electronic funds transfer (wire transfer, Automated Clearing House, direct debit, or other electronic method) in accordance with the terms of the Lease.

(E) The Charter School shall comply with all provisions of the Tax Compliance Agreement so that the Tax-Exempt Bonds at all times maintain the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes.

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(F) The Charter School hereby acknowledges receipt of each of the Security Documents, has read and approved the same and agrees to be bound by the respective terms thereof and accepts all obligations and duties imposed on the Charter School thereby.

Section 3. Representations and Warranties. The Charter School represents and covenants as follows:

(A) As of the date of this Covenant Agreement and so long as this Covenant Agreement shall remain in force and effect, that the Charter School: (i) is and shall continue to be exempt from federal income taxes under Section 501(c)(3) of the Code or any future section resulting in exemption from such taxes; (ii) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status; (iii) it shall not perform any act, enter into any agreement or use or permit the Facility to be used in any manner (including in any unrelated trade or business) which would adversely affect the excludability from gross income of interest on the Tax-Exempt Bonds; (iv) it shall not carry on or permit to be carried on in the Facility or permit the Facility to be used in or for any trade or business the conduct of which is not substantially related to the exercise of performance by the Charter School of the purposes or functions constituting the basis for its exemption under Section 501 of the Code to the extent that such use of the Facility would adversely affect the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (v) it is duly organized and existing as a not-for-profit education corporation under the laws of the State, it is in good standing and authorized to transact business in the State, it will maintain, extend and renew its corporate existence under the laws of the State, and it will not do, suffer or permit any act or thing to be done whereby its right to transact its functions might or could be terminated or its activities restricted.

(B) As of the date of this Covenant Agreement, the Charter School is an organization organized and operated (A) exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code, (B) not for pecuniary profit, and (C) in a manner that no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the same meaning, respectively, of 15 U.S.C. Section 77(e)(4), Section 3(a)(4) of the Securities Act of 1933, as amended, and of 15 U.S.C. Section 78l(g)(2)(D), Section 12(g)(2)(d) of the Securities Exchange Act of 1934, as amended, and the Charter School shall not perform any act or enter into any agreement which shall adversely affect such status as set forth in this paragraph (b) which would cause the Charter School to lose its exemption from federal income taxes.

(C) The Charter School is organized under and operated pursuant to the Charter Schools Act for the purpose of operating a public charter school, and with the power to own, develop, construct, rehabilitate, operate, equip, and maintain its charter school facilities, the Charter School has been duly authorized to execute each of the School Documents and consummate all of the transactions contemplated thereby, and the execution, delivery, and performance of the School Documents will not conflict with or constitute a breach of or default by the Charter School under any other instrument or agreement to which the Charter School is a party or to which its property is bound.

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(D) The Charter School's Board of Trustees, the governing body of the Charter School, has, in a public meeting duly called in accordance with State law, approved the execution and delivery of this Covenant Agreement and the other Security Documents to which the Charter School is a party. Each of the Security Documents to which the Charter School is a party are the legal, valid and binding obligations of the Charter School, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency or general principles of equity. The Charter School's execution, delivery, and performance of the Charter School Documents shall not constitute a violation of any order, rule, or regulation of any court or governmental agency having jurisdiction over the Charter School.

(E) There are no pending or, to the Charter School's knowledge, threatened actions, suits, or proceedings of any type whatsoever affecting the Charter School, the Charter School's property, or the Charter School's ability to execute, deliver, and perform with respect to any of the School's Documents.

(F) The Facility will be used by the Charter School as a public charter school, and such use is permissible within the provisions of the Charter Schools Act.

(G) Neither the representations of the Charter School contained in the Security Documents to which it is a party nor any oral or written statements, furnished by the Charter School, nor written statements furnished on behalf of the Charter School, to the Issuer, Bond Counsel or the Underwriter in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Charter School has not disclosed to the Issuer and the Underwriter of the Bonds in writing that materially and adversely affect or in the future may (so far as the Charter School can now reasonably foresee) materially and adversely affect the properties, business, prospects, income, or condition (financial or otherwise) of the Charter School, or the ability of the Charter School to perform its obligations under the School Documents or any documents or transactions contemplated hereby or thereby.

(H) To the best of the Charter School's knowledge, the use of the Facility, as it is proposed to be operated, complies with all applicable zoning, development, pollution control, water conservation, environmental, and other laws, regulations, rules, and ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Facility is located.

(I) The Charter School will prior to taking occupancy of the Facility obtain or cause to be obtained all necessary approvals of and licenses, permits, consents, and franchises from federal, state, county, municipal, or other governmental authorities having jurisdiction over the Facility to acquire, construct, improve, equip, rehabilitate, and operate the Facility, and to enter into, execute, and perform its obligations under this Covenant Agreement and the other School Documents.

(J) The Facility, as designed and operated or caused to be operated by the Charter School, and when constructed or rehabilitated in accordance with such design, will

meet all material requirements of law, including requirements of any federal, state, county, city or other governmental authority having jurisdiction over the Facility or its use and operation.

(K) As of the Closing Date, there has been no material adverse change in the financial condition, prospects, or business affairs of the Charter School or to the best of the Charter School's knowledge, the feasibility or physical condition of the Facility subsequent to the date on which the Issuer adopted its resolution approving the issuance of the Bonds.

(L) The Charter School (i) understands the nature of the structure of the transactions related to the financing of the Project; (ii) is familiar with all the provisions of the Security Documents (whether or not the Charter School is a party thereto) and such other instruments related to such financing to which the Charter School or the Issuer is a party or which the Charter School is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Facility; and (iv) has not relied on the Issuer or the Trustee for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Issuer or the Trustee in any manner, except to issue the Bonds in order to provide funds for the Loan.

(M) The Charter School represents and warrants that it has read and approved each of the Security Documents, as applicable, and agrees to be bound by the respective terms thereof and accepts all obligations and duties specifically imposed on the Charter School thereby.

(N) All representations of the Charter School contained herein or in any certificate or other instrument delivered by the Charter School pursuant hereto, to the Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale, and delivery of the Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

(O) The Charter School covenants and agrees to pay, or cause the Institution to pay, when due, all costs and expenses of the Issuer incurred in connection with the Bonds or the Project not paid from the Cost of Issuance Accounts of the Project Fund, including, without limitation, each and all of the following:

(i) all indemnity payments; and

(ii) all expenses incurred by the Issuer in connection with the Project, the Bonds, the Indenture, or any of the School Documents, including, without limitation, its attorneys' fees and expenses and its advisors' fees and expenses; and

(iii) the fees and expenses of the Rebate Analyst.

(P) Except as otherwise provided in writing by the Majority Holders or as otherwise permitted in the Security Documents, the Charter School will not grant any Liens on the Facility other than the Lien granted by the Institution against the Facility effected by the Security Documents and Permitted Encumbrances.

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(Q) The Charter School covenants to cooperate with the Institution, as necessary, to ensure the Institution's compliance with the covenants under the Loan Agreement.

(R) The Charter School covenants to comply fully and in all material respects with the provisions of the Charter Schools Act and its Charter Contract so long as any Bonds remain Outstanding.

(S) The Charter School hereby represents and warrants:

(i) *Condition of Facility.* To the best of its knowledge, solely based on reports and information previously supplied to the Charter School, the Facility including all personal property, is free from contamination by Regulated Chemicals, including, but not limited to, friable asbestos, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Regulated Chemical on, under, in, or about the Facility, nor has any such Regulated Chemical migrated or threatened to migrate from other properties upon, about or beneath the Facility. The Charter School does hereby and specifically represent and warrant that it has no affirmative knowledge or reason to believe that any condition, previous use, compliance or violation of Environmental Requirements are contrary to the representations contained in this subsection.

(ii) *Property Adjoining Facility.* To the best of its knowledge, solely based on reports and information previously supplied to the Charter School, any adjoining property has not been used as a manufacturing, storage or disposal site for Regulated Chemicals nor is any other property adjoining the Facility affected by a violation of Environmental Requirements.

Section 4. Maintenance, Taxes and Insurance.

(A) *Maintenance and Modifications of Facility by Charter School.*

(i) The Charter School agrees that during the term of this Covenant Agreement the Facility shall be operated and maintained, in compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to the Facility, unless the same are being contested in good faith by appropriate proceedings which operate to stay any action to foreclose or otherwise realize on any property of the Charter School. The Charter School agrees that during the term of this Covenant Agreement it will keep or will cause, under the Lease, to (a) keep the Facility in a safe condition required by law and (b) keep the Facility in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof all of which shall be accomplished in a workmanlike manner in accordance with all applicable laws.

(ii) The Charter School may also, at its own expense or the expense of the Institution, make from time to time any additions, modifications or improvements to the Facility it may deem desirable for its purposes that do not

substantially reduce its value; provided that all such additions, modifications and improvements made by the Charter School which are affixed to the Facility (as opposed to furniture, equipment and movable trade fixtures) shall become a part of the Facility. The Charter School will not permit the removal of any personal property from the Facility unless such personal property affixed to the Facility is *de minimis*, obsolete, sold for fair market value or will be replaced with personal property of an equal or greater value as may be required by the Charter School in connection with its operations from time to time.

(iii) If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such as liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "Liens"), whether or not valid, is made against the Facility or any part thereof or the interest therein of the Institution or against any of the amounts payable under the Lease or this Covenant Agreement, other than Liens for impositions not yet payable, Permitted Encumbrances, Liens being contested as permitted by this Section or in connection with the Institution's obligations in connection with the Project (in which case the Institution shall be responsible), the Charter School forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer, the Trustee and the Institution and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor.

(a) The Charter School may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(1) such proceeding shall suspend the execution or enforcement of such Lien against the Facility or any part thereof or interest therein, or against any of the loan payments or other amounts payable under the Lease or this Covenant Agreement,

(2) neither the Facility nor any part thereof or interest therein would be in any danger of being sold, forfeited or lost,

(3) none of the Charter School, the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(4) the Lien has not already been discharged by security or bond, the Charter School shall have furnished such security, if

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any, as may be required by a court in such proceedings or as may be reasonably requested by the Trustee.

(B) **Taxes, Other Governmental Charges and Utility Charges.** The Charter School will pay, or cause to be paid, as the same become due, (1) all taxes and governmental charges of any kind whatsoever or payments in lieu of taxes that may at any time be lawfully assessed or levied against or with respect to the Facility or any interest therein, or any machinery, equipment, or other property installed or brought by the Charter School therein or thereon which, if not paid, will become a Lien on the Facility prior to or on a parity with the charge thereon under this Covenant Agreement, (2) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facility and (3) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a Lien on the Facility provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Charter School shall be obligated to pay only such installments as may have become due during the term of this Covenant Agreement.

(i) The Charter School may, at its own expense, but only if no Event of Default hereunder has occurred and is continuing, diligently prosecute and in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal, such taxes, assessments or charges shall be paid promptly.

(ii) The Charter School will do, or cause to be done, all things required by the appropriate government authority to obtain and maintain exemption from payment of real property taxes.

(C) **Insurance Required.** Throughout the term of this Covenant Agreement, the Charter School shall keep, or cause to be kept, the Facility insured as required under the Loan Agreement.

(D) **Access to Facility.** As of the date of this Covenant Agreement, the Charter School hereby represents that the Institution has legal access to the Facility sufficient to complete the Project.

Section 5. Additional Covenants. During the term of the Lease, the Charter School shall perform the covenants and agreements imposed under the Lease Agreement, the Continuing Disclosure Agreement, and this Covenant Agreement and the ongoing notice and reporting requirements contained therein, including but not limited to:

(A) **Consolidation, Merger, Sale or Conveyance.** The Charter School agrees that during the term of this Covenant Agreement it will maintain its corporate existence, will continue to be a not-for-profit education corporation duly qualified to do business in the State, will not merge or consolidate with, or sell or convey, all or substantially all of its assets to, any Person.

(d) promptly upon sending or receipt, copies of any material correspondence between the Institution, and any governmental entity regarding compliance with Environmental Regulations, potential material violations of state or local law, or other material correspondence relating to the Institution's construction of or operations of the Facility.

Neither the Trustee nor the Dissemination Agent shall have any duty regarding such information delivered in accordance with this subsection other than to retain any such information that it receives and transmit same in accordance herewith.

(v) **Annual Budgets.** The Charter School shall provide to the Trustee, acting as Dissemination Agent, a copy (which may be sent electronically) of Charter School's adopted annual budget within 30 days of adoption thereof for the next preceding Fiscal Year no later than June 30 of each year and a copy of revisions, if any, to Charter School's annual budget as approved by its Board of Trustees within 30 days of adoption thereof.

(C) **Release and Indemnification Covenants.**

(i) To the extent not satisfied in full by the Institution, the Charter School agrees to pay, defend, protect, indemnify, and hold each of the Indemnified Persons harmless for, from and against any and all Liabilities for which the Charter School is responsible and directly or indirectly arising from or relating to its responsibilities under the Loan, the Lease, this Covenant Agreement, the Project, the Mortgage, and the Tax Compliance Agreement, and any and all Liabilities directly or indirectly arising from or relating to the Bonds, the Indenture or any document related to the issuance and sale of the Bonds, including, but not limited to, the following:

(a) Any injury to or death of any person or damage to property in or upon the Facility or growing out of or connected with the use, non-use, condition, or occupancy of the Facility or any part thereof;

(b) Violation of any agreement, covenant, or condition of any of the Security Documents;

(c) Violation of any agreement, contract, or restriction relating to the Project;

(d) Violation of any law, ordinance, or regulation affecting the Facility or any part thereof or the ownership, occupancy, or use thereof;

(e) The issuance and sale of the Bonds or any of them;

(f) Any statement, information, or certificate furnished by the Charter School to the Issuer or the Trustee which is misleading, untrue, incomplete, or incorrect in any material respect;

(B) **Audits; Financial Statements; Reports; Annual Certificate.**

(i) **Continuing Disclosure.** The Charter School agrees to furnish or cause to be furnished to the Dissemination Agent the documents required pursuant to the Continuing Disclosure Agreement in compliance with the Rule.

(ii) **Financial Covenants.** Charter School shall, not later than November 30 of each year hereafter, beginning November 30, 2023, file with the Trustee, the Issuer and the Dissemination Agent, with instructions to post such certificate on EMMA, a certificate stating that Charter School is in compliance with the Cash on Hand and Net Income Available for Debt Service requirements of Sections 5(K) and 5(L), respectively, and setting forth the calculations therefor. The Trustee shall have no duty to review or analyze the financial statements, reports and information delivered pursuant to this Section 5 and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein or any Event of Default which may be disclosed therein in any manner.

(iii) **Compliance Certificate.** Charter School shall, not later than June 30 of each year hereafter, beginning June 30, 2023, file with the Trustee, the Issuer and the Dissemination Agent, with instructions to post such certificate on EMMA, a compliance certificate stating that Charter School is in compliance with the Security Documents, in the form attached hereto as *Exhibit B* hereto.

