

LIMITED OFFERING MEMORANDUM

NEW ISSUE

In the opinion Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications described herein, interest on the 2019A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the 2019A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the 2019A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof. Interest on the 2019B Bonds is not excluded from gross income for Federal income tax purposes under the Code and is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof. See "TAX MATTERS" herein regarding certain other tax considerations.

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION

\$14,540,000

TAX-EXEMPT and TAXABLE REVENUE REFUNDING BONDS, SERIES 2019

(CIRCULO REAL PROPERTY HOLDING CORPORATION/EVERGREEN CHARTER SCHOOL PROJECT)

\$2,470,000 SERIES 2019A-1 TAX-EXEMPT BOND

\$11,170,000 SERIES 2019A-2 TAX-EXEMPT BOND

\$900,000 SERIES 2019B TAXABLE BOND

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The Bonds referred to above (the "Bonds") are special limited obligations of the Town of Hempstead Local Development Corporation (the "Issuer") and will be issued under and will be payable solely from and secured by (i) a pledge of certain funds held under the Indenture of Trust, dated as of August 1, 2019 (the "Indenture"), between the Issuer and UMB Bank, N.A., as trustee (the "Trustee"), (ii) a first-priority Mortgage and Security Agreement, dated as of August 1, 2019, (the "Mortgage") encumbering the Mortgaged Property (as defined herein) and an Assignment of Mortgage and Security Agreement dated August 8, 2019 from the Issuer to the Trustee (the "Assignment of Mortgage"), (iii) a certain Assignment of Leases and Rents dated as of August 1, 2019 and (iv) certain payments to be made by Circulo Real Property Holding Corporation, a New York not-for-profit corporation (the "Borrower"), under a Loan Agreement between the Borrower and the Issuer dated as of August 1, 2019 (the "Loan Agreement"). The Borrower has leased the Facility (as defined in the Indenture) to Evergreen Charter School, a New York not-for-profit corporation, a public charter school authorized by the State of New York (the "School") pursuant to the Lease Agreement dated as of April 5, 2019 (the "Lease Agreement") between the Borrower and the School. The payments required under such Lease will be calculated to be sufficient to pay, among other things, the principal of, premium, if any, and interest on the Bonds. At all times the obligations of the Borrower under the Loan Agreement will be guaranteed by Circulo de la Hispanidad, Inc., a New York not-for-profit corporation (the "Guarantor") pursuant to a Guaranty dated as of August 1, 2019 (the "Guaranty"). As additional security, a debt service reserve fund will be established for the payment of the Bonds. See "SECURITY FOR THE BONDS -- The Lease Agreement" herein.

The Bonds will mature on the dates and in the amounts, and bear interest at the rates, set forth on the inside front cover hereof. Interest on the Bonds is payable quarterly commencing on September 1, 2019, and on each December 1, March 1, June 1, and September 1 thereafter. The Bonds will be issued as fully registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC" or the "Securities Depository"), an automated depository for securities and a clearinghouse for securities transactions. Purchases of beneficial interests in the Bonds will be made in book-entry form (without certificates). The Bonds will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made directly by the Trustee to Cede & Co., which will remit such payments to the beneficial owners of the Bonds. See "THE BONDS -- The DTC Book-Entry-Only System" herein.

The Bonds are subject to redemption prior to maturity, as described herein.

Proceeds of the Bonds will be used by the Borrower to: (i) pay all costs in connection with refunding the 2007 Bonds (as defined herein), (ii) fund a debt service reserve fund with respect to the Bonds, (iii) fund a repair and replacement fund with respect to the Facility, and (iv) pay certain costs of issuance related to the financing.

NEITHER THE STATE OF NEW YORK, NOR ANY OF ITS POLITICAL SUBDIVISIONS THEREOF, INCLUDING THE TOWN OF HEMPSTEAD, IS OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW YORK OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE TOWN OF HEMPSTEAD, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE BONDS ARE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE ISSUER PLEDGED THEREUNDER, AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS SPECULATIVE IN NATURE AS DESCRIBED UNDER "RISK FACTORS" HEREIN AND UNDER OTHER SECTIONS OF THIS LIMITED OFFERING MEMORANDUM.

THE BONDS MAY BE PURCHASED ONLY BY "ACCREDITED INVESTORS" OR "QUALIFIED INSTITUTIONAL INVESTORS" AS SUCH TERMS ARE DEFINED HEREIN. SEE "INVESTOR SUITABILITY STANDARDS" HEREIN.

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of the legality of the Bonds by Nixon Peabody LLP, Jericho, New York, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Farrell Fritz, P.C., Uniondale, New York; for the Borrower and the Guarantor by Moritt Hock & Hamroff LLP, Garden City, New York, and for the Trustee by Thompson Hine LLP, New York, New York. It is expected that the Bonds in definitive form will be available for delivery to The Depository Trust Company in New York, New York on or about August 8, 2019.

This cover page contains certain information for quick reference only. It is not a summary of the Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

ROOSEVELT & CROSS INCORPORATED

Dated: August 8, 2019

\$14,540,000
TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
TAX-EXEMPT and TAXABLE REVENUE REFUNDING BONDS, SERIES 2019
(CIRCULO REAL PROPERTY HOLDING CORPORATION/EVERGREEN CHARTER SCHOOL PROJECT)
\$2,470,000 SERIES 2019A-1 TAX-EXEMPT BOND
\$11,170,000 SERIES 2019A-2 TAX-EXEMPT BOND
\$900,000 SERIES 2019B TAXABLE BOND

MATURITY SCHEDULE

SERIES A-1

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIPS*

\$2,470,000 6.150% Term Bond Due December 1, 2029 CUSIP 424682 KM3

SERIES A-2

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIPS*

\$11,170,000 6.800% Term Bond Due December 1, 2044 CUSIP 424682 KN1

SERIES B

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIPS*

\$900,000 6.250% Term Bond Due December 1, 2022 CUSIP 424682 KP6

*CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers have been provided by CUSIP Global Services which is operated on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bond's as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS LIMITED OFFERING MEMORANDUM, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Limited Offering Memorandum does not constitute an offer to sell the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the Issuer, the Borrower, the School, the Guarantor or the Underwriter to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Limited Offering Memorandum nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Limited Offering Memorandum is not to be construed as a contract with the purchasers of the Bonds. All summaries of statutes and documents are qualified in their entirety by reference to such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been provided by the Issuer (to the limited extent set forth below), the Borrower, the School, the Guarantor or the Underwriter and by other sources which such parties believe are reliable, but it is not guaranteed as to its accuracy or completeness, and it is not to be construed as a representation by the Underwriter.

THE ISSUER HAS NOT REVIEWED OR APPROVED, AND DOES NOT REPRESENT OR WARRANT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO (OTHER THAN THE STATEMENTS SET FORTH HEREIN UNDER THE CAPTIONS "THE ISSUER" AND "LITIGATION" (INsofar AS SUCH INFORMATION RELATES TO THE ISSUER)).

This Limited Offering Memorandum is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state nor has the Indenture been qualified under the Trust Indenture Act of 1939.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE LIMITED OFFERING MEMORANDUM.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER, THE SCHOOL, THE GUARANTOR AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY CORPORATION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

If and when included in this Limited Offering Memorandum, the words "expects", "forecasts", "projects", "intends", "anticipates", "estimates", "assumes", and analogous expressions are intended to identify forward-looking statements and such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Borrower, School, Guarantor or the Issuer. Such forward-looking statements speak only as of the date of this Limited Offering Memorandum. The School, the Guarantor, the Borrower, and the Issuer disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking

statement contained herein to reflect any changes in the Borrower's, Guarantor's, School's or the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

NOTICE TO INVESTORS

Purchase of the Bonds described herein involves a high degree of risk and the Bonds are a speculative investment. For such reason, the initial purchasers of the Bonds (i) will be required to deliver an executed Investment Letter, a copy of which is attached as Appendix F to this Limited Offering Memorandum.

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LIMITED OFFERING MEMORANDUM
TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
\$14,540,000
TAX-EXEMPT AND TAXABLE REVENUE REFUNDING BONDS, SERIES 2019
(CIRCULO REAL PROPERTY HOLDING CORPORATION/EVERGREEN CHARTER
SCHOOL PROJECT
\$2,470,000 SERIES 2019A-1 (Tax-Exempt)
\$11,170,000 SERIES 2019A-2 (Tax Exempt)
\$900,000 SERIES 2019B (Taxable)

INTRODUCTORY STATEMENT

This Limited Offering Memorandum is furnished in connection with the offering of \$14,540,000 aggregate principal amount of Tax-Exempt and Taxable Revenue Bonds, Series 2019 consisting of \$2,470,000 Series 2019A-1 (Tax-Exempt) (the "2019A-1 Bonds"), \$11,170,000 Series 2019A-2 (Tax-Exempt), and \$900,000 Series 2019B (Taxable) (the "2019B Bonds") (the "2019A-1 Bonds" and, the "2019A-2 Bonds together with the 2019B Bonds, are collectively referred to as the "Bonds") (Circulo Real Property Holding Corporation / Evergreen Charter School Project) of the Town of Hempstead Local Development Corporation (the "Issuer"). The Bonds will be special, limited obligations of the Issuer and will be issued under an Indenture of Trust, dated as of August 1, 2019 (the "Indenture"), between the Issuer and UMB Bank, N.A., as trustee (the "Trustee"). The Indenture in substantially final form (subject to change) is attached to this Limited Offering Memorandum as APPENDIX D (subject to change).

The Issuer is a public body corporate and politic constituting an instrumentality of the State of New York. The Issuer was established in accordance with the provisions of the New York Membership Corporation law as in effect in 1966, as superseded by Section 1411 of the New York Not-For-Profit Corporation Law (collectively, the "Act"), as a local development corporation pursuant to the Act for the purpose of promoting the economic welfare of the inhabitants of the Town of Hempstead and promoting, attracting, encouraging, and developing economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration. The Town of Hempstead, New York (the "Town") is the sole member of the Issuer and the Town, as the sole member of the Issuer, acting through the Town Board, appoints the Board of Directors of the Issuer.

As provided in the Act, the Issuer is authorized and empowered to make a loan to the Borrower pursuant to the Loan Agreement, to issue, execute and deliver the Bonds, to secure the Bonds by a pledge of moneys payable by Borrower under the Loan Agreement, and to enter in the Bond Documents.

The proceeds of the Bonds will be loaned to Circulo Real Property Holding Corporation, a New York not-for-profit corporation (the "Borrower") by the Issuer for the purpose of financing a project (the "Project") consisting of (i) paying all costs in connection with the refunding of the Borrower's outstanding Series 2007 Town of Hempstead Industrial Development Agency tax-exempt bonds (the "2007 Bonds"), (ii) funding a repair and replacement fund with respect to the Facility, (iii) funding a debt service reserve fund with respect to the Bonds, (iv) providing for the payment of certain costs of issuance of the Bonds.

The Facility is leased by the Borrower to Evergreen Charter School, a New York nonprofit corporation (the "School") pursuant to the Lease Agreement. The School received its charter from the State of New York Education Department Board of Regents in 2009 and currently serves approximately 525 students from kindergarten to seventh grade. The School was approved to expand to include the eighth grade for the 2018-2019 School Year. For more information on the School, see APPENDIX A-2.

The Borrower is required to make payments sufficient to pay the principal of and premium, if any, and interest on the Bonds when due pursuant to the terms of a Loan Agreement between the Issuer and the Borrower dated as of August 1, 2019 (the "Loan Agreement") and Promissory Notes from the Borrower to the Issuer each dated August 8, 2019 (the "Notes"). The Loan Agreement in substantially final form (subject to change) is attached to this Limited Offering Memorandum as APPENDIX C. The Borrower's obligations under the Loan Agreement and the Notes will be secured by a Mortgage and Security Agreement dated as of August 1, 2019 in favor of the Issuer (the "Mortgage"), which will be assigned to the Trustee. The Mortgage grants a first mortgage lien on the Mortgaged Property (as defined therein) to the Issuer, as assigned by the Issuer to the Trustee pursuant to an Assignment of Mortgage and Security Agreement dated August 1, 2019 (the "Assignment of Mortgage"). The Bonds will also be secured by the Guaranty and an Assignment of Leases and Rents dated August 1, 2019, (the "Assignment of Leases and Rents") pursuant to which the Borrower will assign all of its rights, title, interest in and to the Leases (as defined therein), including the Lease Agreement to the Trustee.

THE BORROWER IS A NOT-FOR-PROFIT CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF NEW YORK (THE "STATE"), AND IS NOT ANTICIPATED TO HAVE ANY OPERATIONS OR ASSETS EXCEPT FOR ITS INTEREST IN THE FACILITY AND THE LEASE AGREEMENT.

The Facility will continue to be leased to the School by the Borrower pursuant to a Lease Agreement dated as of April 5, 2019 (the "Lease Agreement"). The Lease Agreement in final form is attached to this Limited Offering Memorandum as APPENDIX E. Under the Lease Agreement, the School has agreed to make payments to the Borrower in amounts sufficient to pay (i) the principal and interest payments and redemption premium, if any, due on the Bonds when due and (ii) certain other amounts due thereunder. The obligations of the School under the Lease Agreement will be a general obligation of the School.

The Bonds will be secured by an assignment by the Issuer to the Trustee of the Issuer's right, title and interest in the Loan Agreement (except for certain Unassigned Rights, including but not limited to the right to enforce certain covenants, to collect certain fees and expenses and indemnification of the Issuer), the Notes, the Mortgage, the Assignment of Mortgage, the Guaranty and the Assignment of Leases and Rents.

NEITHER THE STATE OF NEW YORK, NOR ANY OF ITS POLITICAL SUBDIVISIONS THEREOF, INCLUDING THE TOWN OF HEMPSTEAD IS OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW YORK OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE TOWN OF HEMPSTEAD IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER,

PAYABLE SOLELY OUT OF THE 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. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

This Limited Offering Memorandum contains descriptions, summaries or forms of, as may be appropriate, among other matters, the Issuer, the Borrower, the School, the Guarantor, the Bonds, the Project, the Facility, the Indenture, the Loan Agreement, the Notes, the Mortgage, the Assignment of Mortgage, the Lease Agreement, the Guaranty and the Assignment of Leases and Rents. Such descriptions and information do not purport to be comprehensive or definitive. Definitions of certain words and terms used in this Limited Offering Memorandum have the meaning ascribed to such terms in the Indenture. All references herein to the Indenture, the Loan Agreement, the Notes, the Mortgage, the Lease Agreement, the Guaranty and the Assignment of Leases and Rents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of such documents will be available for inspection at the corporate trust office of the Trustee in St. Louis, Missouri, after delivery of the Bonds.

THE ISSUER

The Issuer was established in accordance with the provisions of the New York Membership Corporation Law as in effect in 1966, as superseded by Section 1411 of the New York Not-For-Profit Corporation Law (collectively, the "Act") as a local development corporation pursuant to the Act for the purpose of promoting the economic welfare of the inhabitants of the Town of Hempstead and promoting, attracting, encouraging and developing economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration. The Town of Hempstead, New York (the "Town") is the sole member of the Issuer and the Town, as the sole member of the Issuer, acting through the Town Board, appoints the Board of Directors of the Issuer.

As provided in the Act, the Issuer is authorized and empowered to make a loan to the Borrower pursuant to the Loan Agreement; to issue, execute and deliver the Bonds; to secure the Bonds by a pledge of the moneys payable by the Borrower under the Loan Agreement; and to enter into the Bond Documents.

The Board of Directors of the Issuer is presently composed of members appointed by the Town of Hempstead. The names and positions of the current members of the Issuer are as follows:

<u>Position</u>	<u>Name</u>
Chairman	Florestano Girardi
Vice-Chairman	James G. Marsh, Esq.
Treasurer	Gerilyn Smith
Secretary	Rev. Dr. Eric C. Mallette
Member	John A. Ardito, Esq.
Member	Jack Majkut

The Executive Director and Chief Executive Officer and the Chief Financial Officer of the Issuer are appointed by the Board of Directors of the Issuer. The Executive Director and Chief Executive Officer of the Issuer is Frederick E. Parola, Esq. and the Chief Financial Officer of the Issuer is Edith M. Longo.

THE ISSUER HAS NOT REVIEWED OR APPROVED, AND DOES NOT REPRESENT OR WARRANT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS LIMITED OFFERING MEMORANDUM (OTHER THAN THE STATEMENTS AND INFORMATION SET FORTH UNDER THE CAPTION "THE ISSUER " AND UNDER THE CAPTION "LITIGATION" INsofar AS SUCH STATEMENTS AND INFORMATION RELATE TO THE ISSUER.

THE PROJECT

The Bonds will finance (i) all costs in connection with refunding the 2007 Bonds, (ii) funding a repair and replacement fund with respect to the Facility (iii) funding a debt service reserve fund, and (iv) paying certain costs of issuance of the Bonds.

FINANCING PLAN

A portion of the proceeds of the Bonds will be deposited in the Series 2007 Bonds Redemption Account of the Project Fund to be transferred to the Trustee for the 2007 Bonds to be used to redeem the outstanding 2007 Bonds pursuant to a certain Letter of Direction to the 2007 Trustee dated August 1, 2019, executed by the bondholder owning 100% of the 2007 Bonds (the "Refunding Direction Letter"). The 2007 Bonds were used to finance the acquisition of an 0.895 acre site at 605 Peninsula Boulevard in Hempstead, NY, the construction and equipping of an approximately 35,000 square foot building, the acquisition of an 0.1147 acre site at 134 Linden Avenue in Hempstead abutting the site above, and the costs of issuance of the 2007 Bonds.

Upon the transfer of the money in the Series 2007 Bonds Redemption Account to the Series 2007 Trustee, the 2007 Bonds shall be redeemed pursuant to the Refunding Direction Letter and shall cease to be entitled to any lien, benefit or security under the trust indenture executed in connection with the 2007 Bonds, and all duties covenants, agreements and other obligations of the Issuer to the Holders of the 2007 Bonds shall cease, terminate and become void and discharged and satisfied.

Sources and Uses of Funds

Sources:	Tax-Exempt	Taxable	Total
Par Amount	13,640,000.00	900,000.00	14,540,000.00
Release of Bond Fund	1,195,025.96		1,195,025.96
	14,835,025.96	900,000.00	15,735,025.96

Uses:	Tax-Exempt	Taxable	Total
Repair & Replacement Fund		25,000.00	25,000.00
2007 Bond Refunding	13,427,501.94		13,427,501.94
Debt Service Reserve Fund	1,136,771.26	65,235.00	1,202,006.26
Costs of Issuance	270,752.76	809,765.00	1,080,517.76
	14,835,025.96	900,000.00	15,735,025.96

DETAILED BOND DEBT SERVICE SCHEDULE

The following tables set forth the amounts required to make debt service payments with, including principal due at maturity, and interest with respect to the Bonds.

Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds Series 2019A-1
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2019			9,705.04	9,705.04
12/1/2019			37,976.25	37,976.25
3/1/2020			37,976.25	37,976.25
6/1/2020			37,976.25	37,976.25
9/1/2020			37,976.25	37,976.25
12/1/2020			37,976.25	37,976.25
3/1/2021			37,976.25	37,976.25
6/1/2021			37,976.25	37,976.25
9/1/2021			37,976.25	37,976.25
12/1/2021			37,976.25	37,976.25
3/1/2022			37,976.25	37,976.25
6/1/2022			37,976.25	37,976.25
9/1/2022			37,976.25	37,976.25
12/1/2022			37,976.25	37,976.25
3/1/2023			37,976.25	37,976.25
6/1/2023	145,000	6.150%	37,976.25	182,976.25
9/1/2023			35,746.88	35,746.88
12/1/2023	150,000	6.150%	35,746.88	185,746.88
3/1/2024			33,440.63	33,440.63
6/1/2024	155,000	6.150%	33,440.63	188,440.63
9/1/2024			31,057.50	31,057.50
12/1/2024	155,000	6.150%	31,057.50	186,057.50
3/1/2025			28,674.38	28,674.38
6/1/2025	160,000	6.150%	28,674.38	188,674.38
9/1/2025			26,214.38	26,214.38
12/1/2025	170,000	6.150%	26,214.38	196,214.38
3/1/2026			23,600.63	23,600.63

6/1/2026	170,000	6.150%	23,600.63	193,600.63
9/1/2026			20,986.88	20,986.88
12/1/2026	180,000	6.150%	20,986.88	200,986.88
3/1/2027			18,219.38	18,219.38
6/1/2027	185,000	6.150%	18,219.38	203,219.38
9/1/2027			15,375.00	15,375.00
12/1/2027	185,000	6.150%	15,375.00	200,375.00
3/1/2028			12,530.63	12,530.63
6/1/2028	195,000	6.150%	12,530.63	207,530.63
9/1/2028			9,532.50	9,532.50
12/1/2028	200,000	6.150%	9,532.50	209,532.50
3/1/2029			6,457.50	6,457.50
6/1/2029	210,000	6.150%	6,457.50	216,457.50
9/1/2029			3,228.75	3,228.75
12/1/2029	210,000	6.150%	3,228.75	213,228.75
2,470,000			1,109,478.87	3,579,478.87

Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds Series 2019A-2
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2019			48,527.44	48,527.44
12/1/2019			189,890.00	189,890.00
3/1/2020			189,890.00	189,890.00
6/1/2020			189,890.00	189,890.00
9/1/2020			189,890.00	189,890.00
12/1/2020			189,890.00	189,890.00
3/1/2021			189,890.00	189,890.00
6/1/2021			189,890.00	189,890.00
9/1/2021			189,890.00	189,890.00
12/1/2021			189,890.00	189,890.00
3/1/2022			189,890.00	189,890.00
6/1/2022			189,890.00	189,890.00
9/1/2022			189,890.00	189,890.00
12/1/2022			189,890.00	189,890.00
3/1/2023			189,890.00	189,890.00
6/1/2023			189,890.00	189,890.00
9/1/2023			189,890.00	189,890.00
12/1/2023			189,890.00	189,890.00
3/1/2024			189,890.00	189,890.00
6/1/2024			189,890.00	189,890.00
9/1/2024			189,890.00	189,890.00
12/1/2024			189,890.00	189,890.00
3/1/2025			189,890.00	189,890.00
6/1/2025			189,890.00	189,890.00
9/1/2025			189,890.00	189,890.00
12/1/2025			189,890.00	189,890.00
3/1/2026			189,890.00	189,890.00
6/1/2026			189,890.00	189,890.00
9/1/2026			189,890.00	189,890.00
12/1/2026			189,890.00	189,890.00
3/1/2027			189,890.00	189,890.00
6/1/2027			189,890.00	189,890.00
9/1/2027			189,890.00	189,890.00
12/1/2027			189,890.00	189,890.00
3/1/2028			189,890.00	189,890.00
6/1/2028			189,890.00	189,890.00
9/1/2028			189,890.00	189,890.00