(iv) **Construction Reports.** The Charter School shall cause all reports of the Owner's Representative to be prepared and delivered to the Dissemination Agent, with instructions to post such reports on EMMA, by the fifteenth day of each month during the Construction Window, commencing June 15, 2023. Such reports shall contain the following information:

(a) brief description of construction activity for applicable reporting period, including:

(1) construction work performed on site during reporting period,

(2) status of procurement of equipment,

(3) material issues with vendor performance (including delivery issues, performance problems or material cost overruns);

(b) adherence to expected construction timeline (including estimated number of days ahead or behind);

(c) adherence to expected construction budget (including material work order, dollar or percentage deviation from budget); and

(g) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(h) any declaration of taxability of interest on the Tax-Exempt Bonds, or allegations that interest on the Tax-Exempt Bonds is taxable or any regulatory audit or inquiry regarding whether interest in the Tax-Exempt Bonds is taxable; and

(i) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party.

(ii) The Charter School also agrees to pay, defend, protect, indemnify, and hold each of the Indemnified Persons harmless for, from, and against any and all Liabilities directly or indirectly arising from or relating to (A) any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by or to the Issuer pertaining to the Bonds, and (B) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer relating to the issuance of the Bonds or pertaining to the financial condition of the Charter School which, if known to the original purchaser of the Bonds or the Underwriter, might be considered a material factor in such Person's decision to purchase the Bonds.

(iii) Paragraphs (i) and (ii) above are intended to provide indemnification to each Indemnified Party for his or her active or passive negligence or misconduct; provided, however, nothing in paragraphs (i) and (ii) above shall be deemed to provide indemnification to any Indemnified Party with respect to any Liabilities arising from the successful allegation of fraud, gross negligence, or willful misconduct of such party.

(iv) Any party entitled to indemnification hereunder shall notify in writing the Charter School of the existence of any claim, demand, or other matter to which the Charter School's indemnification obligation applies, and shall give the Charter School a reasonable opportunity to defend the same at its own expense and with counsel reasonably satisfactory to the Indemnified Party (insurance counsel appointed by the Charter School's insurance carrier(s) shall be deemed acceptable), as applicable, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense. If the Indemnified Party is advised in an Opinion of Counsel that there may be legal defenses available to either of them:

which are materially different from or in addition to those available to the Charter School or if the Charter School shall, after receiving notice of the Charter School's indemnification obligation and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, as applicable, the Indemnified Party, as applicable, shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Charter School. The Charter School shall be responsible for the reasonable counsel fees, costs, and expenses of the Indemnified Party in conducting its defense.

Notwithstanding the foregoing, the Charter School shall not be considered an "Indemnified Party" for purposes of this Section.

(D) *Authority of Authorized Representative of the Charter School.* Whenever under the provisions of this Covenant Agreement, the Lease Agreement, the Loan Agreement or the Indenture the approval of the Charter School is required, or the Trustee is required to take some action at the request of the Charter School, such approval or such request shall be made by the Authorized Representative of the Charter School unless otherwise specified in this Covenant Agreement or the Indenture. The Trustee shall be authorized to act on any such approval or request and the Charter School shall have no complaint against the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Covenant Agreement or the Indenture by an Authorized Representative of the Charter School shall be on behalf of the Charter School and shall not result in any personal liability of such Authorized Representative of the Charter School.

(E) *Licenses and Qualifications.* The Charter School will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees to comply, with such permits, licenses and other governmental approvals necessary for operation of the Facility as a charter school (as defined in the Charter Schools Act), including at all times maintain its Charter Contract.

(F) *Right to Inspect.* The Charter School will permit the Trustee and its duly authorized agents, at all reasonable times upon reasonable advance written notice (but no more than once every calendar quarter), in observance of the Charter School's reasonable school safety and security protocols in place at the Facility and in such as fashion as to minimize interference to the Charter School's operations, to enter upon the Facility and to examine and inspect the Facility and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facility. The Charter School will further permit the Trustee, or its duly authorized agent, upon reasonable advance written notice, at all reasonable times (but no more than once every calendar quarter), and in observance of the Charter School's reasonable school safety and security protocols in place at the Facility and in such as fashion as to minimize interference to the Charter School's operations, to enter the Facility, but solely for the purpose of assuring that the Charter School is operating the Facility, or is causing the Facility to be operated, in a manner

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with the proposed indebtedness is placed in service as verified by such Independent Consultant.

(ii) *Refunding Indebtedness.* If additional Indebtedness is being issued for the purpose of refunding any Outstanding Indebtedness, the reports required by paragraphs (i)(2) and (i)(3) above to be delivered shall not apply so long as both the total debt service requirements and Maximum Annual Debt Service Requirements on all Outstanding Indebtedness after issuance of the additional Indebtedness will not exceed both the total debt service requirements and the Maximum Annual Debt Service Requirements on all Outstanding Indebtedness prior to the issuance of such additional Indebtedness.

(J) *No Guarantees or Loans.* Notwithstanding any provision hereof to the contrary, the Charter School shall not guarantee the Indebtedness or obligations of any other Person, nor make loans to any other Person.

(K) *Covenant as to Cash on Hand.* The Charter School hereby agrees to maintain unrestricted Cash on Hand in its operations fund sufficient to cover at least forty (40) days of its Operating Expenses, interest expenses and facility lease payments. The Cash on Hand shall be tested on June 30 of each year, commencing June 30, 2023, and the Charter School shall provide a certificate and supporting calculations to the Dissemination Agent (as that term is defined in the Continuing Disclosure Agreement), in accordance with Section 5(B)(ii) hereof. Amounts on deposit in such operation fund may be used for any lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, do not permit the Charter School to maintain such level of Cash on Hand, then the Charter School shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

If the Cash on Hand for any testing date is less than forty (40) days of the Charter School's Operating Expenses, interest expenses and facility lease payments for the prior Fiscal Year, then the Charter School will promptly employ an Independent Consultant to review and analyze the operations and administration of the Charter School, inspect the Facility, and submit to the Charter School written reports, and make such recommendations as to the operation and administration of the Charter School as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The reports shall be made available to Bondholders at their written request. The Charter School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, provided such recommendations are consistent with the Charter Schools Act and the Charter Contract, to adopt and carry out such recommendations.

It shall constitute an Event of Default if the Cash on Hand is less than forty (40) days on the June 30 testing date for two (2) consecutive Fiscal Years.

(L) *Coverage Ratio Covenant.* The Charter School hereby covenants to maintain Net Income Available for Debt Service in an amount equal to at least 1.10 times

consistent with the Lease, and this Covenant Agreement. The permissive rights of the Trustee under this Section 5 shall not be construed as duties.

(G) *Lease or other Disposition of the Facility.* Except as permitted under the Lease, the Charter School shall not lease any part of the Facility to any other Person nor assign its rights in the Lease to any other Person, without the prior written consent of the Majority Holders.

(H) *Nonsectarian Use.* The Charter School covenants to operate the Facility in accordance with the Charter Schools Act. The Charter School will comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, sexual orientation, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of persons working for the Charter School. The Charter School may rely upon the Opinion of Counsel acceptable to the Trustee in order to determine whether it is in compliance from time to time with the covenants contained in this paragraph.

(I) *Incurrence of Indebtedness.* The Charter School shall not incur, assume, or otherwise become liable for any capital or operational lease obligations or cause any additional Indebtedness secured in whole or in part by the Facility, to be issued for its benefit, other than as follows (collectively, "Permitted Indebtedness"):

(i) *Additional Indebtedness.* Indebtedness issued upon delivery of the following:

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

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

(3) *Projected Coverage for Additional Indebtedness.* Delivery of a report of an Independent Consultant, stating that the Charter School's estimated Net Income Available for Debt Service is projected to be equal to at least 1.10 times the Maximum Annual Debt Service Requirements for all Indebtedness then outstanding, plus Maximum Annual Debt Service Requirements for the proposed Indebtedness to be incurred, in the first year the project financed

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Annual Debt Service Requirements for the applicable Fiscal Year, commencing June 30, 2025 on all Indebtedness then outstanding. Such covenant will be tested annually based upon the results of the annual audited financial statements of the Charter School, commencing with the audit for the Fiscal Year ending June 30, 2025.

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

So long as the Charter 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 a default if the Charter School's Net Income Available for Debt Service is less than 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date as described above. Notwithstanding the foregoing, in the event that the Charter School's Net Income Available for Debt Service is less than (i) 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date for two (2) consecutive years; or (ii) 1.0 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date, an Event of Default shall be deemed to have occurred under the Covenant Agreement.

(M) *[Intentionally Omitted].*

(N) *Selection of Consultants.* For any provision of this Covenant Agreement that requires the Charter School to engage an independent expert to assist it, such as an Owner's Representative or Independent Consultant (but not including its Accountant), the Charter School shall provide notice of the proposed retention of an independent consultant within five (5) Business Days of such retention to the Trustee, who will provide notice to the Bondholders, which notice shall specify the identity of the proposed consultant to be retained by the Charter School. If within twenty-one (21) calendar days of the providing such notice the Majority Holders notify the Trustee in writing that they object to the retention of such proposed consultant, such Independent Consultant shall not be retained by the Charter School and the Charter School shall provide notice of the proposed retention of a different Independent Consultant in the same manner. The process shall continue until the Charter School has proposed retention of an Independent Consultant that is not objected to by the Majority Holders. The Charter School shall promptly retain any consultant not objected to by the Majority Holders; provided, however, that the fees charged by any such Independent Consultant shall be commercially reasonable.

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(O) Financial Product Agreements. The Charter School shall not enter into any Financial Product Agreement.

(P) Subordination of Management Fees. The management, operating or license fee, as applicable ("Management Fee") required to be paid by the Charter School to any manager, operator or other third party that would provide comprehensive management services to the Charter School such as the services typically provided by a charter management organization (a "CMO") pursuant to the terms of a management agreement or other related agreement are and shall be subordinate to the timely payment by Charter School to Institution of all amounts payable under the Lease, and such Management Fee with respect to the Facility may only be paid to such third party if no Event of Default under the Lease exists. Such Management Fee not timely paid by Charter School shall remain due and payable, though deferred, and shall be paid by Charter School when no Event of Default exists under the Lease and at the earliest possible time that funds are available for such payment. For the avoidance of doubt, Charter School covenants and agrees to pay any and all amounts due under the Lease prior to the payment of all or any portion of a Management Fee. As of the date hereof, the Charter School is neither responsible for nor has contracted to in the future be responsible for the payment of any Management Fees, nor are there any Management Fees included in the form of Rent or otherwise under the Lease.

(Q) Continuing Disclosure Agreement. The Charter School shall comply with the terms of the Continuing Disclosure Agreement.

(R) State Funding. On or before the deadline as provided by applicable State law, make all applications or submissions and provide all supporting documentation to the Education Department (or its successor), as applicable, that are necessary to receive full funding from the State for all legally available general student aid funds, special education funding or other funding sources included in the Charter School's annual budgeted operating revenues.

(S) Federal Funding. The Charter School shall use commercially reasonable efforts to make all necessary applications or submissions, including all supporting documentation, to receive any federal monies included in the Charter School's annual budgeted operating revenues.

(T) Notice of Default. The Charter School shall provide notice to the Issuer, Trustee, the Institution and the Beneficial Owners of (i) any notices from the Authorizer to the Charter School of material noncompliance with or determination not to renew the Charter Contract within ten (10) days of receipt of such notice by the Charter School and (ii) any default under any Security Document and the steps to be taken by the Charter School to remedy such default, promptly after such default occurs.

(U) Tax-Exempt Status. The Charter School shall maintain its existence as a Tax-Exempt Organization, and maintain the Charter School as described in the Charter Schools Act under its Charter Contract and not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one

or more entities to consolidate with or merge into it without the prior written consent of the Trustee.

(V) Subordination of Lease. The Charter School hereby covenants and agrees that while the Bonds are outstanding: (1) the Lease at all times shall automatically be subordinate to the Mortgage, (2) Charter School shall attorn to the Trustee and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Facility by any purchaser at a foreclosure sale or by the mortgagee pursuant to the Mortgage (the "Beneficiary") in any manner; (3) to execute such further evidences of attornment and subordination as a mortgagee or any purchaser at a foreclosure sale may from time to time in writing request, including a subordination, nondisturbance and attornment agreement in standard form and substance acceptable to the Beneficiary or any purchaser in its sole discretion; (4) the Lease shall not be terminated by foreclosure or any other transfer of the Facility, unless directed by the Beneficiary or any purchaser in its sole reasonable discretion; (5) after a foreclosure sale of the Facility, a Beneficiary or any other purchaser at such foreclosure sale may, at the Beneficiary's or such purchaser's option, accept or terminate the Lease and/or Security Documents, as applicable, unless the Lease was terminated in accordance with its terms prior to any such foreclosure sale, in which case, this subsection shall not be applicable; and (6) the Charter School shall, upon receipt after the occurrence of an Event of Default of a written request from the Beneficiary, pay all Rents payable under the Lease Agreement to the Beneficiary.

(W) Rents. The Charter School agrees that it will not amend the Lease or the Rents schedule in any way that would cause Rents to equal an amount less than the Annual Debt Service Requirements on the Initial Bonds.

(X) Further Assurances. The Charter School agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Covenant Agreement.

Section 6. Environmental Indemnity and Covenants.

(A) Environmental Indemnity

(i) The Charter School and its successors and assigns, shall and do hereby indemnify and hold harmless and assume the duty to defend the Indemnified Persons, the Registered Owners of the Bonds, the Beneficial Owners and the Trustee, their successors, assigns, trustees, directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees (collectively referred to in this Section 6 as "Indemnified Persons"), for, from and against any and all Environmental Damages that the Indemnified Persons may incur as well as any and all loss, costs, damages, exemplary damages, natural resources damages, Liens, and expenses, (including, but not limited to, reasonable attorneys' fees, environmental professional's fees and any and all other costs incurred in the investigation, defense and settlement of claims) that Indemnified Persons may incur as a result of or in

connection with the assertion against Indemnified Persons, or against all or a portion of the Facility, of any claim, civil, criminal or administrative, which:

(a) arises out of the actual, alleged or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of any Regulated Chemical on or about the Facility, including, but not limited to, any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, medical waste and waste (including materials to be recycled, reconditioned or reclaimed); or

(b) actually or allegedly arises out of the use of any Regulated Chemical on or about the Facility, the existence or failure to detect the existence or proportion of any Regulated Chemical in the soil, air, surface water or groundwater, or the performance or failure to perform the abatement or removal of any Regulated Chemical or of any soil, water, surface water, groundwater or soil gas vapor containing any Regulated Chemical; or

(c) arises out of the actual or alleged existence of any Regulated Chemical on, in, under, or affecting all or a portion of the Facility; or

(d) arises out of any misrepresentations of the Charter School concerning any matter involving Regulated Chemicals or Environmental Requirements; or

(e) arises out of the Charter School's failure to provide or cause to be provided all information, make all submissions and filings, and take all steps required by appropriate government authority under any applicable environmental law, regulation, statute or program, whether federal, state or local, whether currently existing or hereinafter enacted.

(ii) Without prejudice to the survival of any other agreements of the institution hereunder, this indemnification shall survive any termination, payment or satisfaction of the indebtedness and the termination of this Covenant Agreement, and any foreclosure or any other transfer of any kind of the Facility, and shall continue and survive until the earlier of: (a) the provision of the Environmental Report by an Independent Person confirming the absence of Hazardous Materials on the Premises; and (b) five (5) years following and termination, payment or satisfaction of the Bonds and termination of this Covenant Agreement.