12/1/2028			189,890.00	189,890.00
3/1/2029			189,890.00	189,890.00
6/1/2029			189,890.00	189,890.00
9/1/2029			189,890.00	189,890.00
12/1/2029			189,890.00	189,890.00
3/1/2030			189,890.00	189,890.00
6/1/2030	220,000	6.800%	189,890.00	409,890.00
9/1/2030			186,150.00	186,150.00
12/1/2030	225,000	6.800%	186,150.00	411,150.00
3/1/2031			182,325.00	182,325.00
6/1/2031	240,000	6.800%	182,325.00	422,325.00
9/1/2031			178,245.00	178,245.00
12/1/2031	240,000	6.800%	178,245.00	418,245.00
3/1/2032			174,165.00	174,165.00
6/1/2032	255,000	6.800%	174,165.00	429,165.00
9/1/2032			169,830.00	169,830.00
12/1/2032	255,000	6.800%	169,830.00	424,830.00
3/1/2033			165,495.00	165,495.00
6/1/2033	270,000	6.800%	165,495.00	435,495.00
9/1/2033			160,905.00	160,905.00
12/1/2033	275,000	6.800%	160,905.00	435,905.00
3/1/2034			156,230.00	156,230.00
6/1/2034	290,000	6.800%	156,230.00	446,230.00
9/1/2034			151,300.00	151,300.00
12/1/2034	295,000	6.800%	151,300.00	446,300.00
3/1/2035			146,285.00	146,285.00
6/1/2035	310,000	6.800%	146,285.00	456,285.00
9/1/2035			141,015.00	141,015.00
12/1/2035	315,000	6.800%	141,015.00	456,015.00
3/1/2036			135,660.00	135,660.00
6/1/2036	335,000	6.800%	135,660.00	470,660.00
9/1/2036			129,965.00	129,965.00
12/1/2036	335,000	6.800%	129,965.00	464,965.00
3/1/2037			124,270.00	124,270.00
6/1/2037	360,000	6.800%	124,270.00	484,270.00
9/1/2037			118,150.00	118,150.00
12/1/2037	355,000	6.800%	118,150.00	473,150.00
3/1/2038			112,115.00	112,115.00
6/1/2038	385,000	6.800%	112,115.00	497,115.00
9/1/2038			105,570.00	105,570.00
12/1/2038	380,000	6.800%	105,570.00	485,570.00
3/1/2039			99,110.00	99,110.00
6/1/2039	405,000	6.800%	99,110.00	504,110.00

9/1/2039			92,225.00	92,225.00
12/1/2039	410,000	6.800%	92,225.00	502,225.00
3/1/2040			85,255.00	85,255.00
6/1/2040	440,000	6.800%	85,255.00	525,255.00
9/1/2040			77,775.00	77,775.00
12/1/2040	435,000	6.800%	77,775.00	512,775.00
3/1/2041			70,380.00	70,380.00
6/1/2041	470,000	6.800%	70,380.00	540,380.00
9/1/2041			62,390.00	62,390.00
12/1/2041	465,000	6.800%	62,390.00	527,390.00
3/1/2042			54,485.00	54,485.00
6/1/2042	500,000	6.800%	54,485.00	554,485.00
9/1/2042			45,985.00	45,985.00
12/1/2042	500,000	6.800%	45,985.00	545,985.00
3/1/2043			37,485.00	37,485.00
6/1/2043	530,000	6.800%	37,485.00	567,485.00
9/1/2043			28,475.00	28,475.00
12/1/2043	535,000	6.800%	28,475.00	563,475.00
3/1/2044			19,380.00	19,380.00
6/1/2044	570,000	6.800%	19,380.00	589,380.00
9/1/2044			9,690.00	9,690.00
12/1/2044	570,000	6.800%	9,690.00	579,690.00
11,170,000			14,654,417.44	25,824,417.44

Town of Hempstead Local Development Corporation
Taxable Revenue Refunding Bonds Series 2019B
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

<u>Period Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>
9/1/2019			3,593.75	3,593.75
12/1/2019	130,000	6.250%	14,062.50	144,062.50
3/1/2020			12,031.25	12,031.25
6/1/2020	120,000	6.250%	12,031.25	132,031.25
9/1/2020			10,156.25	10,156.25
12/1/2020	125,000	6.250%	10,156.25	135,156.25
3/1/2021			8,203.13	8,203.13
6/1/2021	125,000	6.250%	8,203.13	133,203.13
9/1/2021			6,250.00	6,250.00
12/1/2021	130,000	6.250%	6,250.00	136,250.00
3/1/2022			4,218.75	4,218.75
6/1/2022	135,000	6.250%	4,218.75	139,218.75
9/1/2022			2,109.38	2,109.38
12/1/2022	135,000	6.250%	2,109.38	137,109.38
	900,000		103,593.77	1,003,593.77

THE BONDS

General Description

The Bonds will be dated the date of issuance of the Bonds and will bear interest from that date at the rates and mature on the dates set forth on the inside front cover page of this Limited Offering Memorandum.

The Bonds are issued pursuant to the Authorizing Resolution adopted by the Issuer on July 25, 2019, as may be amended by the Issuer prior to issuance of the Bonds, and the terms of the Indenture. The Bonds are payable (except to the extent payable from the proceeds of the Bonds and the investment earnings thereon and under certain circumstances, the net proceeds of insurance or condemnation awards) as to principal, premium, if any, and interest, solely from the payments to be made to the Issuer under the Loan Agreement and the Notes. Pursuant to the Loan Agreement, the proceeds from the sale of the Bonds will be loaned by the Issuer to the Borrower for the purpose of providing funds for the financing of the Project. The obligations created under the Loan Agreement and the Notes are unconditional general obligations of the Borrower and secured by the Mortgage, the Guaranty and the Assignments of Leases and Rents. See "SECURITY FOR THE BONDS" herein.

The Series 2019 Bonds will be fully registered bonds denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Interest on the Series 2019 Bonds will be payable by check mailed to the registered owners thereof and principal and Redemption Price of the Series 2019 Bonds will be payable at the principal corporate trust office of the Trustee and Paying Agent, or at the option of the holder of at least \$1,000,000 principal amount of the Series 2019 Bonds, by wire transfer, as more fully described herein.

The Series 2019 Bonds will be issued as fully registered bonds and when issued initially will be issued in book-entry form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2019 Bonds. Purchases of beneficial ownership interests in the Series 2019 Bonds may be made only through the DTC book-entry system. Beneficial Owners (as defined in the Indenture) of the Series 2019 Bonds will not receive certificates representing their interests in the Series 2019 Bonds.

Interest payments (other than interest which is included in the Redemption Price) will be made by the Trustee, as Paying Agent (the "Paying Agent") on the payment date to each Owner in whose name the Bond is registered at the close of business on the 15th of the month next preceding any Debt Service Payment Date, whether or not a Business Day (the "Record Date"), by (i) check mailed to the registered address of the Holder entitled thereto at the address listed for such Holders on the books of the Trustee, as Registrar (the "Registrar"), (ii) by wire to DTC as the Holder of the Bonds as described in the section of the Indenture titled "Book-Entry Bonds," or (iii) by wire transfer to any Holder of at least \$1,000,000 in aggregate principal amount of Bonds, upon written notice provided by the Holder to the Trustee not later than five (5) days prior to the Record Date for such Debt Service Payment Date. Payment of principal, and if the Bond is redeemed prior to maturity, payment of the principal or Redemption Price and interest accrued to the redemption date, will be payable upon presentation and surrender of the Bonds at the designated corporate trust office of the Trustee or such other place as the Trustee and the register Holder of the Bond may agree. The trustee is the Registrar and Paying Agent for the Bonds.

Payments of principal will be made at the corporate trust office of the Paying Agent in St. Louis, Missouri or at the office designated for such payment by the Paying Agent for any successor Paying Agent, upon proper presentation of the Bonds.

The Bonds are fully negotiable and transferrable, as provided in the Indenture, only upon compliance with the restrictions set forth in the legend to the Bonds and only upon the books of

the Issuer kept by the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender of the Bond, together with a written instrument of transfer satisfactory to the Trustee. The Issuer, the Trustee and any additional paying agent may deem and treat the person whose name the Bonds are registered as the absolute owner thereof, for the purpose of receiving payment of the principal of, Sinking Fund Payments for, Redemption Price of, and interest on the Bonds for all other purposes.

If any Bond is mutilated, lost, stolen or destroyed, the Registrar will deliver, subject to the provisions of the Indenture, a new bond of like series and aggregate principal amount. In the case of a lost, stolen or destroyed Bond, the Registrar will require satisfactory evidence of such loss, theft, or destruction and satisfactory indemnification. The Registrar may charge the Holders of the Bonds with their fees and expenses in connection with replacing mutilated, lost, stolen or destroyed Bonds.

Optional Redemption

The Series 2019A Bonds maturing after June 1, 2029 are subject to redemption, on or after June 1, 2029, as whole or in part at any time at the option of the Institution, exercised upon the School's written consent, at a Redemption Price (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the Redemption Date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
June 1, 2029 through May 31, 2030	102%
June 1, 2030 through May 31, 2031	101%
June 1, 2031 and thereafter	100%

The Series 2019B Bonds are not subject to optional redemption.

Sinking Fund Redemption

The Series 2019A-1 Bonds maturing on December 1, 2029 are subject to mandatory redemption in part semi-annually in June 1 and December 1 of each year, commencing on June 1, 2022, by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019A-1 Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019A-1 Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
June 1, 2023	\$145,000
December 1, 2023	\$150,000
June 1, 2024	\$155,000
December 1, 2024	\$155,000

June 1, 2025	\$160,000
December 1, 2025	\$170,000
June 1, 2026	\$170,000
December 1, 2026	\$180,000
June 1, 2027	\$187,000
December 1, 2027	\$185,000
June 1, 2028	\$195,000
December 1, 2028	\$200,000
June 1, 2029	\$210,000
December 1, 2029	\$210,000
 *Final Maturity	 \$2,470,000

The Series 2019A-2 Bonds maturing on December 1, 2044 are subject to mandatory redemption in part semi-annually on June 1 and December 1 of each year, commencing on June 1, 2030, by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019A-2 Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019A-2 Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
June 1, 2030	\$220,000
December 1, 2030	\$225,000
June 1, 2031	\$240,000
December 1, 2031	\$240,000
June 1, 2032	\$255,000
December 1, 2032	\$255,000

June 1, 2033	\$270,000
December 1, 2033	\$275,000
June 1, 2034	\$290,000
December 1, 2034	\$295,000
June 1, 2035	\$310,000
December 1, 2035	\$315,000
June 1, 2036	\$335,000
December 1, 2036	\$335,000
June 1, 2037	\$360,000
December 1, 2037	\$355,000
June 1, 2038	\$385,000
December 1, 2038	\$380,000
June 1, 2039	\$405,000
December 1, 2039	\$410,000
June 1, 2040	\$440,000
December 1, 2040	\$435,000
June 1, 2041	\$470,000
December 1, 2041	\$465,000
June 1, 2042	\$500,000
December 1, 2042	\$500,000
June 1, 2043	\$530,000
December 1, 2043	\$535,000
June 1, 2044	\$570,000
December 1, 2044*	\$570,000
	<u>\$11,170,000</u>

***Final Maturity**

The Series 2019B Bonds maturing on December 1, 2021 are subject to mandatory redemption in part semi-annually on June 1 and December 1 of each year, commencing on December 1, 2019, by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019B Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019B Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
December 1, 2019	\$130,000
June 1, 2020	\$120,000
December 1, 2020	\$125,000
June 1, 2021	\$125,000
December 1, 2021	\$130,000
June 1, 2022	\$135,000
December 1, 2022*	\$135,000

***Final Maturity**

Extraordinary Redemption Events

The Series 2019 Bonds are subject to redemption in whole or in part on any Debt Service Payment Date, without premium or penalty, at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be prepaid plus interest accrued thereon to the Redemption Date, upon the occurrence of the following events:

- A. The Facility shall have been damaged or destroyed to such extent that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after such damage or destruction), (A) the Facility cannot be reasonably restored within a period of eighteen (18) consecutive months after such damage or destruction to the condition thereof immediately preceding such damage or destruction, or (B) the Institution is thereby prevented or is reasonably expected to be thereby prevented from carrying on its normal operations within the Facility for a period of eighteen (18) consecutive months after such damage or destruction, or (C) the cost of restoration of the Facility would exceed the Net Proceeds of insurance carried thereon and therefore the Institution has elected not to replace, repair, rebuild, restore or relocate the Facility or such portion of the Facility pursuant to Section 7.1 of the Loan Agreement; or

- B. Title to, or the use of, all or any material part of the Facility shall have been taken by Condemnation such that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after the date of such taking), the Institution is thereby prevented from carrying on its normal operations therein for a period of eighteen (18) consecutive months after such taking and therefore the Institution has elected not to replace, repair, rebuild, restore or relocate the Facility or such portion of the Facility or acquire a Substitute Facility pursuant to Section 7.2 of the Loan Agreement.