(iii) The Charter School's indemnification contained herein shall be effective not only with any existing Environmental Requirements affecting the Charter School, Indemnified Persons and/or the Facility, but also for any hereinafter enacted environmental law, regulation, statute or program, whether federal, state or local affecting the Charter School, Indemnified Persons and/or the Facility.

(iv) The Charter School's indemnification contained herein shall extend to any and all like claims which arise from the acts or omissions of any user, tenant, lessee, agent or invitee of the Charter School.

(v) The obligations under this Section shall not be affected by any investigation by or on behalf of Indemnified Persons, or by any information which Indemnified Persons may have or obtain with respect thereto.

(vi) The Charter School's indemnification shall include the duty to defend any and all claims, through counsel designated by the Charter School with the consent of the Indemnified Person, which shall not be unreasonably withheld (counsel appointed by the Charter School's insurance carrier(s) shall be deemed approved), and Indemnified Persons may participate in the defense of any claim without relieving the Charter School of any obligation hereunder. This duty to defend shall apply and constitute an obligation of the Charter School regardless of any challenge by the Charter School to this provision, the indemnification contained herein, or any other provision of this Covenant Agreement. This duty to defend shall apply regardless of the validity of the Charter School's indemnification, as may ultimately be determined by a court of competent jurisdiction.

(vii) Notwithstanding anything to the contrary contained in this Section no indemnification shall be required for any Environmental Damages incurred solely as the result of the gross negligence or willful misconduct of the party seeking indemnification or Environmental Damages caused by or through the party seeking indemnification.

(B) Environmental Covenants.

(i) Use of Facility. The Charter School will not intentionally or unintentionally conduct, or allow to be conducted, any business, operation, or activity on, under, or in the Facility, or employ or use the Facility or allow for it to be employed or used, to manufacture, transport, treat, store, discharge, emit or dispose of any Regulated Chemical which would violate or potentially violate Environmental Requirements, including, but not limited to, any action which would:

(a) bring the Charter School, or the Facility, within the ambit of, or otherwise violate, the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq;

(b) cause, or allow to be caused, a release or threat of release, of hazardous substances on, under, in, or about the Facility as defined by, and in violation of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq;

(c) violate the Clean Air Act of 1970, as amended, 42 U.S.C. §§ 7401, et seq., or other similar state, regional or local statute, law, regulation, rule or ordinance, including without limitation, the laws of the State, or any other statute providing for the financial responsibility for the assessment, investigation and cleanup for the release or threatened release of substances provided for thereunder.

(d) The Charter School will not do or permit any act or thing, business or operation that materially increases the dangers, or poses an unreasonable risk of harm, or impairs, or may impair, the value of the Facility, or any part thereof.

(ii) *Maintenance of Facility.* The Charter School shall maintain the Facility free from contamination by Regulated Chemicals and shall not intentionally or unintentionally allow the storage, treatment, disposal, or release, discharge or emission, or threat of release, discharge or emission, of any Regulated Chemical on, under, in or about the Facility, and shall not permit the migration or threatened migration from other properties upon, about or beneath the Facility to the extent within the Charter School's control.

(iii) *Notice of Environmental Problem.* The Charter School and/or any tenant and/or sublessee shall promptly provide a copy to the Trustee, and in no event later than fifteen (15) days from the Charter School's and/or any tenants' and/or sublessee's receipt or submission, of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:

(a) the Charter School and/or any tenants or sublessees have violated, or are about to violate, any federal, state, regional, parish or local environmental, health, or safety statute, law, rule, regulation, ordinance, judgment or order;

(b) there has been a release, or there is a threat of release, of any Regulated Chemical from the Facility;

(c) the Charter School and/or any tenants or sublessees may be or are liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of any Regulated Chemical;

(d) any portion of the Facility is subject to a Lien in favor of any governmental entity for any liability, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Regulated Chemical.

(iv) *Response Action.* The Charter School shall take all appropriate responsive action, including any removal and remedial action ("Response Action"), in the event of a release, emission, discharge or disposal of any Regulated Chemical in, on, under or about the Facility, so as to remain in compliance with the above, and to keep the Facility free from, and unaffected by, Regulated Chemicals.

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School specifically agrees and acknowledges that any action permitted under this Section shall not be construed to be the management or control of the Facility by the Trustee.

Section 7. Events of Default.

(A) *Events of Default Defined.* The following shall be "Events of Default" under this Covenant Agreement and the term "Event of Default" shall mean, whenever it is used in this Covenant Agreement, any one or more of the following events beyond their respective notice and cure periods, if applicable:

(i) Failure by the Charter School to pay the Rents required to be paid under the Lease and Section 2 hereunder.

(ii) Failure by the Charter School to maintain its status as a 501(c)(3) organization under the Internal Revenue Code.

(iii) Any event of default under the Indenture.

(iv) Any event of default under the Security Documents.

(v) Failure by the Charter School or by the Institution on behalf of the Charter School, as the case may be, to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (i) of this Section hereof, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Charter School and the Institution by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (v), no Event of Default shall be deemed to have occurred so long as a course of action adequate in the judgment of the Trustee to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby within ninety (90) days of such occurrence.

(vi) The dissolution or liquidation of the Charter School, or failure by the Charter School promptly to contest and have lifted any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facility or to make any payments under this Covenant Agreement. The phrase "dissolution or liquidation of the Charter School," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Charter School resulting either from a merger or consolidation of the Charter School into or with another domestic corporation or a dissolution or liquidation of the Charter School following a transfer of all or substantially all of its assets under the conditions permitting such actions contained in Section 5(A) hereof.

(vii) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Charter School in an involuntary case under the

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The Charter School shall (i) provide Trustee, within ten (10) days after providing the notice required under Section 6(B)(iii) above, with a bond, letter of credit or similar financial assurance which is equal to the cost of the Response Action and which may be drawn upon by the Trustee for the purpose of completing the Response Action if an Event of Default occurs or if the Response Action is not completed within six (6) months of the issuance of the financial assurance and (ii) discharge any assessment, Lien or encumbrance which may be established on the Facility as a result thereof.

(v) *No Liens or Encumbrances.* The Charter School shall prevent the imposition of any Liens or encumbrances against the Facility for the costs of any response, removal, or remedial action or cleanup of any Regulated Chemicals. Should such a Lien or encumbrance be levied on the Facility, the Charter School shall follow the procedure set forth in subsection (d) above.

(vi) *Compliance with Environmental Requirements.* The Charter School shall carry on the business and operations at the Facility to comply in all respects and will continue to remain in compliance with all applicable Environmental Requirements and maintain all permits and licenses required thereunder.

(vii) *Additional Environmental Reports.* As long as there are any Bonds Outstanding, the Charter School shall provide the Trustee and the Issuer with a copy of any Environmental Report performed during that time.

(viii) *Right of Inspection.* The Charter School will cooperate with the consultants and supply to the consultants such historical and operational information as may be reasonably requested by the consultants, together with any notices, permits or other written communications pertaining to violations of Environmental Requirements and any and all necessary information and make available personnel having knowledge of such matters as may be required by the Trustee, Trustee's Agents, consultants and engineers to complete an Environmental Assessment.

(ix) *Event of Default.* If an Environmental Assessment reveals any violations of Environmental Requirements (other than violations, if any, revealed to the Trustee in writing prior to the date hereof or in any Environmental Assessment provided to the Trustee prior to the date hereof) or the Charter School receives a notice of a violation of Environmental Requirements, and the Charter School fails to cure or cause the violation to be cured to the extent required by law in the time period and the manner specified in Section 8(A) hereof, such action will constitute an Event of Default.

(x) *No Assumption of Risk.* The Trustee's rights under this Section shall be exercised by it in its sole discretion and not for the benefit of the Charter School. The Trustee shall have no obligation (unless directed and indemnified as provided in the Indenture) to enter into the Facility thereon or to take any other action which is authorized by this Article for the protection of its security interest. The Charter

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federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Charter School or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

(viii) The commencement by the Charter School of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Charter School or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Charter School generally to pay its debts as such debts become due, or the taking of corporate action by the Charter School in furtherance of any of the foregoing.

(ix) Failure of the Charter School to comply with any covenants of the Charter School contained in the Tax Compliance Agreement.

(x) (a) the Charter School's Cash on Hand is less than forty (40) days on the June 30 testing date for two (2) consecutive Fiscal Years as specified in Section 5(K) hereof; and (b) the Charter School's Net Income Available for Debt Service is less than (i) 1.10 times the Annual Debt Service Requirements on all indebtedness then outstanding on any testing date for two (2) consecutive years; or (ii) 1.0 times the Annual Debt Service Requirements on all indebtedness then outstanding on any testing date, as specified in Section 5(L) hereof.

(xi) Any representation or warranty made by the Charter School herein or made by the Charter School in any statement or certificate furnished by the Charter School either required hereby or in connection with the execution and delivery of this Covenant Agreement and the sale and the issuance of the Bonds, shall prove to have been untrue in any material respect as of the date of the issuance or making thereof.

(xii) Judgment for the payment of money in excess of \$250,000.00 (which is not covered in full by insurance) is rendered by any court or other governmental body against the Charter School, and the Charter School does not discharge same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within sixty (60) days from the date of entry thereof, and within said sixty-day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal, while providing such reserves therefor as may be required under GAAP.

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(xiii) Any of the Charter School's representations and warranties herein or in any of the other Security Documents with respect to environmental matters are false in any material respect.

(xiv) The occurrence and continuation of any event of default under any indebtedness of the Charter School for nonpayment, or the occurrence and continuation of any event of default under any agreement in connection with or securing any indebtedness of the Charter School if, as a result of such event of default, the holder of such indebtedness would have the right to declare the principal thereof to be immediately due and payable.

(xv) The Charter School ceases operations or the Charter School's Charter Contract is terminated, revoked, expires or is not renewed, or Charter School receives written notice of an Authorizer's intent to not renew the Charter School's Charter Contract or notice of probation or similar status with respect to its Charter Contract; provided, however the Charter School shall have the period of time established by the Authorizer to cure any probation imposed by its Authorizer or notice of intent to non-renew following the initial date thereof.

Section 8. Remedies on Default.

(A) *Remedies.* Whenever an Event of Default referred to in Section 7 hereof shall have occurred and is continuing, the Trustee, where so provided herein, may, and at the direction of the Majority Holders (which shall include satisfactory indemnification for the Trustee) shall, take any one or more of the following remedial steps:

(i) The Trustee may declare the Rent payable under the Lease Agreement to be immediately due and payable, whereupon the same shall become due and payable.

(ii) The Trustee may exercise the power of sale or foreclosure under the Mortgage on the property subject thereto and may exercise all the rights and remedies of a secured party under the New York Uniform Commercial Code with respect thereto and with respect to all assets secured by the Mortgage.

(iii) Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Registered Owners of the Bonds, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Charter School and the Facility, pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of the Lease, the Mortgage, or this Covenant Agreement to the Trustee.

(iv) The Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations,

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(C) *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Charter School should breach any of the provisions of this Covenant Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of Rent or the enforcement of performance or observance of any obligation or agreement on the part of the Charter School herein contained, the Charter School agrees that it will on demand therefor pay or cause to be paid to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses incurred by the Issuer or the Trustee. The obligations of the Charter School arising under this Section shall continue in full force and effect notwithstanding the final payment of the Bonds or the termination of this Covenant Agreement for any reason.

(D) *Waiver.* In the event any agreement contained in this Covenant Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. The Issuer shall have no power to waive any Event of Default hereunder without the consent of the Trustee and the Majority Holders.

(E) *Proofs of Claim.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Charter School or any other obligor upon the Bonds or the property of the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer and/or the Charter School for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding; and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

(ii) and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

So long as Bonds are outstanding the Trustee is appointed under the terms of the Indenture, and the successive respective Bondholders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Bondholders of the Bonds, with authority to make or file, in the respective names of the Bondholders of the Bonds or on behalf of all Bondholders of the

agreements, or covenants of the Charter School under this Covenant Agreement and all other Security Documents.

Notwithstanding the foregoing, prior to the exercise by the Trustee of any remedy that would prevent the application of this paragraph, the Charter School may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of declaration pursuant to subsection (a) of the first paragraph of this Section) and virtue cure all defaults, and in such event, the Charter School shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

In the event that the Charter School fails to make or cause to be made any payment required hereby, the payment so in default shall continue as an obligation of the Charter School until the amount in default shall have been fully paid and shall accrue interest at the Default Rate.

Whenever any Event of Default has occurred and is continuing under this Covenant Agreement, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights provided under this Article. In addition, the Trustee shall have available to it all of the remedies prescribed in the Indenture and any other Security Document. If the Trustee is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer, then the Issuer may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Issuer's rights under this Covenant Agreement. Any amounts collected pursuant to action taken under this paragraph, after reimbursement of any costs incurred by the Issuer or the Trustee in connection therewith, shall be applied in accordance with the provisions of the Indenture.

If the Issuer or the Trustee, shall have proceeded to enforce their rights under this Covenant Agreement or any other Security Document and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then and in every such case, the Charter School, the Issuer and the Trustee shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Charter School, the Issuer and the Trustee shall continue as though no such proceedings had been taken.

(B) *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Covenant Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Trustee hereunder shall also extend to the Beneficial Owners and the Registered Owners of the Bonds, subject to the Indenture.

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Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Bondholders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Bondholders of the Bonds against the Issuer, the Charter School or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Issuer, the Charter School or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

(F) *Treatment of Funds in Bankruptcy.* The Charter School acknowledges and agrees that in the event the Charter School commences a case under the United States Bankruptcy Code located at 11 U.S.C. §§ 101 et. seq. (the "Bankruptcy Code") or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code: (i) amounts on deposit in any of the Funds are not, nor shall they be deemed to be, property of the Charter School's bankruptcy estate as defined by § 541 of the Bankruptcy Code; (ii) that in no event shall the Charter School assert, claim or contend that amounts on deposit in any of the Funds are property of the Charter School's bankruptcy estate; and (iii) that amounts on deposit in any of the Funds are held in trust solely for the benefit of the Registered Owners of the Bonds and the Beneficial Owners, shall be applied only in accordance with the provisions of the Indenture and the Charter School has no legal, equitable nor reversionary interest in, or right to, such amounts.

Section 9. *Termination.* This Covenant Agreement shall terminate and any amounts on deposit in the Funds and Accounts (other than the Rebate Fund) shall be delivered or transferred to the Institution upon the Institution providing for payment in full of amounts due with respect to the Bonds, whether at their stated maturity or by earlier prepayment and redemption.

Section 10. *Severability.* In the event any provision of this Covenant Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11. *Governing Law.* The obligations of the parties under this Covenant Agreement shall be governed by and construed in accordance with the State of New York.

Section 12. *Third Party Beneficiaries.* Each of the Indemnified Persons are intended "Third Party Beneficiaries" of this Covenant Agreement. Nothing in this Covenant Agreement shall confer any right upon any person other than parties hereto, and those specifically designated as Third Party Beneficiaries of this Covenant Agreement.

Section 13. *Prior Agreements Superseded.* This Covenant Agreement, together with all agreements executed by the parties concurrently herewith or in conjunction with the initial issuance of the Bonds, shall completely and fully supersede all other prior understandings or agreements, both written and oral, regarding the matters covered herein.

Section 14. *Charter School Statements, Representations and Warranties.* It is understood by the Charter School that all such statements, representations and warranties made in

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this Covenant Agreement shall be deemed to have been relied upon by the Issuer as an inducement to issue the Bonds and by the Trustee as a condition of its entry into the Indenture, and that if any such statements, representations and warranties were false at the time they were made or (with respect to those representations and warranties which are to continue) are breached during the term hereof, such misrepresentation or breach shall constitute a breach of this Covenant Agreement which may give rise to an event of default hereunder.

Section 15. Headings. Section headings in this Covenant Agreement are for convenience of reference only and shall not govern, or be used in, the interpretation of any of the provisions of this Covenant Agreement.

Section 16. Execution and Counterparts. This Covenant Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute but one and the same document.

Section 17. No Waiver; Cumulative Remedies. The Trustee shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by the Trustee, and then only to the extent therein set forth. A waiver by the Trustee of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Trustee would otherwise have on any further occasion. No failure to exercise nor any delay in exercising by the Trustee of any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any right, power or privilege. The rights and remedies herein provided are cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

Section 18. Waivers, Amendments. None of the terms or provisions of this Covenant Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Trustee (acting only with the consent of the Majority Holders) and the Charter School.

Section 19. Notices. Unless otherwise provided for in this Covenant Agreement, any notice required or permitted to be given under this Covenant Agreement may be given by certified or registered mail, return receipt requested, or by commercial overnight delivery service, postage prepaid, addressed as follows:

- (1) If to the Charter School, to:

Roosevelt Children's Academy Charter School
105 Pleasant Ave
Roosevelt, New York 11575
Attention: Philip Leconte, COO/CFO

with a copy to:

Cohen Schneider Law, P.C.

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IN WITNESS WHEREOF, the parties hereto have executed this Covenant Agreement as of the date first above written.

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL

By: _____
Name: Philip Leconte
Its: COO/CFO

(Signature page to Covenant Agreement - Roosevelt Children's Academy Charter School 2023)

275 Madison Avenue, Suite 1905
New York, New York 10016
Attention: Cliffs Schnelder

- (2) If to the Issuer, to:

Nassau County Local Economic Assistance Corporation
1 West St., 4th Floor
Mineola, NY 11501
Attention: Executive Director

- (3) If to the Trustee, to:

U.S. Bank Trust Company, National Association
100 Wall Street, 6th Floor
New York, NY 10005
Attention: Deborah Todak, Corporate Trust Administration

With a copy to:

Paparone Law
30 Broad Street, 14th Floor #1452
New York, NY 10004
Attention: Melissa Paparone, Esq.

Notices dispatched as provided in this Section shall be deemed effective on the second Business Day after mailing or shipping. Refusal of delivery shall constitute receipt of notice on the date of refusal of delivery. The Charter School and the Trustee may designate by writing delivered to the addresses stated in or pursuant to this Section 19, any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notices required to be sent to the Issuer and the Institution shall be at the addresses set forth in Section 12.5 of the Loan Agreement.

Section 20. Electronic Signatures. The parties agree that the electronic signature of a party to this Covenant Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Covenant Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

(The remainder of this page is intentionally left blank.)

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U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Name:
Its:

(Signature page to Covenant Agreement - Roosevelt Children's Academy Charter School 2023)

NASSAU COUNTY LOCAL ECONOMIC
ASSISTANCE CORPORATION

By: _____
Name:
Its:

ACKNOWLEDGMENT OF INSTITUTION

The undersigned hereby consents to and acknowledges the foregoing Covenant Agreement dated as of May 10, 2023, among Roosevelt Children's Academy Charter School and U.S. Bank Trust Company, National Association.

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.

By: _____
Name: Reginald Tuggle
Its: Board Chair

(Signature page to Covenant Agreement – Roosevelt Children's Academy Charter School 2023)

(Signature page to Covenant Agreement – Roosevelt Children's Academy Charter School 2023)

EXHIBIT A
AUTHORIZED REPRESENTATIVES OF THE CHARTER SCHOOL

Name	Title	Signature
Philip Leconte	COO/CFO	_____
Rev. Reginald Tuggle	Board Chair	_____
Denise Washington	Vice Chair	_____
_____	_____	_____

Exhibit B

FORM OF COMPLIANCE CERTIFICATE

The undersigned, _____ of Roosevelt Children's Academy Charter School (the "Charter School") hereby certifies as follows, with respect to the Covenant Agreement dated as of May 10, 2023 (the "Covenant Agreement"), among the Charter School and U.S. Bank Trust Company, National Association, as trustee, that during the period July 1, _____ through June 30, _____. All capitalized terms used herein, but not defined herein, have the meaning given in the Covenant Agreement.

(a) The Charter School has not used any portion of the Bond proceeds except for the Facility in furtherance of its purposes consistent with Section 501(c)(3) of the Code and no portion has been used for purposes which will produce "unrelated trade or business income" of Charter School as defined in Section 513(a) of the Code.

(b) The Charter School has not, except with the Issuer's, Trustee's or Majority Holders' written approval, substantially subtracted from any real or personal property of the Facility.

(c) The Charter School has not permitted the use of any part of the Facility for any purpose other than as a public charter school and uses incidental thereto pursuant to the Charter Schools Act as amended, consistent with the Covenant Agreement and the Tax Compliance Agreement.

(d) The Charter School has not allowed any Person or organization, other than the Charter School, to become a user of the Facility, or any portion thereof, nor has the Charter School transferred any portion of the Facility, except as follows: _____.

(e) Charter School is and continues to be an organization qualified under Section 501(c)(3) of the Code and has received no notice to the contrary from the Internal Revenue Service.

(f) The Charter School is in compliance with all other provisions of the Lease Agreement, the Covenant Agreement and the Tax Compliance Agreement, and all representations contained in the Lease Agreement, the Covenant Agreement and the Tax Compliance Agreement continue to be true and correct in all respects, except as follows: _____.

DATED: _____

ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL

By: _____
Name: _____

PLEDGE AND SECURITY AGREEMENT	
from	
FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.,	
as Obligor	
to	
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,	
as Trustee and Secured Party	
Dated as of May 10, 2023	

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PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT made and entered into as of May 10, 2023 (this "Security Agreement"), from **FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**, a not-for-profit corporation, organized and existing under the laws of the State of New York, having an office for the transaction of business located at 201 Debevoise Ave., Roosevelt, New York 11575 (the "Obligor"), to **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America having a designated corporate trust office located at 100 Wall Street, 6th Floor, New York, NY 10005, as trustee (the "Trustee" or "Secured Party") for the holders of the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A in the aggregate principal amount of \$31,315,000 (the "Series 2023A Bonds" or the "Tax-Exempt Bonds") and the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable) in the aggregate principal amount of \$685,000 (the "Series 2023B Bonds" or "Taxable Bonds" and collectively with the Series 2023A Bonds, the "Initial Bonds") and any additional Bonds (the "Additional Bonds", collectively with the Initial Bonds, the "Bonds").

WITNESSETH:

WHEREAS, the **NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION** (the "Issuer"), a not-for-profit corporation of the State of New York (the "State"), intends to issue Series 2023 Bonds pursuant to that certain Indenture of Trust, dated as of May 1, 2023, by and between the Issuer and the Trustee as the same may be amended, restated, modified or supplemented from time to time (the "Indenture"); and

WHEREAS, the proceeds from the Series 2023 Bonds will be loaned to the Obligor by the Issuer pursuant to the terms of that certain Loan Agreement, dated as of May 1, 2023, by and between the Issuer and the Obligor as the same may be amended, restated, modified or supplemented from time to time (the "Loan Agreement"); and

WHEREAS, Obligor, as landlord and Roosevelt Children's Academy Charter School (the "School"), as tenant have executed and delivered a certain Facility Lease (as defined in the Loan Agreement), dated April 26, 2023 whereby the School, has leased the Facility (as defined in the Loan Agreement) from the Obligor and the School covenanted to pay Rent (as defined in the Loan Agreement) to the Obligor in an amount at least equal to the Obligor's obligations under the Loan Agreement.

WHEREAS, one of the conditions precedent to the Issuer's issuance of the Series 2023 Bonds is that the Obligor execute and deliver this Security Agreement evidencing such grant of a security interest to the Secured Party contained herein.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration received, the Obligor does hereby represent, warrant, covenant and agree with the Secured Party as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Capitalized terms used in this Security Agreement and not otherwise defined herein shall have the meaning ascribed to them in the Indenture and the Loan Agreement. As used herein, the following terms shall have the following meanings (such definitions to be equally applicable to the singular and plural forms of the terms defined):

Bond Documents shall mean, collectively, the Project Documents (as defined in the Indenture).

Closing Date shall mean May 10, 2023.

Collateral shall have the meaning assigned to that term in Section 3.1 hereof.

Gross Revenues shall mean all accounts, receivables, receipts, revenues, rentals, income and other moneys received by or on behalf of the Obligor from any source in connection with the Facility, (including without limitation the Facility Lease), including, without limitation, all other operating and non-operating revenues, and all rights to receive the same whether in the form of accounts receivables, contract rights, chattel paper, instruments, general intangibles of the Obligor and the proceeds thereof, the proceeds of any insurance coverage's on and condemnation awards in respect of the Project or any gain on the sale or other disposition of the Mortgaged Premises (as defined in the Mortgage); all of the foregoing, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Obligor in connection with the Facility; and including all gifts, grants, bequests, donations and contributions, except those heretofore or hereafter made, designated at the time of making by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payments due from the Obligor under the Loan Agreement, the Bond Purchase Agreement, and except any income derived therefrom to the extent required by such designation or restriction.

Material Adverse Effect shall have the meaning assigned to that term in the Bond Purchase Agreement.

Obligations shall have the meaning assigned to such term in Section 3.1 hereof.

Permitted Encumbrances has the meaning as set forth in the Indenture.

State means the State of New York.

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Date, the Obligor will have taken all action necessary to file or caused to be filed all Uniform Commercial Code financing statements describing such of the Collateral as may be perfected by such filings, all as may be necessary to establish and maintain such priority in the jurisdiction in which the Obligor is organized.

ARTICLE III

COLLATERAL

Section 3.1. Security Interest in Collateral. (a) As security for the payment and performance of all obligations and liabilities of the Obligor pursuant to the Loan Agreement, the Bond Documents, the Bond Purchase Agreement including all regularly scheduled payments and any payments owed in connection with an early termination date, (collectively, the "Obligations"), the Obligor hereby continuously pledges, grants a security interest in, lien upon and assigns to the Secured Party all of the Obligor's rights, title and interest in and to the following, whether now owned or hereafter acquired (collectively the "Collateral"):

(i) The Gross Revenues;

(ii) All claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and

(iii) All proceeds of any of the above.

(b) This Security Agreement shall also be, and be construed as, a security agreement with respect to any of the properties or interests described herein characterized by law as items of personal property, of whatever nature, including proceeds thereof. The Obligor shall obtain all consents or waivers from any party to any agreement or other instrument constituting part of the Collateral to the extent necessary to enable the Obligor to grant the pledge and lien hereunder with respect to the Collateral without being in breach of or in default under any of the agreements included in the Collateral or any agreement to which the Obligor is a party relating to any of the Collateral. Nothing in this Section 3.1 shall be deemed to effect any assignment or release of liability of the Obligor under any of the agreements referred to above. So long as any Obligations shall remain unpaid, the Secured Party shall have all of the rights of a secured party under the Uniform Commercial Code of the State (as said law may at any time be amended) or other applicable law, and in addition thereto the rights and remedies provided for herein and in the Bond Documents. The Obligor agrees that it will join with the Secured Party in executing and, at the expense of the Obligor, filing or recording, such notices, financing statements and other documents, in form and substance satisfactory to the Secured Party, as is necessary for the perfection of the security interest and lien of the Secured Party hereunder, and will execute and deliver to the Secured Party such additional agreements, instruments and other documents, in form reasonably satisfactory to the Secured Party and do such further acts and things of any nature as may be required to carry out the purposes of this Section 3.1. Except as and to the

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ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE OBLIGOR

Section 2.1. Obligor Representations and Warranties. The Obligor does hereby represent and warrant as follows:

(a) The Obligor is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of New York, has power to enter into and perform its obligations under this Security Agreement and to own its property and assets, has duly authorized the execution and delivery of this Security Agreement by proper corporate action, and neither this Security Agreement, the authorization, execution, delivery and performance hereof, the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Obligor is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute a default under any indenture, agreement or other instrument or any provision of its charter, bylaws or any other requirement of law.

(b) This Security Agreement constitutes the legal, valid and binding obligation of the Obligor enforceable against the Obligor in accordance with its terms, except as such enforceability may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) The assumption by the Obligor of its obligations hereunder will result in a direct financial benefit to the Obligor.

(d) There exists no indebtedness for money borrowed or representing the deferred purchase price of property of the Obligor which is secured by a lien on the Collateral other than Permitted Encumbrances.

(e) The Obligor has not granted, and has no knowledge of, any other currently outstanding Lien on the Collateral other than Permitted Encumbrances. The Obligor has not described the Collateral in any New York Uniform Commercial Code financing statement currently in effect except in connection with the Permitted Encumbrances and the pledge made by this Security Agreement.

(f) This Security Agreement creates a pledge and security interest in the Collateral in favor of the Secured Party as security for payment of the Obligations and is not prohibited by, and does not constitute a default under, any agreements constituting a part of the Collateral and no consent is required of any Person to effect such pledge and security interest which has not been received. The security interest in the Collateral and the proceeds thereof will be perfected upon the proper filing of the Uniform Commercial Code financing statements in the proper office(s) to the extent a security interest under New York Uniform Commercial Code permits perfection by the filing of a financing statement. Within five (5) days of the Closing

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extent permitted under any of the Bond Documents, the Obligor will not pledge or encumber the Collateral, or any portion thereof, to secure any indebtedness of the Obligor or to secure any payment constituting the deferred purchase price of property, and will otherwise keep the Collateral free of all Liens other than Permitted Encumbrances and the security interest granted by this Security Agreement.

(c) The Obligor hereby irrevocably constitutes and appoints the Trustee as its true and lawful agent and attorney-in-fact, with full power (i) to take possession of and endorse in the name of the Obligor any notes, checks, drafts, bills of exchange, money orders, commercial paper of any kind, and any other documents received in payment of the Collateral, or any part thereof; (ii) to collect, sue for and give acquittances for, moneys due on account of the Collateral; (iii) to withdraw any claims, suits or proceedings pertaining to, or arising out of the assignment of, the Collateral; (iv) to take any and all such action as either Secured Party or any of their agents, nominees or attorneys may, in its or their sole and absolute discretion, reasonably determine as necessary or advisable for the purpose of maintaining, preserving or protecting the security constituted by this Security Agreement or any of the rights, remedies, powers or privileges of the Secured Party under this Security Agreement; and (v) generally, in the name of the Obligor to exercise all or any of the powers, authorities and discretions, conferred on or reserved to the Secured Party by or pursuant to this Security Agreement, and (without prejudice to the generality of any of the foregoing) to seal and deliver or otherwise perfect any deed, assurance, agreement, instrument or act as the Secured Party may deem reasonably proper in or for the purpose of exercising any of such powers, authorities or discretions, in each case. The Obligor hereby ratifies and confirms, and hereby agrees to ratify and confirm, whatever lawful acts the Secured Party or any of their agents, nominees or attorneys shall do or purport to do in the exercise of the power of attorney granted to the Secured Party pursuant to this Section 3.1(c) which power of attorney, being given for security, is irrevocable.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

The Obligor represents, warrants and covenants as follows:

Section 4.1. No Liens. The Obligor is, and as to Collateral acquired by it from time to time after the Closing Date the Obligor will be, the owner of all Collateral free from any liens (other than Permitted Encumbrances) and that the Collateral assigned pursuant hereto are legally available to provide security for the Obligor's performance hereunder. The Obligor agrees that it shall not hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Collateral which is prior or equal to the pledge made hereunder except for Permitted Encumbrances.