Extraordinary Mandatory Redemption

The Series 2019 Bonds are subject to mandatory redemption, without premium or penalty, in whole or in part, and shall be prepaid or redeemed prior to maturity with moneys deposited into the Bond Fund as a result of the unused balance in the Project Fund and Renewal Fund deposited in the Bond Fund pursuant to Sections 4.04, 4.05 and 4.07 of the Indenture.

Extraordinary Mandatory Redemption Upon Determination of Taxability

The Series 2019 Bonds shall be redeemed in whole as soon as practicable after receipt by the Trustee of written notice from any Owner or the Institution of the occurrence of an Event of Taxability with respect to the Series 2019A Bonds (but in no event later than one hundred twenty (120) days following an Event of Taxability with respect to the Series 2019A Bonds), at a Redemption Price equal to 105% of the principal amount of the Series 2019A Bonds plus accrued interest thereon to the Redemption Date and 100% of the principal amount of the Series 2019B Bonds plus accrued interest thereon to the Redemption Date.

Notice of Redemption

The Trustee shall call Series 2019 Bonds for redemption as provided in subsections (b) and (c) of Section 3.01 of the Indenture upon receipt of notice from the Issuer or the Institution directing such redemption, which notice shall be sent to the Trustee at least forty-five (45) days prior to the Redemption Date specified in such notice and shall specify (i) the principal amount of Series 2019 Bonds and their maturities so to be called for redemption, (ii) the applicable Redemption Price, and (iii) the provision or provisions of Section 3.01 of the Indenture pursuant to which such Series 2019 Bonds are to be called for redemption. The Trustee shall call the Series 2019 Bonds for redemption as provided in subsections (d) and (e) as soon as practicable (but in no event more than one hundred twenty (120) days following the date a Responsible Officer of the Trustee is notified of an Event of Taxability pursuant to subsection (e) of Section 3.01 of the Indenture) without the need for further direction from the Issuer or the Institution. The Trustee shall call the Series 2019 Bonds for redemption as provided in subsection (f) for the applicable Sinking Fund Payment dates without need for direction from the Institution or Issuer.

When Series 2019 Bonds are to be redeemed pursuant to Section 3.01 of the Indenture (except Section 3.01(f)), the Trustee shall give notice of the redemption of the Series 2019 Bonds in the name of the Issuer stating: (i) the Series 2019 Bonds to be redeemed; (ii) the Redemption Date; (iii) that such Series 2019 Bonds will be redeemed at the Office of the Trustee; (iv) that on the Redemption Date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the Redemption Date; and (v) that from

and after the Redemption Date interest thereon shall cease to accrue. Any notice of redemption may be conditioned on sufficient funds being on deposit with the Trustee on the Redemption Date to effect such redemption and if sufficient funds are not on deposit, the redemption shall be rescinded and be of no further force and effect.

Notice required by subsection (b) of Section 3.02 of the Indenture shall be given by mail at least thirty (30) days and not more than sixty (60) days prior to the Redemption Date to the Owner of each Series 2019 Bond to be redeemed at the address shown on the registration books; but failure to give such notice by mail, or any defect therein, shall not affect the validity of any proceeding for the redemption of Series 2019 Bonds.

Payment of Redeemed Series 2019 Bonds

After notice shall have been given in the manner provided in Section 3.02 of the Indenture, Series 2019 Bonds or portions thereof called for redemption shall become due and payable on the Redemption Date so designated. Upon presentation and surrender of such Series 2019 Bonds at the Office of the Trustee, such Series 2019 Bonds shall be paid at the Redemption Price, plus accrued interest to the Redemption Date.

If, on the Redemption Date, moneys for the redemption of all Series 2019 Bonds or portions thereof to be redeemed, together with interest thereon to the Redemption Date, shall be held by the Trustee so as to be available therefor on such date, the Series 2019 Bonds or portions thereof so called for redemption shall cease to bear interest, and such Series 2019 Bonds or portions thereof shall no longer be Outstanding hereunder or be secured by or be entitled to the benefits of the Indenture except with respect to payment of the Redemption Price thereof and accrued interest thereon to the Redemption Date. If such moneys shall not be so available on the Redemption Date, such Series 2019 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 and shall continue to be secured by and be entitled to the benefits of the Indenture.

In the event that redemption of the Series 2019 Bonds is made in an amount less than the amount of all Series 2019 Bonds having the same maturity, all Series 2019 Bonds having the same maturity shall be redeemed pro rata. Any such partial redemption processed through DTC shall be treated by DTC, in accordance with its rules and procedures, as a "Pro Rata Pass-Through Distribution of Principal."

The DTC Book-Entry-Only System

The following information concerning DTC and DTC's book-entry only system has been obtained from DTC. The Issuer, the Borrower, the School and the Trustee make no representation as to the accuracy of such information.

DTC will act as securities depository for the Bonds. The 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of the Bonds, and references herein to the Bondowners or registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined below) of the Bonds.

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

Purchase of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of a Bond ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

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

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee, the Borrower or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, the Borrower or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 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, Bond certificates will be printed and delivered to DTC.

NONE OF THE ISSUER, THE BORROWER, THE SCHOOL, THE GUARANTOR OR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER WITH

RESPECT TO EITHER: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OR THE TIMELINESS OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO THE OWNER OF THE BONDS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. THE ISSUER, THE BORROWER, THE SCHOOL AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF.

Transfer fees. For every transfer and exchange of Bonds, owners of such Bonds requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Trustee, DTC or the DTC Participant in connection with such transfers or exchanges.

SECURITY FOR THE BONDS

General

The Bonds are special, limited obligations of the Issuer. There is no source of funds for payment of the Bonds except from revenues received under the Loan Agreement, the Lease Agreement, the Mortgage, the Assignment of Mortgages, the Assignment of Leases and Rents and certain funds held under the Indenture. **The Borrower has no operations and no other assets other than its interest in the Facility and the Lease Agreement. The Borrower's sole source of revenue to pay obligations under the Loan Agreement will be payments from the School under the Lease Agreement.**

The Lease Agreement

Pursuant to the Lease Agreement, the Borrower will lease the Facility to the School and the School will make lease payments sufficient to pay principal, premium, if any and interest on the Bonds when due and all other amounts due under the Lease Agreement. The School's sole source of revenue to make payments under the Lease Agreement is from payments made to the School by the respective boards of education of the School's students' school districts of residence. See APPENDIX A-2. See also "RISK FACTORS – Funding of Charter Schools" herein.

Pursuant to the Lease Agreement, Fixed Rent (as defined in the Lease Agreement) (which amounts will be calculated to be sufficient to pay, the principal of, premium if any, and interest on the Bonds) and Additional Rent (as defined in the Lease) under the Lease Agreement will be made by the School directly to the Trustee, as assignee of the Issuer. Payments received from the School by the Trustee will be applied first to pay the principal of, premium, if any, and interest on the

Bonds when due, and second to make any required deposits into the funds and accounts in the Indenture.

Pursuant to the Assignment of Leases and Rents, the Borrower absolutely assigns to the Trustee all its right, title and interest in and to any Leases, including Lease Agreement to the Trustee, as security for the Bonds.

The Mortgage and Pledge of Revenues

The Borrower's obligations to the Issuer under the Loan Agreement will be secured by a first mortgage and security interest on the Mortgaged Property and a pledge of all of Borrower's Pledged Revenues (as defined in the Mortgage). The Mortgage will be assigned to the Trustee for the benefit of the Bondholders pursuant to the Assignment of Mortgage.

The Guaranty

Circulo de la Hispanidad, Inc. will unconditionally guarantee the payment by the Borrower of all obligations due under the Loan Agreement.

The Assignment of Leases and Rents

The Borrower's obligations under the Loan Agreement will be secured by an absolute assignment to the Trustee of the Borrower's right, title, and interest in and to any Lease, including the Lease Agreement.

CERTAIN FINANCIAL COVENANTS

Days Cash On Hand Requirement

Pursuant to Section 29 of the Lease Agreement:

The School covenants and agrees to maintain at least (x) 30 Days Cash on Hand (as defined in the Lease Agreement) as of the last day of the Fiscal Year 2019; (y) 40 Days Cash on Hand as of the last day of Fiscal Year 2020, and (z) 50 Days Cash on Hand as of the last day of Fiscal Year 2021 and as of the last day of each Fiscal Year thereafter.

The Days Cash on Hand requirement will be tested as of June 30 in each Fiscal Year, commencing June 30, 2019. The Tenant may spend its cash, cash equivalents, liquid investments and unrestricted marketable securities between annual testing dates without any other restriction other than to be in compliance with the Days Cash on Hand requirement by next annual testing date.

The School will employ its auditor to provide to the Trustee, any requesting Bondholder and Borrower, by no later than December 15 of each year, commencing December 15, 2019, with a certification of the Days Cash on Hand of the preceding June 30 test date.

If the Days Cash on Hand is less than (x) 30 Days Cash on Hand as of the last day of Fiscal Year 2019, (y) 40 Days Cash on Hand as of the last day of Fiscal Year 2020, and (z) 50 Days Cash on Hand as of the last day of Fiscal Year 2021 and as of the last day of each Fiscal Year thereafter,

then School will promptly employ an Independent Consultant to review and analyze the operations and administration of School within 60 days, promptly submit written reports and make such recommendations (a copy of each such report and recommendation shall be delivered to the Borrower, the Issuer, the Trustee, the Majority Bondholder and any requesting Bondholder) as to the operation and administration of School as such independent consultant deems appropriate, including any recommendation as to a revision of the methods of operation of School. The School agrees to implement any recommendation by the independent consultant and, to the fullest extent practicable and allowed by law and consistent with its covenants under the Lease Agreement, to fully adopt and carry out such recommendations.

Pursuant to the Loan Agreement, the Borrower covenants to cause the School to comply with this covenant.

Fixed Rent Coverage Ratio

Pursuant to Section 29 of the Lease Agreement, the School covenants and agrees to maintain a Fixed Rent Coverage Ratio (as hereinafter defined) of at least 1.10:1.000, tested annually at the end of each Fiscal Year. School will employ its auditor to provide to the Trustee, any requesting Bondholder and Borrower, by no later than December 15th of each year, commencing December 15, 2019, with a certification stating the Fixed Rent Coverage Ratio as of the preceding June 30 test date. Commencing with the Fixed Rent Coverage Ratio first determined based upon School's June 30, 2019 audit, if such Fixed Rent Coverage Ratio is below 1.10:1.00, School covenants to retain promptly, at its expense, an independent consultant to submit a written report within 60 days and make recommendations (a copy of such report and recommendations shall be delivered to Borrower, Issuer, Trustee, the Majority Bondholder and any requesting Bondholder) with respect to revenues or other financial matters of School which are relevant to increasing the Fixed Rent Coverage Ratio to at least 1.10:1.00. School shall adopt and follow the recommendations of the independent consultant.

So long as the School is otherwise in full compliance with the obligations under the Bond Documents and, to the fullest extent practicable, the recommendations of the independent consultant, it shall not constitute an Event of Default if the Fixed Rent Coverage Ratio for any Fiscal Year ending on or after June 30, 2019, is less than 1.10:1.00 for such Fiscal Year (as evidenced by the School's audited financial statements for such Fiscal Year).

Notwithstanding the immediately preceding paragraph, if the Fixed Rent Coverage Ratio is less than 1.00:1.00 for two consecutive years (as evidenced by School's audited financial statements for such Fiscal Years), then the Trustee if so directed by the Majority Bondholder shall declare an event of default under the Bond Documents and the Trustee may, subject to the terms of the Indenture, exercise one or more of the remedies permitted under the Bond Documents.

Pursuant to the Loan Agreement, the Borrower covenants to cause the School to comply with this covenant.