Section 4.2. Other Financing Statements. So long as any of the Obligations remain unpaid, the Obligor will not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be

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filed in respect of and covering the liens and security interests granted pursuant to this Security Agreement and the other Bond Documents or in connection with Permitted Encumbrances.

Section 4.3. Chief Executive Office. The place of business and the chief executive office of the Obligor (as either of such terms is used in Article 9 of the Uniform Commercial Code as in effect on the Closing Date in the State) presently is and will continue through maturity of the Bonds to be 201 Debevoise Ave., Roosevelt, New York 11575. The Obligor shall not establish any new location for such office until the Obligor shall have taken such action as, in the opinion of counsel to the Obligor addressed to the Secured Party, is necessary to maintain the perfection of the security interest of the Secured Party in the Collateral which is granted hereby.

Section 4.4. Delivery of Records. After the occurrence and during the continuance of an Event of Default (as hereinafter defined), if requested by the Secured Party, the Obligor shall deliver to the Secured Party all such tangible evidence of the Collateral (including, without limitation, copies of all documents evidencing the same) as are then in the possession of, or in the books and records of, the Obligor.

Section 4.5. Direction to Account Debtors; Contracting Parties, etc. After the occurrence and during the continuance of an Event of Default, and cure period, if requested by the Secured Party, the Obligor shall (a) cause all payments that constitute Collateral and all proceeds of any Collateral or other payments payable to the Obligor under or in respect of the Collateral, to the extent permitted by law, to be made directly to the Secured Party or either of its designees, and (b) notify (and the Obligor agrees that either Secured Party may, at its option, notify) any person with respect to any of the foregoing to make payments with respect thereto as provided in the preceding clause (a). Without notice to or assent by the Obligor, either Secured Party may, after the occurrence and during the continuance of an Event of Default, (i) enforce any receivable or contract that constitutes Collateral against the other party or parties thereto on behalf of the Obligor, and (ii) collect all payments on account of the receivables and the contracts that constitute Collateral and collect and/or enforce all other payments payable to the Obligor under or in respect of the Collateral. The Obligor hereby authorizes and directs any party to any receivable or contract that constitutes Collateral and any obligor with respect to payments payable to the Obligor under or in respect of the Collateral to comply with any notice given by the Secured Party and to recognize any action taken by the Secured Party, in each case, in accordance with this Section.

Section 4.6. Filing of Financing Statements. The Obligor will join the Secured Party in authenticating and delivering or approving one or more financing statements pursuant to the New York Uniform Commercial Code or other notices appropriate under applicable law in form satisfactory to the Secured Party and will pay all filing or recording costs with respect thereto and all costs relating to the continuation of the perfection of the liens and security interests of the Secured Party, and all costs of filing or recording this Security Agreement or any other instrument, agreement or document executed and delivered pursuant hereto in all public offices where filing or recording is deemed by the Secured Party to be necessary or desirable to perfect the liens and security interests created hereunder. The Obligor hereby authorizes the Secured Party to take all action (including, without limitation, the filing of any Uniform

Commercial Code Financing Statements or amendments thereto without the signature of the Obligor) which the Secured Party may deem necessary or desirable to perfect or otherwise protect the liens and security interests created hereunder and to obtain the benefits of this Security Agreement. All costs (including reasonable attorneys' fees) incurred in connection with subjecting and continuing the Collateral to the lien of this Security Agreement shall be paid by the Obligor. All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Obligor.

Section 4.7. General Covenants. The Obligor shall:

(a) furnish to the Secured Party, upon its request, written statements and schedules further identifying and describing the Collateral in such detail as the Secured Party may reasonably require;

(b) advise the Secured Party promptly in writing, in sufficient detail, of any substantial change in the Collateral, and of the occurrence of any event which would have a Material Adverse Effect on the value of the Collateral or on the Secured Party's security interest therein;

(c) comply with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of the Obligor's business, provided that the Obligor may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in the Secured Party's opinion, adversely affect its rights or the priority of the security interest in the Collateral created pursuant to this Security Agreement;

(d) promptly execute and deliver to the Secured Party such further, assignments, security agreements and other instruments, documents, certificates and assurances and take such further action as the Secured Party may from time to time, in its sole discretion, deem necessary to perfect, protect or enforce its security interest in the Collateral or otherwise to effectuate the intent of this Security Agreement;

(e) deliver to the Secured Party promptly upon its written request copies of all certificates, schedules, lists, invoices, receipts, instruments or other items relating to any of the Collateral;

(f) defend the Collateral at its own expense against any and all claims or demands of third parties at any time claiming an interest in any of the Collateral;

(g) promptly notify the Secured Party in writing of the existence of any claims, liens, security interests, rights or other encumbrances which may be or become adverse to the interest of the Secured Party in any of the Collateral and which are not Permitted Encumbrances;

(h) notify the Secured Party in writing in the event of a material loss or damage to the Collateral or any material portion thereof or of any Material Adverse Effect, or of any other occurrence which may materially adversely affect the security interest of the Secured Party therein; and

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(i) pay all expenses incurred with respect to the handling of the Collateral, as well as all taxes which will or may become a Lien on the Collateral, promptly when due.

ARTICLE V

EVENTS OF DEFAULT; REMEDIES

Section 5.1. Events of Default. An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) the Obligor fails to observe and perform any covenant, condition or agreement of this Security Agreement and (i) continuance of such default or failure for more than thirty (30) days after written notice of such default or failure has been given to the Obligor by the Secured Party, or (ii) if by reason of the nature of such default or failure the same cannot be remedied within the said thirty (30) days, the Obligor fails to proceed with reasonable diligence after receipt of said notice to cure the same; or

(b) any warranty, representation or other statement made or given by or on behalf of the Obligor in this Security Agreement is false, misleading or incorrect in any material respect as of the date made; or

(c) an Event of Default or a termination event under any of the Bond Documents shall occur and be continuing.

Upon an Event of Default, the Secured Party shall have the right to proceed first and directly against the Obligor under this Security Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any security held by the Secured Party or by any obligor under any of the Bond Documents.

Section 5.2. Remedies; Obtaining the Collateral Upon Default. Upon the occurrence and during the continuance of an Event of Default, the Secured Party, in addition to any rights now or hereafter existing under applicable law or in equity, shall have all rights of a secured creditor under the Uniform Commercial Code as in effect in all relevant jurisdictions, including, without limitation, the right to:

(a) personally, or by agents or attorneys, immediately take or retake possession of the Collateral or any part thereof, from the Obligor or any other Person who then has possession of any part thereof, and for that purpose may enter upon the Obligor's premises where any of the Collateral is located and remove the same and, in connection with such removal, may use any and all services, supplies, aids and other facilities of the Obligor;

(b) instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, any contract and any receivable) constituting Collateral to render any performance or to make any payment required by the terms of such instrument or agreement directly to the Secured Party or its designees as directed by the Secured Party;

(c) sell, assign or otherwise liquidate, or direct the Obligor to sell, assign or otherwise liquidate any or all of the Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation;

(d) take possession of such portions of the Collateral as may be moveable or any part thereof, by directing the Obligor in writing to deliver the same to the Secured Party at any place or places designated by the Secured Party, in which event the Obligor shall at its own expense:

(i) forthwith cause the same to be moved to the place or places so designated by the Secured Party and delivered to the Secured Party; and

(ii) store and keep any Collateral so delivered to the Secured Party at such place or places pending further action by the Secured Party as provided in Section 5.3 hereof.

(e) during normal business hours (and in accordance with whatever school safety procedures may be in effect from time to time applicable to visitors) enter upon the property of the Obligor and examine and make copies of the financial books and records of the Obligor relating to the Collateral and take possession of all instruments, chattel paper, checks or other orders for payment of money and moneys in the possession of the Obligor representing Collateral or proceeds thereof; provided that the Secured Party shall thereafter promptly provide to the Obligor a list of all such items taken;

(f) notify any account debtors obligated on any Collateral to make payments directly to the Secured Party and of the amount to be so paid; provided, however, that written notice of such notification shall be mailed to the Obligor five (5) days prior to mailing or otherwise making such notification to account debtors and that, immediately upon receipt of such notice, the Obligor shall deliver to the Secured Party the name, address and telephone and facsimile numbers and any other contact information for each of its account debtors, together with information with respect to its efforts to enforce and collect Collateral owing from each such debtor, and shall thereupon cease all such efforts; and provided further that until the Obligor shall receive such notice it shall have the full authority and responsibility to enforce, collect and settle Collateral owing from its account debtors;

(g) following the above-mentioned notification to account debtors, collect, or, in good faith, compromise, settle, compound or extend amounts payable as Collateral which are in the form of accounts receivable or contract rights from the Obligor's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Obligor whether or not the full amount of any such account receivable or contract right owing shall be paid to the Secured Party; provided that the Secured Party shall, promptly after each such action, provide notice to the Obligor of such action taken in sufficient detail for the Obligor to track and document the Collateral affected;

(h) by written notice to the Obligor, forbid the Obligor to extend, compromise, compound or settle any accounts receivable or contract rights which represent any

unpaid assigned Collateral, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or to allow any credit or discount thereon; and

(f) by prior written notice to the Obligor, endorse in the name of the Obligor any checks or other orders for the payment of money representing any unpaid assigned Collateral or the proceeds thereof.

It is understood that the Obligor's obligation to deliver the moveable Collateral is of the essence of this Security Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Secured Party shall be entitled to a decree requiring specific performance by the Obligor of said obligation.

Section 5.3. Remedies; Disposition of the Collateral. Upon the occurrence and during the continuance of an Event of Default, any Collateral repossessed by or transferred to the Secured Party under or pursuant to Section 5.2 hereof and any other Collateral whether or not so repossessed by the Secured Party, may be sold, assigned, leased or otherwise disposed of (at the expense of the Obligor) under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, at public or private sale, and in general in such manner, at such time or times, at such place or places and on such terms as may be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Secured Party or after any overhaul or repair which may be commercially reasonable. Any such disposition which shall be a private sale shall be made upon not fewer than ten (10) Business Days written notice to the Obligor specifying the time at which such disposition is to be made and the intended sale price or other consideration therefor (which notice the Obligor agrees is commercially reasonable). Any such disposition which shall be a public sale shall be made upon not fewer than ten (10) Business Days written notice to the Obligor specifying the time and place of such sale (which notice the Obligor agrees is commercially reasonable) and, in the absence of applicable requirements of law, shall be by public auction (which may, at the Secured Party's option, be subject to reserve), after publication of notice of such auction not less than ten (10) days prior thereto in one newspaper in general circulation in Nassau County, New York. To the extent permitted by applicable law, the Secured Party may bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section 5.3 without accountability to the Obligor (except to the extent provided in Section 5.6 hereof).

Section 5.4. Waiver of Claims. Upon the occurrence and during the continuance of an Event of Default, then, to the extent permitted by applicable law, the Obligor waives all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law that may prevent or delay the enforcement of this Security Agreement or the absolute sale of the Collateral or any portion thereof and all benefit of all laws relating thereto.

Section 5.5. Effect of Realization. Any sale of, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Obligor therein and thereto, and shall be a perpetual bar both at law and in equity

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decision by a court of competent jurisdiction, be restored to its former position and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Secured Party shall continue as if no such proceeding had been instituted.

Section 5.9. Limitation on the Secured Party's Duty in Respect of the Collateral. The Secured Party shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, except that the Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control; provided, however, that the Secured Party shall only be responsible for its gross negligence or willful misconduct. Upon written request of the Obligor, the Secured Party shall account promptly for any moneys received by it in respect of any foreclosure or disposition of the Collateral.

Section 5.10. Waiver of Notice, Expenses. The Obligor hereby expressly waives notice from the Secured Party of its acceptance and reliance on this Security Agreement or of any action taken or omitted in reliance hereon. The Obligor further expressly waives diligence, presentment, demand for payment, protest, any requirement that any right or power be exhausted or any action be taken against the Obligor or against any other obligor under any of the Bond Documents or against any collateral security for the Obligations. The Obligor agrees to pay all costs, Secured Party's fees and commissions and expenses (including all court costs and reasonable attorneys' fees and expenses) which may be incurred by the Secured Party in enforcing or attempting to enforce this Security Agreement following any default on the part of the Obligor hereunder, whether the same shall be enforced by suit or otherwise.

Section 5.11. Benefit and Enforcement. This Security Agreement is entered into by the Obligor for the benefit of the Secured Party.

Section 5.12. Waiver of Rights. No payment hereunder by the Obligor shall entitle the Obligor by subrogation to the rights of the Secured Party to any payment by any other obligor or out of the property of any other obligor, except after payment and performance in full of the Obligations. The Obligor waives any benefit of, or any right to participation in, any security whatsoever now or hereafter held by the Secured Party.

Section 5.13. No Waiver or Set-Off. No act or commission or omission of any kind or at any time upon the part of the Secured Party in respect of any matter whatsoever shall in any way impair the rights of the Secured Party to enforce any right, power or benefit under this Security Agreement and no set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature (other than performance by the Obligor of its obligations hereunder), which the Obligor or any other obligor under any of the Bond Documents has or may have against the Secured Party or any other Person shall be available hereunder to the Obligor.

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against the Obligor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Obligor.

Section 5.6. Application of Proceeds. All the proceeds of any Collateral and any other amounts received or realized by the Secured Party by reason of the exercise by the Secured Party of any right or remedy with respect to the Collateral shall be applied in accordance with, and in the manner set forth in the Indenture and the Mortgage. The Obligor shall remain liable to the extent of any deficiency between the aggregate amount so received or realized by the Secured Party and the aggregate amount of the Obligations.

Section 5.7. Remedies Cumulative; No Waiver of Remedies. (a) Each and every right, power and remedy hereby specifically given to the Secured Party shall be in addition to every other right, power and remedy specifically given hereunder or under the other Bond Documents or now or hereafter existing at law or in equity, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Secured Party. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Secured Party in the exercise of any right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy. In the event that the Secured Party shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Secured Party may recover reasonable expenses, including reasonable attorneys' fees, and the amounts thereof shall be included in such judgment.

(b) No delay on the part of the Secured Party in exercising any of its rights, remedies, powers and privileges hereunder, and no partial or single exercise thereof, shall constitute a waiver thereof. No notice to or demand on the Obligor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Secured Party to any other or further action in any circumstances without notice or demand.

(c) To the extent permitted by applicable law, the lien and security interest of the Secured Party in the Collateral and the obligations of the Obligor hereunder shall remain in full force and effect without regard to, and shall not be impaired by, (i) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Security Agreement or any other Bond Documents (except as may be otherwise specifically agreed in writing by the Secured Party), or (ii) any amendment to or modification of any Document or any security for any of the Obligations, whether or not the Obligor shall have notice or knowledge of any of the foregoing.