Additional Parity Debt – School

Pursuant to Section 29 of the Lease Agreement, School covenants and agrees that it will not hereafter incur or assume (the terms "incur" and "assume," for the purposes hereof, to mean and include the guaranteeing of or the direct or indirect assumption of liability for debts of others) any Indebtedness (as defined herein), other than Indebtedness permitted pursuant to Section 29 of the Lease Agreement ("Permitted Indebtedness"). Provided no Event of Default shall have occurred and then be continuing, School may incur or assume Indebtedness for such lawful purpose of School as shall be specified in reasonable detail in certified resolution of School, provided that, on or before the date on which any such Indebtedness is to be incurred or assumed, School shall deliver to Issuer and to the Trustee a certificate of the chief financial officer of School in form and substance acceptable to the Issuer and the Majority Bondholder demonstrating that for the Fiscal Year immediately preceding the incurring or assumption of the Indebtedness the Fixed Charges Coverage Ratio (as hereinafter defined) for the Fiscal Year was at least 1.10:1.00 calculated as if the Indebtedness to be incurred had been outstanding throughout such year and projecting a Fixed Charges Coverage Ratio of at least 1.10:1.00 for the current and next succeeding Fiscal Year taking into account budgeted future revenues for the next succeeding Fiscal Year.

The foregoing notwithstanding, the School may incur Indebtedness for the purpose of expanding its current charter school business by acquisition or construction and equipping of additional facilities for educational programs if the School shall deliver a certificate as described in the preceding sentence demonstrating that for the Fiscal Year immediately preceding the incurring or assumption of the Indebtedness the Fixed Charges Coverage Ratio for the Fiscal Year was at least 1.10:1.00 (without regard to the proposed Indebtedness) and the Fixed Charges Coverage Ratio for the Fiscal Year in which the commencement of operations at the additional facilities is to occur will be 1.05:1.00 and in the next consecutive two Fiscal Years shall be 1.10:1.00 and 1.15:1.00, respectively (relying on such projected enrollment and per student revenue as the independent consultant shall certify is reasonable).

If the School shall issue or assume any indebtedness in addition to the Fixed Rent, beginning in the Fiscal Year for which Tenant is required to project a Fixed Charges Coverage Ratio of at least 1.15:1.00 under this Section 29(vi), School covenants and agrees to maintain a Fixed Charges Coverage Ratio of at least 1.10:1.00, tested annually at the end of each Fiscal Year. Tenant's covenant to maintain a Fixed Charges Coverage Ratio shall be subject to all the terms and conditions with respect to maintenance of the Fixed Rent Coverage Ratio, including without limitation the circumstances under which a report of an Independent Consultant is required and under which failure to maintain the required coverage ratio may constitute an Event of Default hereunder or any event of default under the Bond documents.

In the event that School obtains any bridge loan financing ("Bridge Loan") in connection with the acquisition of any real estate for the construction of a new school building ("New School Building Parcel"), then, in such event the Bridge Loan shall be automatically deemed Permitted Indebtedness, without having to meet any other requirements under the Lease Agreement, and shall not be used for the purposes of calculating the Fixed Rent Coverage Ratio (set forth above) for the fiscal year in which the Bridge Loan is obtained nor the following three fiscal years. In the event that School defaults under any of the terms of the Bridge Loan, School shall promptly provide the Majority Bondholder with written notice of any such default and the Majority Bondholder shall then have the right, at its option, to cure any of said defaults. After an event of

default under the Bridge Loan being or resulting from non-payment of the outstanding principal amount of said Bridge Loan, upon maturity or acceleration thereof, Majority Bondholder shall have the right to cure such default and upon such cure, compel School to mortgage the new School Building Parcel in favor of the Majority Bondholder in an amount not to exceed the full payoff amount of the Bridge Loan in addition to all other rights the Majority Bondholder may have acquired or succeeded to by virtue of the curing and or payoff of the Bridge Loan.

Pursuant to the Loan Agreement, the Borrower covenants to cause the School to comply with this covenant.

Additional Debt – Borrower

The Borrower covenants and agrees that it will not hereafter incur or assume (the terms “incur” and “assume,” for the purposes hereof, to mean and include the guaranteeing of or the direct or indirect assumption of liability for debts of others) any indebtedness without the consent of the Bondholders.

Debt Service Reserve Fund

A Debt Service Reserve Fund, established pursuant to the Indenture, will be funded to equal maximum annual debt service on the Bonds.

Repair and Replacement Fund

A Repair and Replacement Fund, established pursuant to the Indenture, will be funded in the amount of \$25,000 per year up to an aggregate amount of \$250,000. The initial \$25,000 installment shall be funded from proceeds of the Series 2019B Bonds and thereafter funded by the School’s Lease Payments.

Indebtedness Issued by or on Behalf of the School

See the Financial Statements of the School for the Fiscal Year Ended June 30, 2018 included as APPENDIX B-1 hereto for more information on the indebtedness of the School.

NEITHER THE STATE OF NEW YORK, NOR ANY OF ITS POLITICAL SUBDIVISIONS THEREOF, INCLUDING THE TOWN OF HEMPSTEAD IS OBLIGATED TO PAY OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF STATE OF NEW YORK OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE TOWN OF HEMPSTEAD, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE ISSUER PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE THEREUNDER FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Pursuant to the Indenture and to secure the performance of its obligations thereunder, the Issuer has pledged and assigned to the Trustee substantially all of its rights under the Loan Agreement, including the present and continuing right to make claim for, collect and receive the revenues and other amounts payable thereunder, but excluding the Issuer's Unassigned Rights.

INVESTOR SUITABILITY STANDARDS

The Bonds are being offered only to "accredited investors" within the meaning of Rule 501 of Regulation D of the rules governing the limited offer and sale of securities without registration under the Securities Act and "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act of 1933, as amended (the "Securities Act").

Each purchaser of the Bonds should be sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds, and is capable of and has made its own investigation of the Borrower, the School, the Guarantor, and the Facility in connection with its decision to purchase the Bonds.

RISK FACTORS

The following discussion of some of the risk factors associated with the Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

General

The Bonds are special, limited obligations of the Issuer. They are secured by and payable solely from funds received pursuant to the Loan Agreement. The management of the School believes, based upon present circumstances (i.e., the School's charter, the current and projected enrollment, student demand and levels of any applicable payments by the State of New York), that the School will generate sufficient revenues to meet the obligations under the Lease Agreement and the Borrower's obligations under the Loan Agreement; however, the School's charter may be terminated or not renewed, or the basis of the assumptions utilized by the School to formulate this belief may otherwise change. **NO REPRESENTATION OR ASSURANCE CAN BE MADE THAT THE SCHOOL WILL CONTINUE TO GENERATE SUFFICIENT REVENUES FOR THE SCHOOL TO MEET ITS OBLIGATIONS.**

Default under 2007 Bonds

CERTAIN DEFAULTS AND EVENTS OF DEFAULT HAVE OCCURRED UNDER THE 2007 BONDS. SEE APPENDIX A-3 FOR INFORMATION RELATING TO THE DEFAULTS UNDER THE 2007 BONDS.

Revocation, Non-Renewal or Expiration of Charter

The School's charter was renewed in 2017 for a five-year term, expiring on June 30, 2022. Thereafter, the School's charter will be renewable for additional five-year terms, subject to nonrenewal, revocation or suspension by the New York State Education Department. No

representation or assurance can be made that the School's Charter will be renewed beyond June 30, 2022.

Limitations Under the New York Education Law § 2850

In the event of a default by the School under the Lease Agreement (i) the Borrower shall not be entitled to consequential damages for the School's breach of the Lease, (ii) the School's obligations to pay rent may not be accelerated, and (iii) the Borrower shall not be entitled to attach any grants or tuition payments payable to the School or any revenues generated in connection with the operation of the School.

Funding of Charter Schools

Funding for charter school students comes from the various school districts where the charter school students reside. School districts receive their funding from the State through local school districts. If funds are not allocated by the State, are reduced for any reason or delayed, either at the State or school district level, it could have a material adverse effect on the operations of the School.

Changes in Law; Annual Appropriation; Inadequate State Payments

Amendments to the New York Education Law §2850 and other applicable laws governing charter schools may adversely affect the School in various ways, including without limitation, by limiting the number of students for which State funds are available; by mandating new facilities or programs that may increase costs beyond projections; by reducing the maximum amount payable for students enrolled by the School; by revising the relative responsibilities between public schools and the State for financing schools (including charter schools); or by eliminating the Corporation for State-supported charter schools.

Changes in regulatory enforcement or administrative procedures, whether related to charter schools or business in general, also may adversely affect the School, and such changes may be material.

Key Management

The creation of, and the philosophy of teaching in, charter schools generally may reflect the vision and commitment of a few key persons on the board of directors and/or the upper management of the charter school ("Key Directors/Managers"). Loss of such Key Directors/Managers, and the inability of the School to find comparable qualified replacements, could adversely affect any of the operations or financial results of the School. See APPENDIX A-2- "Senior Administration" for more information regarding the management team of the School.

Reliance on Financial Projections

The projections of revenues and expenses set forth in APPENDIX A-2 were prepared by the School and have not been independently reviewed or verified by any other party. Such projections are derived from the actual operation of the School and from the School's assumptions about the student enrollment, funding and expenses.

SUCH PROJECTIONS DO NOT CONSTITUTE A “CERTIFIED FINANCIAL FORECAST” PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. No assurance can be given that the results described in the projections will be achieved, or that there has been no change in underlying considerations since the date of this Limited Offering Memorandum. The School does not intend to update the projections and, accordingly, there are risks inherent in using the projections in the future as they become outdated. The projections are for the fiscal year 2019, 2020, and 2021 and do not cover the entire period during which the Bonds are expected to be outstanding.

No guarantee can be made that the projections will correspond with the results actually achieved in the future because there is no assurance that the actual events will correspond with the assumptions made by the School. Inevitably, the actual future operations and financial condition of the School will differ from those projected and actual future events and conditions will differ from those assumed by the School. Such differences may be material and adverse. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of changes in demographic trends, insufficient enrollment, changes in State or federal funding of education or otherwise) and local and general economic conditions.

Economic and Other Factors

Future economic and other factors may adversely affect the revenues and expenses of the School and, consequently, the ability of the School to make payments under the Lease Agreement. Among the factors that could have such adverse effects are: decreases in the number of students seeking to attend the School at optimum levels for each grade level; decreases in the level of payments by the State or other student enrollment-based funding by the State; decline in the ability of the School and its management to provide education desired and accepted by the population served; economic developments in the affected service area, including inflation and interest rates; decline of the reputation of the School; revocation of the charter contract; competition from other educational institutions, including other charter schools, private schools and public schools; lessened ability of the School to attract and retain qualified teachers and staff at salaries that permit payment of debt service and expenses; increased costs associated with technological advances; changes in government regulation of the education industry or in the laws applicable to charter schools; future claims for accidents or other torts at the School and the occurrence of natural disasters, such as floods.

Factors Associated with Education

There are a number of factors affecting schools in general, including the School, that could have an adverse effect on the financial position of the School and the ability of the School to make the payments required under the Lease Agreement. These factors include, but are not limited to, increased 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; any unionization of the work force of the School with consequent impact on wage scales and operating costs of the School; the inability to attract a sufficient number of students; federal requirements to provide services to special education students; unfavorable changes to existing statutes pertaining to the powers of the School and legislation or regulations that may affect program funding; and disruption of the operations of the

School by real or perceived threats against the School, the employees or the students. The School cannot assess or predict the ultimate effect of these factors on the operations of the School or financial results of operations.

Other Schools/Competition for Students

The School will compete for students with public schools, private schools and other charter schools. There can be no assurance that the School will attract and retain the number of students at the School that are needed to produce the revenue that is necessary to pay the debt service on the Bonds. Other public and private schools are located in close proximity to the School. See APPENDIX A-2 for information regarding other schools in the service area of the School.

Risks of Real Estate Investment

General. Development, ownership and operation of real estate, such as the Facility, involves certain risks, including the risk of adverse changes in general economic and local conditions, including population decreases; uninsured losses; operating deficits and mortgage foreclosure; lack of attractiveness of the property to students/parents; cyclical nature of the real estate market; adverse changes in neighborhood values; and adverse changes in zoning laws, other laws and regulations and real property tax rates (to the extent such taxes are applicable to the Facility).

Damage, Destruction or Condemnation. Although the Borrower and School will be required to obtain certain insurance against damage or destruction as set forth in the Lease Agreement and the Indenture, there can be no assurance that any portion of the Facility will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the School, as a result of damage or destruction to the Facility, cannot generate revenues, will not exceed the coverage of such insurance policies.

If the Facility, or any portion thereof, is damaged or destroyed, or is taken in a condemnation proceeding, the proceeds of insurance or any such condemnation award for the Facility, or any portion thereof, must be applied as provided in the Indenture to restore or rebuild the Facility or to redeem Bonds. There can be no assurance that the amount of revenues available to restore or rebuild the Facility, or any portion thereof, or to redeem Bonds will be sufficient for that purpose, or that any remaining portion of the Facility will generate revenues sufficient to pay the expenses of the School and the debt service on the Bonds remaining outstanding.

Environmental Risks. There are potential risks relating to liabilities for environmental hazards with respect to the ownership of any real property. If hazardous substances are found to be located on a property, owners of such property may be held liable for costs and other liabilities related to the removal of such substances, which costs and liabilities could exceed the value of the Facility or any portion thereof. In the event unknown environmental conditions are discovered in the future or environmental enforcement actions are initiated, the School could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the sites of the Facility, or any portion thereof. It is unknown what effect, if any, these environmental conditions could have on the operation of or enrollment at the School. In addition, under certain environmental statutes, in the event an enforcement action is initiated, a lien could be attached to the Facility, or a portion thereof, that would adversely affect the School's ability to generate

revenues from the operation of the School at the Facility sufficient to meet its obligations under the Lease Agreement and the debt service requirements on the Bonds. In the event of a foreclosure, the School may be held liable for costs and other liabilities relating to hazardous substances, if any, on the Facility, or any portion thereof, on a strict-liability basis and such costs might exceed the value of such property.

Phase I Environmental Assessment

The Borrower commissioned GEI Consultants, Inc. P.C. (“GEI”) to complete a Phase I Environmental Assessment dated July 16, 2019 for the Facility. GEI stated in its Phase I Report that it did not identify evidence of recognized environmental conditions of controlled recognized environmental conditions in connection with the Facility site during the course of its assessment. Additionally, GEI did not recommend further investigation of the Facility site. The Executive Summary from the Phase I Report is attached hereto at APPENDIX I. See “Risk Factors – Risks of Real Estate Investments”, “Environmental Risks” in this Limited Offering Memorandum.

Tax-Exempt Status

Under present Federal and State law, regulations and rulings, the income of 501(c)(3) organizations, such as the School, the Borrower, the Guarantor are exempt from Federal and New York income tax, except for any unrelated business income. Failure of any of the School, the Borrower, or the Guarantor to maintain its status as a 501(c)(3) organization or changes in such current laws, or the regulations, rulings or interpretations thereof could adversely affect the School, the Borrower, or the Guarantor. Such failure would adversely affect the exclusion of interest on the 2019A Bonds from income for federal income taxation purposes.

Moreover, the ongoing tax-exempt status of interest on the 2019A Bonds is conditioned, under relevant provisions of the Code, on compliance by the Borrower, Guarantor and the School with various requirements set forth, *inter alia*, in Sections 145 and 148 of the Code, requiring, among other things, that the Facility be owned throughout the term of the 2019A Bonds by a governmental unit or an organization described in Section 501(c)(3) of the Code, that not more than five percent of the proceeds of the 2019A Bonds (inclusive of proceeds applied to defray issuance costs) be applied to any “private business use,” any use giving rise to “unrelated business income,” or other uses inconsistent with the charitable purposes of the School, as a 501(c)(3) organization, and that certain investment earnings in respect of the 2019A Bonds be subject to non-arbitrage requirements imposed under Section 148 of the Code, including requirements to perform certain “rebate” computations and to make certain “rebate” payments of “arbitrage” earnings all as further provided in applicable statutes, regulations, rulings and decisions. Failure to comply with such requirements could result in the loss of the tax-exempt status of interest on the 2019A Bonds to the owners thereof, and such interest could become taxable to such owners retroactive to the date of issuance of the 2019A Bonds.

Property Tax Exemption

Under present State law and rulings, buildings and the property appurtenant thereto that are owned by a nonprofit 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 School or the Borrower. The financial projections contained herein have been prepared with the assumptions outlined in this paragraph.

Other Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the 2019A Bonds or otherwise prevent holders of the 2019A Bonds from realizing the full benefit of the tax exemption of interest on the 2019A Bonds. Further, such proposals may impact the marketability or market value of the 2019A Bonds simply by being proposed. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2019A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2019A Bonds would be impacted thereby.

Legal Opinions

The various legal opinions to be delivered concurrently with the delivery of the Bonds will express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein on the date thereof. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, such opinions will be qualified as to the enforceability of the various legal instruments by, among others, limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

Inability or Delay in Liquidating the Facility at an Adequate Sale Price

An Event of Default gives the Trustee the right to possession of, and the right to sell, the Facility pursuant to a foreclosure sale. The Facility will be specifically constructed and renovated, as applicable, for use as a school and may not be readily adaptable and marketable for other uses. Furthermore, while the Borrower and the School considers the location of the Facility to be desirable for its purposes, there can be no assurance that potential purchasers will consider the location desirable for their particular purposes. Accordingly, there can be no assurance that the sale of the Facility could be accomplished rapidly, or at all. Any sale of the Facility may require compliance with the laws of the State. Such compliance may be difficult, time-consuming, and/or expensive. Any delays in the ability of the Trustee to foreclose could result in delays in the payment of the Bonds. Further, attempts to foreclose or to obtain other remedies under the Indenture, the Loan Agreement or any other documents relating to the Bonds may be met with

protracted litigation and/or bankruptcy proceedings, which could cause delays, and a court may decide not to order specific performance of covenants contained in such documents.

In addition, in the event of a sale of the Facility or any portion thereof, the potential use of the Facility and the number of potential users that may be interested in purchasing the Facility or any portion thereof could be limited, and the sale price could thus be affected. There is no requirement that the value of the Facility equal or exceed the loan under the Loan Agreement. No assurance can be given that any of the Facility can be sold now or in the future at the amounts appraised or greater, and for the above-described reasons and others, no assurance can be made that the amount realized upon any sale of any of the Facility will be sufficient to pay and discharge the School's obligations under the Lease Agreement or to pay debt service on the Bonds in full when due. In particular, there can be no representation that the cost of the Facility constitutes a realizable amount upon any forced sale thereof.

Potential Effects of Bankruptcy

If the School, the Borrower, or the Guarantor file a petition for relief (or if a petition was filed against it as debtor) under the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq., as amended, or other similar laws that protect creditors, the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the property of the School, the Borrower, or the Guarantor, as the debtor. If the bankruptcy court so ordered, the debtor's property and revenues could be used for the benefit of the School, the Borrower, or the Guarantor as debtor, despite the claims of its creditors (including the owners of the Bonds).

In a bankruptcy proceeding, the School, the Borrower, or the Guarantor could file a plan for the adjustment of its debts that modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured (including the owners of the Bonds). The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan.

Enforcement of Remedies

The remedies available to the Trustee or the registered owners of the Bonds upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions that 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 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.

Bond Audits

Internal Revenue Service ("IRS") officials have indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. The Bonds may be, from time to time, subject to audits by the IRS. The management of the School believes that the Bonds properly comply with the tax laws. In addition, Bond Counsel will render an opinion with

respect to the tax-exempt status of the interest on the Bonds, as described under the caption "TAX MATTERS" herein. No ruling with respect to the tax-exempt status of the interest on the Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Bonds will not adversely affect the tax-exempt status of the interest on the Bonds.

Secondary Market

There is no guarantee that a secondary trading market will develop for the Bonds. Consequently, prospective bond purchasers should be prepared to hold their Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Bonds.

Conclusion

AN INVESTMENT IN THE BONDS INVOLVES A HIGH DEGREE OF RISK AND IS SPECULATIVE IN NATURE. The relatively high interest rate borne by these Bonds (as compared to prevailing interest rates on more secure bonds such as those that constitute general obligations of fiscally sound municipalities or states or more creditworthy borrowers) is intended to compensate the investor for assuming this element of risk. Each prospective investor should carefully examine this Limited Offering Memorandum, and the Appendices hereto, and such investor's own financial condition in order to make a judgment as to whether the Bonds are an appropriate investment for such investor.

TAX MATTERS- SERIES 2019A BONDS

2019A Bonds

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the 2019A Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2019A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the 2019A Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the date hereof (the “Tax Certificate”), the Issuer, the Borrower and the School have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2019A Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer, the Borrower and the School have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Certificate. Bond Counsel will also rely on the opinions of counsel to the Borrower and the School as to certain matters concerning the status of the Borrower and the School, respectively, as organizations described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or those opinions.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications described above, interest on the 2019A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

State Taxes

Bond Counsel is also of the opinion that, under existing law, interest on the 2019A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York, assuming compliance with the tax covenants and accuracy of the representations and certifications described above under “Federal Income Taxes.” Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the 2019A Bonds nor as to the taxability of the 2019A Bonds or the income therefrom under the laws of any state other than the State of New York.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2019A Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the 2019A Bonds was sold to the public excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount 2019A Bond” and collectively the “Discount 2019A Bonds”) constitutes original issue discount

which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2019A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount 2019A Bond and the basis of each Discount 2019A Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount 2019A Bonds, even though there will not be a corresponding cash payment. Owners of the Discount 2019A Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount 2019A Bonds.

Original Issue Premium

2019A Bonds sold at prices in excess of their principal amounts are “Premium 2019A Bonds.” An initial purchaser with an initial adjusted basis in a Premium 2019A Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium 2019A Bond based on the purchaser’s yield to maturity (or, in the case of Premium 2019A Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium 2019A Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium 2019A Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such 2019A Bonds. Owners of the Premium 2019A Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium 2019A Bonds.

Ancillary Tax Matters

Ownership of the 2019A Bonds may result in other Federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2019A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2019A Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the 2019A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described in the opinions attached as Appendix H. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2019A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2019A Bonds for Federal or state income tax purposes, and thus on the value or marketability of the 2019A Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2019A Bonds from gross income for Federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the 2019A Bonds may occur. Prospective purchasers of the 2019A Bonds should consult their own tax advisors regarding the impact of any change in law on the 2019A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2019A Bonds may affect the tax status of interest on the 2019A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2019A Bonds, or the interest thereon, if any action is taken with respect to the 2019A Bonds or the proceeds thereof upon the advice or approval of other counsel.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2019A BONDS.

2019B Bonds

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the 2019B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses 2019B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such 2019B Bonds as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire 2019B Bonds at their initial issue price except where otherwise

specifically noted. Potential purchasers of the 2019B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the 2019B Bonds.

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

U.S. Holders

As used herein, the term “U.S. Holder” means a beneficial owner of 2019B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds 2019B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds 2019B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the 2019B Bonds.

Taxation of Interest Generally

Interest on the 2019B Bonds is not excluded from gross income for federal income tax purposes under Code Section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase 2019B Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such 2019B Bonds. In general, interest paid on the 2019B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the 2019B Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451 of the Code was amended by the Tax Cuts and Jobs Act, Pub. L. No. 115-97, enacted December 22, 2017, to provide that purchasers using an accrual method of accounting for U.S. federal income tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. The application of this rule thus may require the accrual of income earlier than would have been

the case prior to the amendment of Section 451. In this regard, on September 27, 2018, the IRS issued Notice 2018-80, which states that the Treasury Department and the IRS intend to issue proposed regulations providing that accrued market discount is not includible in income under Section 451(b) of the Code, and that such guidance will be applicable as of January 1, 2018. Prospective purchasers of the 2019B Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the 2019B Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of 2019B Bonds issued with original issue discount ("Discount 2019B Bonds"). A 2019B Bond will be treated as having been issued at an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the 2019B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such 2019B Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A 2019B Bond's "stated redemption price at maturity" is the total of all payments provided by the 2019B Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount 2019B Bond is the sum of the "daily portions" of original issue discount with respect to such 2019B Bond for each day during the taxable year in which such holder held such 2019B Bond. The daily portion of original issue discount on any Discount 2019B Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a 2019B Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the 2019B Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount 2019B Bond at the beginning of any accrual period is the sum of the issue price of the Discount 2019B Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the 2019B Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the 2019B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. However, holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under “Recognition of Income Generally” above. Prospective purchasers of the 2019B Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the 2019B Bonds under the Code.