Section 5.8. Discontinuance of Proceedings. In case the Secured Party shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Party, then and in every such case, the Secured Party shall, subject to any binding

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ARTICLE VI

NOTICE OF SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Section 6.1. Service of Process. The Obligor represents that it is subject to service of process in the State and covenants that it will remain so subject so long as any of the Obligations are outstanding.

Section 6.2. Notices. All notices, requests, consents, demands and other communications to any party hereunder or any other Person specified herein shall be in writing (including wire, telecopy or similar writing) and given pursuant to each Bond Purchase Agreement and, with respect to the Trustee, the Indenture.

Section 6.3. Consent to Jurisdiction. The Obligor irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Security Agreement may be brought in the courts of record of the State in Nassau County or the courts of the United States, Eastern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. For such time as any of the Obligations shall be unpaid in whole, or in part, any officer of the Obligor shall accept and acknowledge in the Obligor's behalf service of any and all process in any such suit, action or proceeding brought in any such court.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Pledge and Security Agreement to Become Effective. The obligations of the Institution hereunder shall arise absolutely and unconditionally when the Series 2023 Bonds have been issued, authenticated, sold and delivered by the Issuer.

Section 7.2. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Secured Party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Security Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default, default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Secured Party to exercise any remedy reserved to it in this Security Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Security Agreement. In the event any provision contained in this Security Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Security Agreement shall be established

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by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereto duly authorized by this Security Agreement.

Section 7.3. Entire Agreement; Counterparts. This Security Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

Section 7.4. Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Security Agreement contained, shall not affect the validity or enforceability of the remaining portions of this Security Agreement, or any part thereof. Any headings preceding the texts of the several Articles and Sections of this Security Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Security Agreement, nor shall they affect its meaning, construction or effect.

Section 7.5. Release. Upon the indefeasible payment in full of all Obligations, then the Secured Party shall release in writing the Obligor from its obligations hereunder, and, upon the written request of the Obligor, execute such termination statements under the Uniform Commercial Code of the State and take such other action, at the expense of the Obligor, as shall be necessary to effect the release of the Secured Party's interest in the Collateral.

Section 7.6. Right of Set-Off. The Obligor hereby grants to the Secured Party a lien and right to set-off for all of its liabilities and obligations under this Security Agreement against all the deposits, credits and property of the Obligor and any collateral of the Obligor now or hereafter in the possession, under the control or in transit to the Secured Party and pledged to the payment of the Obligations, and agrees that the same may be applied against such liabilities and obligations then due, at any time after an Event of Default has occurred under this Security Agreement.

Section 7.7. Applicable Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State, without regard to conflicts of laws principles thereof.

Section 7.8. Successors and Assigns. This Security Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns; provided however, the Trustee shall not assign the Security Agreement without the consent of the Obligor, which consent shall not be unreasonably withheld, delayed or conditioned; provided further however, the consent of the Obligor shall not be required in connection with a transfer by the Trustee of its rights and obligations hereunder to a successor trustee.

Section 7.9. Date of Security Agreement for Reference Purposes Only. The date of this Security Agreement shall be for reference purposes only and shall not be construed to

imply that this Security Agreement was executed on the date first above written. This Security Agreement was executed and delivered on the Closing Date.

Section 7.10. Intercreditor Agreement. This Security Agreement is subject to the terms and conditions of the Intercreditor Agreement. All proceeds of the Collateral shall be applied as set forth in the Intercreditor Agreement.

Section 7.11. Incorporation of Certain Indenture Provisions. All provisions of Article IX of the Indenture shall be construed as extending to and including all of the rights, duties and obligations imposed upon the Trustee under this Pledge and Security Agreement as fully and for all purposes as if said Article IX were contained in this Pledge and Security Agreement.

(Remainder of Page Left Intentionally Blank- Signature Page Follows)

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[Signature Page to Pledge and Security Agreement]

IN WITNESS WHEREOF, the Obligor has duly authorized the execution of this Security Agreement as of the date first above written.

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.

By: _____
Reginald Tuggle
Board Chair

STATE OF NEW YORK)
 : ss
COUNTY OF NASSAU)

On the ____ day of May, in the year 2023, before me, the undersigned, personally appeared Reginald Tuggle, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals whose names are subscribed to the within instrument and acknowledged to me that she executed the same in his capacity and that by her signature on the instrument, the individuals, or the persons upon behalf of which the individual acted, executed the instrument.

Notary Public

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**ASSIGNMENT OF CONTRACTS AND INTEREST
IN LICENSES, PERMITS AND AGREEMENTS**

From

FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.
a not-for-profit corporation organized and existing under the laws of the State of New York,
having its principal office at 201 Debevoise Ave., Roosevelt, New York 11575,
as "Facility Owner",

TO

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
a national banking association duly organized and existing under the laws of the United States of
America, together with any successor Trustee under the Indenture of Trust referred to herein,
having a corporate trust office at 100 Wall Street, 6th Floor, New York, NY 10005, as
"Trustee"

Dated as of May 10, 2023

\$31,315,000 Educational Revenue Bonds (Friends Of Roosevelt
Children's Academy Charter School, Inc. - Roosevelt Children's
Academy Charter School Project), Series 2023A

And

\$685,000 Educational Revenue Bonds (Friends Of Roosevelt
Children's Academy Charter School, Inc. - Roosevelt Children's
Academy Charter School Project), Series 2023B (Taxable)

**ASSIGNMENT OF CONTRACTS AND INTEREST
IN LICENSES, PERMITS AND AGREEMENTS**

THIS ASSIGNMENT OF CONTRACTS AND INTEREST IN LICENSES, PERMITS AND AGREEMENTS, dated as of May 10, 2023 (this "Assignment"), is from FRIENDS OF ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC., a not-for-profit corporation created and existing under the laws of the State of New York, as assignor (the "Facility Owner"), to U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America having a designated corporate trust office located at 100 Wall Street, 6th Floor, New York, NY 10005, as trustee and as assignee (the "Trustee"), together with any successor trustee at the time serving as such under the Indenture of Trust, dated as of May 1, 2023, between Nassau County Local Economic Assistance Corporation (the "Issuer") and the Trustee (as amended, restated, supplemented or otherwise modified from time to time, the "Indenture") (capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture or in the Loan Agreement, each as referred to below).

WHEREAS, the Issuer is issuing its \$31,315,000 Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023A (the "Series 2023A Bonds" or the "Tax-Exempt Bonds") and the Issuer's Educational Revenue Bonds (Friends of Roosevelt Children's Academy Charter School, Inc. - Roosevelt Children's Academy Charter School Project), Series 2023B (Taxable) in the aggregate principal amount of \$585,000 (the "Series 2023B Bonds" or "Taxable Bonds" and collectively with the Series 2023A Bonds, the "Bonds") for the purpose of enabling the Facility Owner to finance and refinance all or a portion of the cost of the following (A) the construction on the Organization's approximately one (1) acre parcel of land located at 111-115 Pleasant Avenue, Roosevelt, Town of Hempstead, Nassau County, New York (the "Land") of a new, approximately 50,787 sq. ft. school building facility (the "Improvements"); (B) the acquisition of and installation in and around the Improvements of certain items of machinery, fixtures, equipment and other items of tangible personal property (collectively, the "Equipment" and, together with the Land, and the Improvements, the "Facility") and (C) funding of a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Bonds, which Facility is owned by the Facility Owner and leased to Roosevelt Children's Academy Charter School, a New York not-for-profit education corporation (the "School"), and to be used by the School for educational space for students, including classrooms, gymnasium, cafeteria, administrative areas, related education areas and parking areas (collectively, the "Project"); and

WHEREAS, the Issuer and the Trustee are entering into the Indenture under the terms of which the Issuer will issue the Bonds and lend the proceeds of the sale of the Bonds to the Facility Owner to enable it to finance and refinance costs of the Project, and the Facility Owner, in consideration of the issuance of the Bonds by the Issuer, and the loan of the proceeds of the sale of the Bonds to the Facility Owner by the Issuer, will, pursuant to a Loan Agreement, dated as of May 1, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), between the Issuer and the Facility Owner, agree to repay said loan to the Issuer in such amounts and at such times as will be sufficient to enable the Issuer to pay the

principal of, redemption premium (if any) and the interest on the Bonds as the same become due and to make certain other payments with respect to the Bonds; and

WHEREAS, in order to evidence the indebtedness to the Issuer under the Loan Agreement, the Facility Owner has executed and delivered to the Issuer two (2) certain Promissory Notes, each dated the date of the issuance of the Bonds and each endorsed by the Issuer to the Trustee, in the aggregate principal amount of the Bonds (collectively, the "Promissory Notes"); and

WHEREAS, the Bonds are being issued under and secured by the Indenture and all of the Issuer's right, title and interest (except only certain rights reserved by the Issuer under the Indenture) in the Loan Agreement are being assigned by the Issuer to the Trustee pursuant to the Indenture; and

WHEREAS, the Bonds are also secured by mortgage liens on and security interests in certain mortgaged property, including the Facility, under the terms of a Mortgage and Security Agreement and Assignment of Leases and Rents (Project Loan) and a Mortgage and Security Agreement and Assignment of Leases and Rents (Building Loan), each dated as of May 10, 2023 (collectively, the "Mortgage"), from the Facility Owner and the School in favor of the Issuer, as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage dated as of May 10, 2023; and

WHEREAS, the Facility Owner has agreed to enter into this Assignment to grant to the Trustee a lien on and perfected security interest in, the Contracts and Permits (each as defined below), as security for the payment and performance of all obligations of the Facility Owner to the Trustee hereunder, and under the Promissory Notes, the Indenture, and the Mortgage, and as security for all obligations of any nature, whether now existing or hereafter incurred, of the Facility Owner to the Trustee, the intended assignee of the Issuer (collectively, the "Obligations").

FOR VALUE RECEIVED, the Facility Owner assigns, transfers, and sets over unto the Trustee, all of the rights, title, interests and privileges which the Facility Owner has and may have in all of the contracts, agreements and commitments set forth on Exhibit A hereto (collectively, the "Contracts"), and all of the licenses, permits, approvals and agreements by and among the Facility Owner, or issued to the Facility Owner, by all boards, agencies, departments, governmental or otherwise (collectively referred to as "Permits"), which Contracts and Permits relate or pertain to the acquisition, ownership, construction, installation, equipping and operation of the Facility.

1. This Assignment is made as separate and independent security for the payment of the Promissory Notes from the Facility Owner to the Issuer, and as separate and independent security for the performance by the Facility Owner of its agreements, obligations, and undertakings under the Loan Agreement, and under any other loan documents therein identified (collectively, the "Loan Documents"). The acceptance of this Assignment shall not constitute a waiver of any rights of the Issuer or the Trustee under the terms of any of the Loan Documents. The security provided by this Assignment is intended to be of the same quality and significance as the security provided by the Mortgage, and all rights and remedies of the Trustee under this

Assignment and under the Loan Documents are cumulative and concurrent and may be exercised singly, successively or concurrently, at the discretion of the Trustee.

2. Until the occurrence of an Event of Default (as defined in the Loan Agreement), the Facility Owner may retain, use and enjoy the benefits of the Contracts or Permits. After the occurrence of an Event of Default, the Trustee may enforce this Assignment by notifying the Facility Owner by certified mail sent to the address specified in the Loan Documents. The affidavit or written statement of an officer, agent or attorney of the Trustee stating that there has been a default or an Event of Default shall constitute prima facie evidence thereof and any contractor or governmental authority or other person is authorized and directed to rely thereon.

3. After the occurrence of an Event of Default, the Trustee may elect to exercise any and all of the Facility Owner's rights, remedies and privileges under the Contracts and Permits, without any interference or objection of the Facility Owner, and the Facility Owner shall lend full cooperation in carrying out this Assignment.

4. The Trustee shall not be liable or responsible in any manner to the Facility Owner or to any contractor for the performance of any action, matter or thing connected with the work or with any aspect of the Contracts or to any of the governmental authorities for any matter or thing connected with any aspect of the Permits, including performance thereunder.

5. After an Event of Default, the Trustee may, with or without entry upon the Facility, at its option, exercise the Facility Owner's rights and remedies under the Contracts and Permits and perform all acts in the same manner and to the same extent as the Facility Owner might do. The Facility Owner hereby releases any and all claims which it has or might have against the Trustee arising out of such performance by the Trustee, except those caused by the Trustee's gross negligence or willful misconduct and except such claims which are preserved to the Facility Owner by the provisions of the Loan Agreement. The Trustee may in connection with any and all of the foregoing powers, and without limiting the same, effect new contracts or permits, cancel or surrender existing contracts and permits, and make concessions to parties and governmental agencies. The Trustee shall follow any direction of the Majority Holders (as defined in the Indenture) in exercising remedies under the Contracts and Permits.

6. From and after the date hereof, no Contract or Permit may be materially altered, amended or cancelled by the Facility Owner without the prior written consent of the Trustee, which consent shall not be unreasonably withheld, conditioned or delayed, and no Contract with respect to the Project shall be entered into by the Facility Owner without giving the Trustee prior notice thereof. Notwithstanding anything in this paragraph 6 to the contrary, the Trustee is not required to consent to amendments or cancellations of Contracts and Permits if the change or cancellation would have a material adverse effect on the Bondholders (as defined in the Indenture), provided that the Trustee shall consent to any such change or cancellation in the Contract and Permits if the Majority Holders approve such change or cancellation.

7. All of the foregoing powers herein granted to the Trustee shall be liberally construed. The Trustee need not expend its own funds in the exercise of such powers, but if it does, such amount shall be considered as an advance for and on behalf of the Facility Owner secured by this Assignment and also secured by the Loan Documents.

8. The Facility Owner agrees faithfully to observe and perform all of the obligations and agreements imposed upon the Facility Owner under the Contracts and Permits. The Trustee will not be deemed in any manner to have assumed the same, nor shall the Trustee be liable to contractors by reason of any default by any party under the Contracts. The Facility Owner agrees to defend, indemnify and to hold the Trustee harmless of and from any and all liability, loss or damage which it may or might incur by reason of any claims or demands against it based on its alleged assumption of the Facility Owner's duty and obligation to perform and discharge the terms, covenants, and agreements of the Contracts and Permits.

9. Nothing herein contained shall be construed as making the Trustee a mortgagee in possession, or as constituting a waiver or suspension of the Trustee of its right to enforce payment of the debts under the terms of the Loan Documents. The Trustee is not the agent, partner, or joint venturer of the Facility Owner.

10. Notices required hereunder shall be sent to the persons, in the manner and at the addresses required for notices as set forth in the Loan Agreement.

11. The repayment in full of the Promissory Notes and the full performance of the obligations of the Facility Owner under the Loan Documents shall render this Assignment automatically terminated. This Assignment is irrevocable and is binding upon the Facility Owner and the Facility Owner's successors and assigns so long as any of the Obligations remains unpaid. The duly recorded satisfactions, release or reconveyance of all or any portion of the Facility shall render this Assignment automatically terminated with respect to the portion of the Facility described in any such satisfaction, release or reconveyance.

12. This Assignment shall be governed by and construed in accordance with the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

13. The date of this Assignment shall be for reference purposes only and shall not be construed to imply that this Assignment was executed on the date first written above. This Assignment was executed and delivered on May 10, 2023.

14. All provisions of Article IX of the Indenture shall be construed as extending to and including all of the rights, duties and obligations imposed upon the Trustee under this Assignment as fully and for all purposes as if said Article IX were contained in this Assignment.

15. If any one or more of the provisions of this Assignment shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions of this Assignment, but this Assignment shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

IN WITNESS WHEREOF, the Facility Owner has duly executed this Assignment of Contracts and Interest in Licenses, Permits and Agreements.

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.

By: _____
Reginald Tuggle
Board Chair

EXHIBIT A

1. Assignment, Assumption and Amendment to Contractor Agreement by and between VRD Contracting (the "Contractor") and Facility Owner, dated as of May 10, 2023.
2. Assignment, Assumption [and Amendment] to Agreement by and between Robert Phillip Ferraro Architect, P.C. (the "Architect") and Facility Owner, dated as of May 10, 2023.
3. All insurance policies and surety bonds (if applicable) with respect to the Project.
4. All other agreements between the Facility Owner and any other party relating to the construction or operation of the Project, to the extent assignable.

[Signature Page to Assignment of Contracts and Interest in Licenses, Permits and Agreements]

LEASE

FROM

FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.,

LANDLORD

TO

ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL,

TENANT

PREMISES: 111-115 PLEASANT AVENUE
ROOSEVELT, NEW YORK

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DATED AS OF: April 26, 2023

LEASE

THIS LEASE made as of this 26th day of April 2023 by and between, Friends of Roosevelt Children's Academy Charter School, Inc. located at 201 Debevoise Avenue, Roosevelt, New York 11575 ("Landlord") and Roosevelt Children's Academy Charter School, a New York not-for-profit education corporation ("Tenant"), located at 201 Debevoise Avenue, Roosevelt, New York 11575.

1. **Premises.** Landlord leases to Tenant the following described premises (the "Premises") on the terms and conditions set forth in this Lease and Tenant hereby hires and leases the Premises from Landlord on the terms and conditions set forth in this Lease:

2. All those portions of the lots and parcel of land commonly known as 111-115 Pleasant Avenue, Roosevelt, New York (the "Land") and other improvements located on the Land at any time, including, without limitation, the now, to-be-constructed building of approximately 50,787 square feet (the "Building"). Together for certain purposes set forth herein, the Land, the Building and Premises shall hereinafter be referred to as the "Property".

3. **Effectiveness and Term.**

(a) **THIS LEASE SHALL BE CONTINGENT, AND ONLY BECOME EFFECTIVE, UPON THE CLOSING AND TRANSFER OF TITLE OF THE PREMISES TO LANDLORD ("Effective Date").**

(b) The term ("Term") of this Lease shall be for a period of approximately forty-eight (48) years, commencing on the Commencement Date (which for the purposes of this Lease shall be the Effective Date) and expiring on June 30, 2071. Landlord and Tenant shall execute a mutually acceptable instrument setting forth the Commencement Date; however, the failure to execute such instrument shall not serve to invalidate this Lease.

(c) Landlord anticipates delivering the Premises to Tenant with Delivery Conditions (as hereinafter defined) completed on or about October 31, 2024 (the "Anticipated Delivery Date"). By March 1, 2024, Landlord shall notify the Tenant if the Anticipated Delivery Date is no longer feasible so that Tenant can make alternative arrangements to ensure that it has a facility for its students for the 2024-2025 school year. The actual date on which Tenant takes possession of the Premises whether on the Anticipated Delivery Date or at a later date shall hereinafter be referred to as the "Actual Delivery Date".

4. **Rent and Operating Costs.** During the Term of this Lease, Tenant shall make the following payments per annum:

(a) **Base Rent.** Notwithstanding the date of the Actual Delivery Date, Tenant acknowledges and agrees that Tenant's obligation to commencement the payment of fixed annual rent (the "Base Rent") shall commence on August 1, 2024 and be paid in such amounts and on such dates as set forth herein, and thereafter in advance on the first day (or if such day is not a business day, on the next succeeding business day) of each month thereafter, during the Term with each "Lease Year" running from July 1st to the following June 30th (except the first Lease Year, which shall run from the Commencement Date through June 30, 2025) in such

amounts as set forth on Schedule 1 attached to and incorporated by reference herein. To the extent that the Commencement Date falls on any day other than the 1st day of a month, Base Rent for the first month shall be prorated from the Commencement Date through the end of the month in which the Commencement Date occurs.

(b) **Operating Costs.** Landlord shall be responsible for all costs incurred by Landlord in complying with all of Landlord's obligations set forth hereunder (including without limitation Landlord's insurance obligations set forth in Section 9 herein). Landlord shall also be responsible for contracting directly for and paying such costs and expenses associated with such utilities including, without limitation, charges for water, gas, oil, sanitary and storm sewer, electricity, steam, telephone service, trash collection, internet access, cable television or satellite service, and all other utilities that may be required by Tenant and charged against the Premises during the Term, and all other costs and expenses involved in the care, ordinary maintenance, repair and replacement, and management of the Premises that Landlord and Tenant agree Landlord shall provide as indicated on Schedule 2 attached hereto and incorporated by reference herein (the "Operating & Maintenance Costs"), which are included in the payment of Base Rent and are subject to change from time to time pursuant to Section 28 herein, and Landlord shall contract in its own name with the providers providing the foregoing services to the Premises.

(c) **Additional Rent.** All such sums of money (other than Base Rent) as shall become due from and payable by Tenant to Landlord hereunder (for default in payment of which Landlord shall have the remedies as for a default in payment of Base Rent) shall be defined as "Additional Rent".

(d) **Real Estate Taxes.**

(1) **Obligation to Pay Real Estate Taxes.** To the extent Real Estate Taxes (as defined herein) may become due and payable during the Term, Tenant shall pay one hundred percent (100%) of any such Real Estate Taxes.

(2) **Real Estate Taxes Defined.** The term "Real Estate Taxes" shall mean all real estate taxes and assessments, government levies, municipal taxes, county taxes and assessments (whether general or special, ordinary or extraordinary, unforeseen or foreseen) and gross receipts and rental taxes incurred in the use, occupancy, ownership, operation, leasing or possession of the Premises, which are or may be assessed, levied or imposed.

(3) **Exemption from Real Estate Taxes.** To the extent the Property is eligible for an exemption from Real Estate Taxes, Landlord shall promptly file an application with (Nassau County) for an abatement of Real Estate Taxes. Tenant shall provide such reasonable cooperation as Landlord may require in connection with such application, including the delivery any documents and other information then currently within Tenant's possession or under its control, the preparation and execution such other documents, and generally take such further reasonable measures as may be required to enable or obtain such exemption.

(4) **Right to Contest.** Landlord shall have the right, in Tenant or Landlord's name, or both, but at Tenant's cost and expense to contest the validity of any taxes or assessments, by

¹ To be confirmed.

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appropriate proceedings timely instituted. Tenant shall, upon request of Landlord, cooperate fully with Landlord in any such proceedings.

(5) **Personal Property Taxes.** Tenant shall be liable for and shall pay, at least ten (10) Business Days before delinquency, all taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises.

5. **Manner of Payment.** Tenant shall pay all Rent due under this Lease by wire transfer directly to Account No. _____ of the Landlord, held at U.S. Bank Trust Company, National Association (routing number: _____; account name: "_____-Depository Account), or to such successor account as provided in writing by Landlord to Tenant. The obligation of Tenant to pay the Rent required under this Section and other provisions hereof during the Term shall be absolute and unconditional, and payment of the Rent shall not be abated through accident or unforeseen circumstances, except as otherwise set forth herein. Notwithstanding any dispute between Tenant, Landlord, any contractor or subcontractor retained with respect to the Premises, or any other party, Tenant shall, during the Term, make all payments of Rent when due and shall not withhold any Rent pending final resolution of such dispute, nor shall Tenant assert any right of set-off or counter-claim against its obligation to make such payments required hereunder except such compulsory claims or counter-claims that must be asserted by law; provided, however, that the making of such payments shall not constitute a waiver by Tenant of any rights, claims or defenses which Tenant may assert. No action or inaction on the part of Landlord shall affect Tenant's obligation to pay Rent.

6. **Permitted Use.** Tenant shall use the Premises as its school facility for the operation of Roosevelt Children's Academy Charter School (the "School") serving such grades as authorized by the School's Charter along with such ancillary uses to serve students and families as are ordinarily and customarily associated with the operation of a school for children, including without limitation before school, after-school, intersession and enrichment programming, extracurricular activities and other related, ancillary and auxiliary educational, athletic and community uses in connection therewith; and consistent with applicable zoning regulations and the Premises' certificate of occupancy which, when the Premises are delivered on the Actual Delivery Date, shall permit the operation of a school for children (the "Permitted Use").

7. **Compliance with Legal Requirements.** Tenant shall comply with all legal requirements applicable to the Permitted Use and such legal requirements otherwise applicable to Tenant with respect to the Premises, including without limitation repairs caused by Tenant's or Tenant's staff, students, parents, guest, invitees or Permitted Alterations (as defined herein) performed by Tenant (the "Legal Requirements"). Landlord shall comply with all Legal Requirements applicable to the Landlord with respect to the Premises.

8. **Environmental Compliance.**

(i) Effective on the Actual Delivery Date, Tenant shall comply with all applicable Environmental Laws (as defined herein). Except for reasonable quantities of supplies used in the normal course of a school in compliance with all applicable Legal Requirements and

Environmental Laws, Tenant shall not generate, store, manufacture, refine, transport, treat, dispose of, or otherwise permit to be present on or about the Premises, any Hazardous Substances (as defined herein).

(ii) If Tenant shall become aware of or receive notice or other communication concerning any actual, alleged, suspected or threatened violation of any Environmental Law or liability of Tenant for environmental damages in connection with the Premises or past or present activities of any person thereon, including, but not limited to, notice or other communication concerning any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice, order, writ or injunction relating to same, then Tenant shall promptly deliver to Landlord copies of any such notice or communication.

(iii) **Definitions.** For the purposes of this Article 7 of this Lease, certain terms set forth above shall be defined as set forth herein:

(A) "Environmental Laws" shall be defined as: any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health (as it relates to exposure to Hazardous Substances) or the environment, relating to Hazardous Substances and/or relating to liability for or costs of other actual or threatened danger to human health (as it relates to exposure to Hazardous Substances) or the environment. The term "Environmental Laws" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including, but not limited to, Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act (as it relates to exposure to Hazardous Substances); the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the River and Harbors Appropriation Act; and those relating to Lead Based Paint. The term "Environmental Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority (as hereinafter defined) of the environmental condition of the Premises; requiring notification or disclosure of Releases (as hereinafter defined) of Hazardous Substances or other environmental condition of a property to any Governmental Authority or other Person (as hereinafter defined), whether or not in connection with any transfer of title to or interest in such property; imposing conditions or requirements in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Property; and relating to wrongful death, personal injury or property or other damage in connection with any physical condition or use of the Premises.

(B) "Hazardous Substances" shall be defined as any and all substances (whether solid, liquid or gas) defined, listed or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes or words of

similar meaning or regulatory effect under any present or future Environmental Laws or that may have a negative impact on human health or the environment, including, but not limited to, petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives, Lead Based Paint (as hereinafter defined) and Toxic Mold (as hereinafter defined). Notwithstanding anything to the contrary contained herein and for the avoidance of doubt, the term "Hazardous Substances" will not include substances which otherwise would be included in such definition but which are of kinds and in amounts ordinarily and customarily used or stored in similar properties, including, without limitation substances used for the purposes of cleaning, maintenance, or operations, substances typically used in construction, and typical products used in properties like the Property, and which are otherwise in compliance with all Environmental Laws.

(C) "Governmental Authority" shall be defined as the United States government, New York State, Nassau County, or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government and having or asserting jurisdiction over the Premises.

(D) "Releases" shall be defined as any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances.

(E) "Person" shall be defined as natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

(F) "Toxic Mold" shall be defined as fungi that reproduce through the release of spores or the splitting of cells or other means that may pose a risk to human health or the environment or negatively affect the value of the Premises, including, but not limited to, mold, mildew, fungi, fungal spores, fragments and metabolites such as mycotoxins and microbial volatile organic compounds.

(G) "Lead Based Paint" shall be defined as paint containing more lead than is permissible at the Premises under applicable law.

9. Repairs and Maintenance.

(a) During the Term, in addition to its obligations in Section 3(b), Landlord shall, at its sole expense, perform diligently, promptly and in a good and workmanlike manner (i) all maintenance, repairs and replacements to the structural components of the Building, including without limitation the roof, roofing system, exterior walls, bearing walls, support beams, foundations, columns, exterior doors and windows and lateral support to the Building; (ii) assure watertightness of the Building (including caulking of the flashings) and repairs and replacements to the roof, roofing system, curtain walls, windows, and skylights if required to assure watertightness; (iii) replace, when necessary, as determined by Landlord in Landlord's

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Tenant agrees to reimburse the party paying such premiums to the extent of the amounts so advanced.

(d) To the extent at any given time during the Term there is no Landlord Financing on the Property, Tenant shall maintain such insurance policies in such policy amounts as are ordinarily and customarily carried by charter schools in New York State (including without limitation commercial general liability insurance, employment practices liability insurance, property insurance to cover Tenant's personal property and any Permitted Alterations (as defined herein) made by Tenant, insurance policies covering the performance of any Permitted Alterations in commercially standard amounts (and Tenant shall require that any contractors performing Permitted Alterations for Tenant carry commercial standard policies covering the such work, naming Tenant, Landlord and any Landlord Mortgagee as an additional insured), "All-Risk" or "Special Perils" insurance covering the Building, workers' compensation insurance, disability insurance, auto insurance (if applicable), directors and officers liability insurance) naming Landlord as an additional insured on such coverages on which additional insured parties can be added.

(e) Landlord and Tenant hereby release the other and their respective authorized representatives from any claims for injury to any person or damage to the Property that are caused by or result from risks insured against under any all-risk or Fire insurance policies carried by either party. Landlord and Tenant shall each obtain, for each policy of insurance, provisions permitting waiver of any claim against the other party for loss or damage within the scope of the insurance and each of Landlord and Tenant, to the extent permitted, for itself and its insurer, waives all such insured claims against the other party. If such waiver or agreement shall not be, or shall cease to be, obtainable without additional charge or at all, the insured party shall so notify the other party promptly after notice thereof. If the other party shall agree in writing to pay the insurer's additional charge therefore, such waiver or agreement shall (if obtainable) be included in the policy.

(f) Tenant shall promptly provide to Landlord a copy of any cancellation notice received by Tenant and where possible, require that the carrier(s) send a notice of cancellation directly to Landlord.

11. Indemnity.

(a) Tenant shall defend, indemnify and save harmless Landlord, its affiliates, and their officers, and directors, and the Issuer against all claims, liabilities, losses, fines, penalties, damages, liens, judgments, penalties, loss of rents, costs and expenses (including reasonable attorneys' fees and other reasonable costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any action or omission of Tenant occurring after the Actual Delivery Date, or any failure on the part of Tenant to perform its obligations under this Lease, except to the extent caused by the negligence or willful misconduct of Landlord, or its employees, contractors, agents or representatives.