Market Discount

Any owner who purchases a 2019B Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a 2019B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

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

An owner of a 2019B Bond who acquires such 2019B Bond at a market discount also may be required to defer, until the maturity date of such 2019B Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a 2019B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such 2019B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2019B Bond for the days during the taxable year on which the owner held the 2019B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2019B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Holders with market discount that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under “Recognition of Income Generally” above. Prospective purchasers of the 2019B Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the 2019B Bonds under the Code.

Bond Premium

A holder of a 2019B Bond who purchases such 2019B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all taxable bonds held by the holder on the first day of the taxable year to which the election applies and to all taxable bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder’s yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Holders of any 2019B Bonds who acquire such 2019B Bonds at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such 2019B Bonds.

Surtax on Unearned Income

Section 1411 of the Code generally imposes a tax of 3.8% on the “net investment income” of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this legislation in their particular circumstances.

Sale or Redemption of Bonds

A Bondholder’s adjusted tax basis for a 2019B Bond is the price such owner pays for the 2019B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such 2019B Bond other than “qualified stated interest” and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a 2019B Bond, measured by the difference between the amount realized and the Bondholder’s tax basis as so adjusted, will generally give rise to capital gain or loss if the 2019B Bond is held as a capital asset (except in the case of 2019B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the 2019B Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the 2019B Bonds may also result in a deemed sale or exchange of such 2019B Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF 2019B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE 2019B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH 2019B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of 2019B Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “Non-U.S. Holder”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“FATCA”), payments of principal by the Issuer or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10-percent or more of the voting equity interests of the Issuer, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Issuer (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Issuer, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the 2019B Bonds must certify to the Issuer or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

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

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a 2019B Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its

effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a 2019B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a 2019B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the 2019B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the 2019B Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, Bondholders or beneficial owners of the 2019B Bonds shall have no recourse against the Issuer, nor will the Issuer be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the 2019B Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the 2019B Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the 2019B Bonds are outstanding, the Issuer, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Issuer, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the 2019B Bonds. This backup

withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Issuer, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under the heading "TAX MATTERS – 2019B Bonds – Non-U.S. Holders" above), or has otherwise established an exemption (provided that neither the Issuer nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a 2019B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a 2019B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the 2019B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the 2019B Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2019B Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the 2019B Bonds. Prospective purchasers of the 2019B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the 2019B Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2019B BONDS.

State Taxes

Bond Counsel is also of the opinion that the interest on the 2019B Bonds is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof. Bond Counsel expresses no opinion as to other State of New York or local tax consequences arising with respect to the 2019B Bonds nor as to the taxability of the 2019B Bonds or the income therefrom under the laws of any state other than the State of New York.

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

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

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

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

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

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

By acquiring a Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to (a) represent and warrant that either (i) it is not acquiring the Bond (or interest therein) with the assets of a Benefit Plan, Governmental

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

In addition, each purchaser and each transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) of a Bond that is a Benefit Plan is deemed to represent and warrant that: (a) the decision to acquire the Bonds was made by the plan fiduciary; (b) the plan fiduciary is independent of the Issuer, the Borrower, the School, the Trustee or the Underwriter; (c) the plan fiduciary meets the requirements of 29 C.F.R. § 2510.3-21(c)(1) and specifically is either a bank as defined in Section 202 of the Investment Advisers Act of 1940 or similar institution that is regulated and supervised and subject to periodic examination by a U.S. state or U.S. federal agency; an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; an investment adviser registered under the Investment Advisers Act of 1940 or, if not registered as an investment adviser under the Investment Advisers Act by reason of paragraph (1) of Section 203A of the Investment Advisers Act, is registered as an investment adviser under the laws of the U.S. state in which it maintains its principal office and place of business; a broker dealer registered under the Exchange Act; or holds, or has under its management or control, total assets of at least \$50 million (provided that this clause shall not be satisfied if the plan fiduciary is an individual directing his or her own individual plan account or is a relative of such individual); (d) the plan fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions, and investment strategies, including the purchase or transfer of the Bonds; (e) the plan fiduciary is a “fiduciary” with respect to the plan within the meaning of Section (21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the acquisition, transfer or holding of the Bonds; (f) none of the Issuer, the Borrower, the School, the Trustee or the Underwriter has exercised any authority to cause the Benefit Plan to invest in the Bonds or to negotiate the terms of the Benefit Plan’s investment in the Bonds; and (g) the plan fiduciary has been informed: (1) that none of the Issuer, the Borrower, the School, the Trustee or the Underwriter are undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the plan’s acquisition or transfer of the Bonds and (2) of the existence and nature of the Issuer’s, the Borrower, the School, the Trustee’s or Underwriter’s financial interests in the Benefit Plan’s acquisition or transfer of the Bonds.

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

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

of Bonds using plan assets of a Benefit Plan should consult with its counsel if the Issuer, the Borrower, the School, the Trustee or the Underwriter or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

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

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the School, Borrower and Guarantor will enter into a Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement in substantially final form (subject to change) is attached to this Limited Offering Memorandum as APPENDIX G. Pursuant to the Continuing Disclosure Agreement, the School agrees to file with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) (i) certain annual financial information and operating data, (ii) notice of various events described in the Rule.

Because the Bonds will be special, limited obligations of the Issuer, the Issuer is not an “obligated person” for purposes of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and has no continuing obligations thereunder. Accordingly, the Issuer will not provide any continuing disclosure information with respect to the Bonds or the Issuer.

LITIGATION

To the Issuer’s knowledge, there is no action, suit or proceeding at law or in equity pending or threatened against the Issuer to restrain or enjoin the issuance or sale of the Bonds or in any way contesting the validity or affecting the power of the Issuer with respect to the issuance and sale of the Bonds or the documents or instruments executed by the Issuer in connection therewith or the existence of the Issuer or the right of the Issuer to finance the Project.

There is no litigation of any nature pending or threatened against the Borrower, the Guarantor or the School at the date of this Limited Offering Memorandum to restrain or enjoin completion of the Project or which would materially adversely affect the Borrower’s, Guarantor’s, or the School’s financial condition or ability to perform their respective obligations under the documents described herein to which they are a party.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the Issuer of the Bonds will be passed upon by Nixon Peabody LLP, Jericho, New York, Bond Counsel. Copies of Bond Counsel's approving opinion, a form of which is attached hereto as APPENDIX H, will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by Farrell Fritz P.C., Uniondale, New York, for the Borrower and Guarantor by Moritt Hock & Hamroff LLP, Garden City, New York, and for the Trustee by Thompson Hine LLP, New York, New York.

CERTIFIED PUBLIC ACCOUNTANTS

The financial statements of the School included in APPENDIX B-1 of this Limited Offering Memorandum have been audited by Condon O'Meara McGinty & Donnelly LLP independent certified public accountants, in each case to the extent and for the periods indicated in the reports which appear in APPENDIX B-1.

The financial statements of the Guarantor included in APPENDIX B-2 of this Limited Offering Memorandum have been audited by Condon O'Meara McGinty & Donnelly LLP independent certified public accountants, in each case to the extent and for the periods indicated in the reports which appear in APPENDIX B-2.

The Borrower, being recently formed, does not currently have financial statements.

RATING

None. No Ratings will be applied for.

UNDERWRITING

Pursuant to the provisions of a bond purchase agreement (the "Bond Purchase Agreement") among the Issuer, the Borrower and Roosevelt and Cross Inc. (the "Underwriter"), the Underwriter has agreed to purchase the Bonds from the Issuer at an aggregate purchase price of \$14,220,462.50 comprised of the par amount of the Bonds of \$14,540,000 less an underwriting discount of \$319,537.50. The Underwriter has agreed to purchase all of the Bonds if any are purchased.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering price stated on the cover of this Limited Offering Memorandum. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.

MISCELLANEOUS

The references herein to the Bonds, the Indenture, the Loan Agreement, the Notes, the Mortgage, the Lease Agreement and the Assignment of Leases and Rents, and the Guaranty are brief outlines of certain provisions thereof. Such outlines do not purport to be complete. The forms of the Bonds, the Indenture, the Loan Agreement and the Lease Agreement attached hereto are in substantially final form (subject to change). For full and complete statements of such provisions, reference is made to the Bonds, the Indenture, the Loan Agreement, the Notes, the Mortgage, the

Lease Agreement, the Assignment of Leases and Rents and the Guaranty, copies of which are available for inspection at the corporate trust office of the Trustee, St. Louis, Missouri.

The agreement of the Issuer with the owners of the Bonds is fully set forth in the Indenture, and neither advertisements of the Bonds nor this Limited Offering Memorandum are to be construed as constituting an agreement with the owners of the Bonds. Statements made in this Limited Offering Memorandum involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The attached appendices are integral parts of this Limited Offering Memorandum and must be read together with all of the preceding information.

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

TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION

By: 

Name: Frederick E. Parola

Title: Town IDA CEO

Approved by:

Approved by the undersigned solely with respect to the information and statements regarding the Borrower under the headings "INTRODUCTORY STATEMENT," as it relates to the Borrower, "ESTIMATED SOURCES AND USES", "SECURITY FOR THE BONDS", "LITIGATION", "LEGAL MATTERS", "THE PROJECT", "FINANCING PLAN," "CONTINUING DISCLOSURE", Appendix A-1, Appendix A-3, Appendix B-3, Appendix E, and Appendix I.

CIRCULO REAL PROPERTY HOLDING CORPORATION

By: 

Name: Sarah E. R. Brewster

Title: Executive Director

Approved by the undersigned solely with respect to the information and statements regarding the School under the headings "INTRODUCTORY STATEMENT" as it relates to the School, "LITIGATION" as it relates to the School, Appendix A-2 and Appendix B-1.

EVERGREEN CHARTER SCHOOL

By: 

Name: Gil Bernardino

Title: President

APPENDIX A-1

Information Regarding the Borrower and the Guarantor

Borrower: Círculo Real Property Holding Corporation

Círculo Real Property Holding Corporation (The “Corporation” or the “Borrower”) is a real property holding corporation. The holding corporation was established in 2019 to hold real property to advance the charitable mission of Círculo de la Hispanidad, Inc. (“Círculo”). The Corporation is a 501(c) 3 nonprofit corporation. Círculo is the sole member of the holding corporation, and Círculo’s board has appointed the board members of the Corporation. The Board has authority under the corporations by laws to make all important corporate decisions. Círculo will transfer the facility located at 605 Peninsula Boulevard, Hempstead NY, to the Corporation thereupon the Corporation will use the 2019 bonds to pay off the 2007 bonds. Círculo will be the Guarantor of the bonds.

Upon transfer, the Corporation will lease the school building to Evergreen Charter School for the full term of the bond with annual rental payments equal to the debt service on the new bonds. Also, a Repair and Replacement Fund of \$25,000 per year up to \$250,000 shall be deposited into the Repair and Replacement Account, funded by the Tenant’s (Evergreen Charter School) lease payments, after payment on the Series 2019 Bonds. This fund will be held with the Trustee. The transfer from Círculo to the Corporation and the subsequent lease of the school building to Evergreen has been approved by the Office of the NYS Attorney General under the provisions of New York Not-for-profit Corporation Law.

Borrower: Board of Trustees

The Círculo Real Property Holding Corporation Board of Trustees appointed the following members to serve as the Corporation’s board:

Jimmy Perez, President

Esperanza Peresztegui, Secretary

Luz Marina Casavita, Treasurer

Sarah Brewster, Executive Director

Guarantor: Círculo de la Hispanidad, Inc.

Background

Círculo de la Hispanidad, Inc. (“Círculo” or the “Guarantor”) is a New York State non-profit 501(c) (3) community-based organization, incorporated in 1980, with operations in Long Beach and Hempstead, in Nassau County, Long Island. Círculo offers more than twenty programs and allied activities in education, health services and health education, crisis intervention, child care, HIV/AIDS support, housing and cultural enrichment. Círculo serves over five thousand individuals annually.