(b) Landlord shall defend, indemnify and save harmless Tenant, its affiliates and, their officers, directors, employees, agents, representatives and contractors against all claims, liabilities, losses, fines, penalties, damages, liens, judgments, penalties, costs and expenses

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reasonable discretion, the plumbing, heating, ventilation and air conditioning systems, electrical and mechanical lines and equipment associated therewith, including without limitation elevators (collectively the "Building Systems"), to maintain all in good working order to enable Tenant's operations of the School; and (iv) make all repairs and replacements necessitated by damage to the Building and the Premises consistent with Landlord's obligations in (i) through (iii) above, except such repairs and replacements required as a result of the negligence or willful misconduct of Tenant, its agents, independent contractors, representatives or employees. Landlord shall take commercially reasonable efforts to enforce, for the benefit of Tenant, any applicable contractors', manufacturers', vendors', or other insurers' warranties or guarantees that cover maintenance and repairs to the non-structural elements of the Building so long as such non-structural elements are covered under such warranty or guaranty.

(b) In addition to Sections 3(b) and 9(a) above, Landlord shall, throughout the term of this Lease and at its sole cost and expense, utilizing its maintenance staff or through a contract with a service provider, keep and maintain all exterior portions of the Premises including walkways, in a clean and orderly condition, free of accumulation of rubbish and shall keep and maintain the parking areas, driveways and walkways and keep same free of snow and ice. Landlord shall, at Landlord's cost and expense, engage one or more third-party service providers to keep and maintain shrubbery and landscaping and for large-scale removal of snow and ice.

10. Insurance.

(a) Tenant shall maintain, at Landlord's expense, commencing on the Effective Date and through the duration of the Term, such insurance policies that Landlord is required to maintain by its mortgagees, if any, (a "Landlord Mortgagee") and other parties to whom it is obligated in connection with any financing it has obtained or will obtain in connection with Land, maintain the Land, Building and the Premises and complete Landlord's Work ("Landlord Financing"), naming any Landlord Mortgagee, other parties to whom Landlord is obligated and Landlord as additional insureds on a primary and non-contributory basis. Notwithstanding the foregoing and the for avoidance of doubt, Tenant shall maintain, at Landlord's expense, commencing on the Effective Date and through the duration of the Term, such insurance policies in such amounts as set forth in Section 7.1 of the Loan Agreement dated as of May 1, 2023 by and between Nassau County Local Economic Assistance Corporation (the "Issuer") and Landlord (as may be amended, the "Loan Agreement"), Section 3.9 of the Mortgage (as defined in the Loan Agreement) dated as of May 1, 2023 by and between Nassau County Local Economic Assistance Corporation and Landlord and the Covenant Agreement dated as of May 1, 2023 between the Tenant and U.S. Bank Trust Company, National Association, naming the Issuer, U.S. Bank Trust Company, National Association and Landlord as additional insureds on a primary and non-contributory basis.

(b) Upon request therefor, Tenant shall furnish to Landlord and such parties designated in Section 10(a) herein with certificates of insurance for the coverages required under this Section 10.

(c) In the event Tenant shall fail to maintain the insurance coverage required by this Lease, Landlord, after ten (10) days written notice to Tenant unless cured within such ten (10) days, may contract for the required policies of insurance and pay the premiums on the same and

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(including reasonable attorneys' fees and other reasonable costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any action or omission of Landlord, or any failure on the part of Landlord, to perform its obligations under this Lease, except to the extent caused by the negligence or willful misconduct of Tenant, or its employees, students, families, contractors, agents, licensees, invitees or representatives.

12. Landlord's Work.

(a) Landlord shall, at Landlord's sole cost and expense, construct Building and the Premises in accordance with the plans and specifications attached hereto as Exhibit A and incorporated by reference herein ("Landlord's Work"). Landlord shall commence Landlord's Work promptly following the Commencement Date. To the extent reasonably required, Tenant shall promptly and reasonably cooperate with Landlord, at Landlord's sole cost and expense, in connection with Landlord's Work. Landlord's Work shall be completed in accordance with Environmental Laws, completed by licensed (when required) and insured contractors in a good and workmanlike manner and delivered to Tenant ready for occupancy on the Anticipated Delivery Date or the Outside Delivery Date (as permitted above), with Landlord's Work substantially completed, at least a temporary certificate of occupancy, a completed and passed fire inspection and such Place of Assembly permits as required for certain spaces within the Premises (the "Delivery Conditions").

(b) "Substantial Completion" or "Substantially Completed" shall mean, with respect to Landlord's Work, that Landlord's Work is complete subject only to minor details of construction, decoration, and mechanical adjustments that do not materially interfere with Tenant's ability to occupy the Premises ("Punch List Items").

13. Alterations.

(a) Tenant may, in compliance with Legal Requirements and consistent with the Permitted Use and with the written consent of Landlord, with such consent not to be unreasonably withheld, conditioned or delayed, at Tenant's sole cost and expense, make alterations to the Premises ("Permitted Alterations"), and so long as such Permitted Alterations do not materially reduce the fair market value thereof.

(b) Tenant agrees that all Permitted Alterations shall comply with all Legal Requirements, will be constructed in a good and workmanlike manner, and that Tenant will carry all insurance required by this Lease covering the Permitted Alterations, and Tenant shall indemnify Landlord against liability for any and all mechanics' and other liens filed in connection with Permitted Alterations.

(c) Unless otherwise restricted by any document or agreement which governs Tenant's personal property, Tenant may remove Tenant's personal property and trade fixtures ("Tenant Property") at any time during the term of the Lease. Tenant shall also be permitted to remove any Permitted Alterations to the Premises performed by Tenant, provided that Tenant repairs any damage to the Premises caused by such removal.

14. Assignment and Sublease. Tenant shall not assign this Lease or sublet the whole or any part of the Premises without the prior written consent of Landlord, which shall not be

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unreasonably withhold, conditioned or delayed. For so long as any mortgage loan shall encumber the Premises, Tenant shall not assign this Lease or sublet the whole or any part of the Premises without the consent of any Landlord Mortgagee, which consent any Landlord Mortgagee may grant or withhold in accordance with the terms of any Landlord Financing.

15. **Casualty and Condemnation.** In the event of a Loss Event (defined as an event in which the whole or part of the Building shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Landlord and those authorized to exercise such right are parties, or if the temporary use of the Building shall be so taken by condemnation or agreement), except as may otherwise be required by Landlord's mortgagee or its representatives, all condemnation awards and insurance proceeds, in respect of property insurance proceeds that are less than a threshold amount, are to be paid over to Landlord (or if required in connection with a Landlord Financing- a Landlord Mortgagee). Tenant and Landlord acknowledge and agree that any insurance proceeds or condemnation award, compensation or damages attributable to Tenant Property may be retained by Tenant.

16. **Subordination.**

Landlord and Tenant hereby subordinate their interest in this Lease to the Mortgage.

(a)

17. **Landlord's Right of Entry.** Landlord has the right to enter the Premises at any reasonable time upon prior written notice to Tenant, subject to student safety requirements and Tenant's security protocols (together, the "Safety Protocols"), or without notice in case of emergency, for the purpose of performing maintenance, repairs, and replacements to the Premises as are required under this Lease, provided it causes no material interference to Tenant's use and enjoyment of the Premises and except in the event of an emergency, not during times when student testing is taking place. During business hours and upon reasonable notice to Tenant, Landlord may, during the last six (6) months of the Term, show the Premises to prospective tenants and mortgagees. Landlord shall not interfere with or disrupt the normal operation of Tenant's school. Landlord, and any third parties entering the Premises at Landlord's invitation or request shall at all times strictly observe Tenant's Safety Protocols. Tenant shall have the right, in its sole discretion, to designate a representative to accompany Landlord, or any third parties, while they are on the Premises.

18. **Parking Facilities.** Tenant, its employees, agents, contractors, and visitors shall have the right to use the parking facilities located on the Land, with all parking facilities on the Land provided at no additional cost to Tenant throughout the Term.

19. **Signage.** Tenant shall be entitled to have outdoor signage identifying Tenant and the School placed on the Premises, which signage shall be installed, at Landlord's sole cost and expense, as part of Landlord's Work, including, but not limited to the cost of obtaining any permits required to install such signage. Tenant may, at Tenant's sole cost and expense, and in compliance with Legal Requirements, erect and/or post such additional signage during the Term as tenant may desire and/or require. Upon the vacation of the Building by Tenant, all Tenant's signs shall be removed by Tenant.

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(c) Nothing contained herein shall be construed as limiting or precluding the recovery by Landlord from Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant.

22. **Landlord's Default, Rights and Remedies.**

(a) The occurrence of the following constitutes an "Event of Default" by Landlord under this Lease:

failure by Landlord to observe or perform any covenant, agreement, condition or provision of this Lease, if such failure shall continue for thirty (30) days after receipt of written notice from Tenant to Landlord, except that if such default cannot be cured within such thirty (30) day period, it shall not be considered an Event of Default if Landlord commences to cure the default within the thirty (30) day period and proceeds diligently thereafter to seek to effect such cure, provided that in a situation requiring immediate response, Tenant need only give Landlord such notice as is practical under the circumstances.

(b) If an Event of Default by Landlord occurs, Tenant shall have all rights and remedies available at law or in equity against Landlord. In no event shall Tenant have the right to set off against the Rent due under this Lease or to terminate this Lease while the Bonds (as defined in the Loan Agreement) are outstanding.

(c) Upon such Event of Default by Landlord, Tenant will give notice by registered or certified mail to any beneficiary of a deed of trust or mortgage or ground or underlying lease covering the Premises whose address shall have been furnished to Tenant, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including the time to obtain possession of the Premises by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure.

23. **Quiet Enjoyment.** Landlord covenants that if and for so long as Tenant pays the Rent and performs the covenants and conditions hereof, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the term.

24. **Representation of Authority.** Landlord and Tenant represent and warrant to each other that they have full right, power and authority to enter into this Lease without the consent or approval of any other entity or person. The signatories on behalf of Landlord and Tenant represent and warrant that each has full right, power and authority to act for and on behalf of Landlord and Tenant in entering into this Lease.

25. **Reserved.**

26. **Brokers.** Tenant and Landlord represent to the other that it has not dealt with any broker, finder or similar agent in connection with this Lease and agrees to defend, indemnify and save harmless the other against all claims, liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and other costs of defense) arising from the indemnifying party's breach of this representation.

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20. **Access.** Tenant shall have full and unimpaired access to the Building, Premises and the Land at all times, and if access to a public road is via private roads or streets, Tenant shall have the right to use such roads and streets for ingress and egress to the Building, the Premises and the Land.

21. **Tenant's Defaults.**

(a) The occurrence of any one or more of the following matters constitutes an "Event of Default" by Tenant under this Lease: (i) failure by Tenant to pay Rent within ten (10) days of the due date, or (ii) failure by Tenant to observe or perform any other provision of this Lease, if such failure continues for thirty (30) days after receipt of written notice from Landlord to Tenant, except that if the default cannot be cured within the thirty (30) day period, it shall not be considered an Event of Default if Tenant commences to cure such default within such thirty (30) day period and proceeds diligently thereafter to seek to effect such cure, or (iii) Tenant's Charter shall be revoked or not renewed by the Authorizer, or the School's Charter shall otherwise cease to be in full force and effect.

(b) If an Event of Default by Tenant occurs, then

(i) Landlord may terminate this Lease by giving to Tenant not less than ten (10) days' written notice, in which event the Term shall end on the date stated in such notice;

(ii) Landlord may re-enter the Premises by summary proceedings or by any other applicable proceeding and may repossess the Premises and dispossess Tenant and remove its property from the Premises; and/or

(iii) Landlord may declare all Rent and other sums due and payable pursuant to the terms of this Lease to be, and the Rent and all such other amounts payable under the terms of this Lease shall thereupon become, immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.

(c) Should this Lease be terminated as provided in Paragraph (b)(i) of this Section 20, or by any other proceeding, or if Landlord shall re-enter the Premises, Landlord shall be entitled to recover, and Tenant shall pay, as and for agreed damages therefore, the then cost of:

(i) restoring the Premises to the same condition as that in which Tenant has agreed to surrender them to Landlord on the Expiration Date; and

(ii) completing in accordance with this Lease any improvements to the Premises or for repairing any part thereof that Tenant is required to perform in accordance with the terms of the Lease.

(d) If an Event of Default by Tenant or any person claiming through or under Tenant of any of the terms of this Lease should occur, Landlord shall be entitled to seek to enjoin such default and shall have the right to invoke any right allowed at law or in equity, by statute or otherwise, as if re-entry, summary proceedings or other specific remedies were not provided for in this Lease, except that Landlord shall not have any right to place a lien on any of Tenant Property and Landlord expressly waives and releases any right to obtain such lien.

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27. **Attorneys' Fees.** In the event either party institutes legal proceedings against the other for breach of or interpretation of any of the terms, conditions or covenants of this Lease, the party against whom a judgment is entered shall pay all reasonable costs and expenses relative thereto, including reasonable attorneys' fees of the prevailing party.

28. **Notices.** Any notice by either party to the other shall be in writing and shall be deemed to be duly given only if delivered personally or sent by registered or certified mail return receipt requested, or overnight delivery service, to the following:

If to Landlord:

Friends of Roosevelt Children's Academy Charter School, Inc.
201 Debovoise Avenue
Roosevelt, NY 11575
Attention: Board Chair

If to Tenant:

Roosevelt Children's Academy Charter School
201 Debovoise Avenue
Roosevelt, NY 11575
Attention: Chief Operations Officer/CFO

Notice shall be deemed to have been given on the date received, if delivered personally or by overnight delivery service, or, if mailed, three (3) business days after the date postmarked.

29. **Operating Conditions Analysis.** Given the length of the Term of this Lease and Landlord and Tenant's inability to predict with precision the rise of cost of operations, insurance and other expenses attendant to operating the Property and other unknown costs that may increase or occur from time to time that are beyond what has been reasonably estimated by Landlord and Tenant while negotiating the Base Rent, Landlord and Tenant agree to meet in good faith at least every two (2) years (any more frequently if requested by either Party) during the Term to assess market conditions and their effect on the costs related to the operating the Property, and shall work collaboratively and in good faith to mutually determine what changes to the Lease (including without limitation an increase in Base Rent (but for the avoidance of doubt, never a decrease in Base Rent below the amounts set forth in Schedule 1) or shift in obligations) may be required to maintain both Landlord and Tenant's ability to effectively operate and occupy the Property.

30. **Entire Agreement.** This Lease constitutes the entire agreement between the parties, there being no other terms, oral or written, except as herein expressed. No modification of this Lease shall be binding on the parties unless it is in writing and signed by both parties hereto.

30. **Counterparts.** This Lease may be executed in counterparts (with pdf, scanned and electronic signatures (e.g. DocuSign) deemed acceptable), each of which shall constitute an original, but all of which, when together, shall constitute only one agreement.

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[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease as of the day and year first above written.

Landlord:

**FRIENDS OF ROOSEVELT CHILDREN'S
ACADEMY CHARTER SCHOOL, INC.**

By: _____
Name: Reginald Toggle
Title: Board Chair

Tenant:

**ROOSEVELT CHILDREN'S ACADEMY
CHARTER SCHOOL**

By: _____
Name: Philip Leconte
Title: Chief Operations Officer/CFO

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[111 Pleasant Avenue Lease Signature Page]

SCHEDULE 1

RENT

To be inserted

SCHEDULE 2

OPERATING & MAINTENANCE COSTS²

Janitorial Services
Utilities
Insurance
Professional Services
Security Services
Telephone
Internet
Facilities Management

² To be confirmed.

Exhibit A
Landlord's Work
to be attached.

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