The Building

Círculo currently owns the building located at 605 Peninsula Boulevard, Hempstead NY 11550. The property consists of an irregular shaped parcel located on the east side of Peninsula Boulevard occupying the entire block front between Linden and Sycamore Avenues in the Incorporated Village of Hempstead. Site area is estimated at 44,910 square feet or 1.031 acres.

The property holds a two-story with basement, masonry constructed, school building occupied in January of 2010. It is a green building with a Gold LEED certification. The first floor is configured with classrooms, offices, a gymnasium, a cafeteria, and commercial kitchen. The second floor is configured with offices and classrooms. The basement is finished, and contains a computer lab, multipurpose room, smaller rooms for group instruction, such as music, kitchen refrigeration, storage and mechanical and electrical rooms. Evergreen Charter School currently leases 87% of the space with the remaining space being used by Círculo de la Hispanidad for after-school programming and related educational and social service programs. Upon completion of this transaction, ECS will lease 100% of the building.

An appraisal was done in July, 2018 for the Borrower by Standard Valuation Services. The “As Is” market value of the subject’s leased fee interest was \$11,600,000.

Círculo also leases two facilities located at 91 North Franklins Street, Hempstead, NY and 26 West Park Avenue, Long Beach, NY.

Management

Gil Bernardino, *Founder & Executive Director*

Sarah Brewster, *Chief Director of Services and Operations*

Nora Martinez, *Fiscal Director*

Please note that Gil Bernardino and Sarah Brewster are married.

Board of Trustees

Leo Fernández, *President*
Allstate Insurance Agency, Owner and Operator

Héctor Martínez, *Treasurer*
Town of Hempstead, Highway Department

Mr. Osman Canales, *Secretary*
Long Island Center for Independent Living, Inc.

Mr. Mario Figueroa
Retired Police Officer

Ms. Silvana Loyola
United Health Care Marketing Outreach Specialist

Ms. Amy Flores
Peoples United Bank

APPENDIX A-2

Information Regarding the School

School Overview

Evergreen Charter School (“Evergreen” or “ECS” or “School”) received its charter on January 13, 2009. It was granted a five year charter by the New York State Education Department Board of Regents (the “Authorizer”) to operate an elementary school in Hempstead, Long Island. The School, opened with a kindergarten and first grade class of 100 students in the fall of 2009.

Charter Contract

Evergreen operates pursuant to a charter agreement with the Authorizer for and on behalf of the Education Department of the State of New York. On January 13, 2009, Evergreen’s Board of Trustees and the Authorizer entered into a proposed charter agreement to establish and operate a charter school. On that same date, the Authorizer granted the proposed Charter to Evergreen and incorporated Evergreen by issuing a certificate of corporation known as a provisional charter, which was initially valid for a term of five years through January 12, 2014. In 2014, Evergreen sought its first renewal and received a 3-year renewal term lasting until 2017.

In 2017, Evergreen received its third charter, which was for five years. It also received approval to include 6th grade and expand to offer three classes per grade level instead of two commencing with kindergarten. Another amendment was granted in 2018, which granted grade 8. In 2019, Evergreen received another amendment to its charter to expand from three classes per grade level to five classes per grade level commencing with kindergarten for the 2019-2020 school year.

Summary of Charter

Evergreen operates pursuant to a charter agreement with the Authorizer for and on behalf of the Education Department of the State of New York. The Charter governs such matters as the School’s authority to operate, student performance, financial management, governance and operations.

Charter Terms

Initial Charter:	January 13, 2009 to January 12, 2014
First Renewal Term:	January 13, 2014 to June 30, 2014
Second Renewal Term:	July 1, 2014 to June 30, 2017
Third Renewal Term:	July 1, 2017 to June 30, 2022

Grades:	Kindergarten to Eighth Grade
District of Location:	Hempstead UFSD

Facility Location #1: 605 Peninsula Boulevard, Hempstead NY 11550
Space is leased by Evergreen Charter School.
Grades Served: K-4

Facility Location #2: 120 Greenwich Street, Hempstead NY 11550
Space is leased by Evergreen Charter School.
Grades Served: 5-8

Teachers: Not unionized.

Mission Statement

The mission of Evergreen Charter School is to nurture the intellectual, physical and social development of its students. ECS will ensure that students of varied cultural and social backgrounds and different ability levels achieve their academic potential while developing a positive sense of self-worth. ECS fosters individual growth and development through the implementation of a challenging and comprehensive educational program that emphasizes mastery of a quality K-8 Common Core curriculum that is aligned to the New York State Learning Standards and based on New York State curricula guidelines. Additionally, instruction in a second language, i.e. Spanish, and integration of content regarding Hispanic history and culture is an important part of ECS' curriculum. The School will feature enriched arts and physical education programs, and it will foster healthy life choices within a child-centered school environment that places a premium on environmental education and conservation of resources. ECS uses a balanced instructional approach and employ a workshop delivery model. The school promotes respect for self, respect for others and respect for the environment.

The Lease & Future Expansion

The School has entered into a new twenty-five year lease with the Borrower for the lease of the Building. (See "Appendix E"),

The School also leases twelve classrooms as well as space for multipurpose use and a lunch area from Our Lady of Loretto, a Roman Catholic parish located in Hempstead. The School also may plan to rent additional space in Franklin Square at a new site. This site has 22 classrooms and can accommodate additional growth for the School.

In January of 2019, Evergreen purchased two adjacent sites in very close proximity to the Building located at 27-33 Laurel Avenue, Hempstead, & 37 Laurel Avenue, Hempstead, New York.

Competition

Evergreen is located on Long Island, NY. The closest to Evergreen is Academy Charter School (Hempstead, NY) and Roosevelt Charter School (Roosevelt, NY).

Student Body

Current Enrollment & Student Body Makeup – 2018/2019

- School Enrollment: 525 students
- School Capacity: 525 students
- Grade Range: K-8

Enrollment: Previous & Current School Year

	15-16	16-17	17-18	18-19
Kindergarten	50	75	75	75
First	50	50	75	75
Second	50	50	50	75
Third	50	50	50	50
Fourth	50	50	50	50
Fifth	50	50	50	50
Sixth		50	50	50
Seventh			50	50
Eighth				50
Total	300	375	450	525

Admission Activity	18-19	17-18	16-17	15-16
New Applicants	560	456	307	272
Students Accepted	75	75	75	50
Waitlist	485	381	232	222

**Enrollment: Projections & Approved New Enrollment Pattern from Board of Regents
Meeting, April 2019**

	19- 20	20- 21	21-22	22- 23	23- 24	24- 25	25- 26	26- 27	27- 28
Kindergarten	125	125	125	125	125	125	125	125	125
First	75	125	125	125	125	125	125	125	125
Second	75	75	125	125	125	125	125	125	125
Third	75	75	75	125	125	125	125	125	125
Fourth	50	75	75	75	125	125	125	125	125
Fifth	50	50	75	75	75	125	125	125	125
Sixth	50	50	50	75	75	75	125	125	125
Seventh	50	50	50	50	75	75	75	125	125
Eighth	50	50	50	50	50	75	75	75	125
Total	600	675	750	825	900	975	1025	1075	1125

Distribution of Students

For School Year 2019/2020, the School will have 530 students from Hempstead School District with the remaining spread throughout Nassau County.

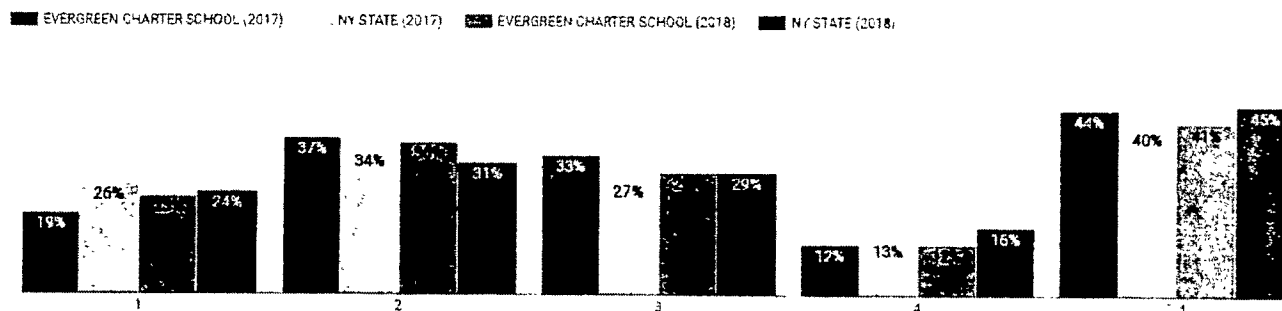
District	District Code	# of Students
Baldwin	NY280210	7
Copiague	NY580105	2
East Islip	NY280503	1
East Meadow	NY280203	1
Freeport	NY280209	17
Hempstead	NY280201	530
Hicksville	NY280517	1
Lawrence	NY280215	2
Malverne	NY280212	2
Rockville Centre	NY280221	1
Roosevelt	NY280208	3
Uniondale	NY280202	29
Valley Stream 13	NY280213	1
Westbury	NY280401	2
West Hempstead	NY280227	1
TOTAL		600

Assessment Levels

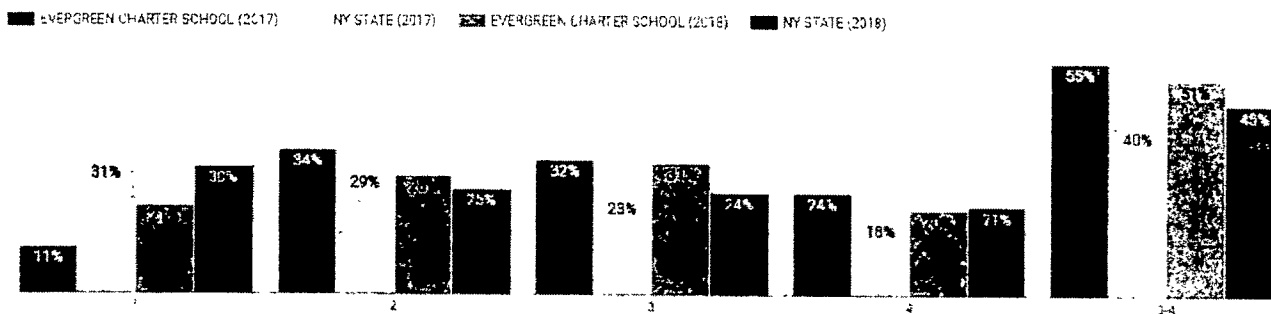
The grades 3-8 English Language Arts (ELA) and mathematics assessments measure the higher learning standards that were adopted by the State Board of Regents in 2010, which more accurately reflect students' progress toward college and career readiness. Data are available statewide and at the county, district, and school level.

The data below is based on those reported by schools and districts to the State as of August 22, 2018 via the Student Information Repository System (SIRS). The New York State School Report Card 3-8 English Language Arts (ELA) and mathematics assessment data will be based on those data reported as of the final school year reporting deadline. The term "Proficient" is scoring at levels 3 or 4.

Grades 3-8 ELA Assessment Data:



Grades 3-8 Math Assessment Data:



School Year and School Day Length

Breakfast is available at Evergreen (both sites) for all students from 7:00 a.m. until 7:30 a.m. each school day. The school day for the Elementary school starts at 7:45 am with the building being open for after school programs until 7:00 pm. The school day for the middle school starts at 7:30 am.

Transportation

Círculo provides no transportation services for its students.

Administration & Staff

Christine Weigand
Director of the Elementary School

Karen Leeper
Director of the Middle School
Interim Middle School Principal

Christine Wise
Director of Data and Attendance

Lisett Knox
Director of Finance and Operations

2018- 2019 Board of Trustees

Gil Bernardino, MS
President
Círculo de la Hispanidad, Executive Director

Sarah Brewster, Ph.D., J.D., L.M.S.W.
Vice President
Círculo de la Hispanidad, Chief Director of Services and Operations

Jose Canosa, Esq.
Treasurer
Attorney, Legal Aid

Gladys Rodriguez
Secretary
Trustee for the Village of Hempstead
Nassau County Department of Social Services

Nancy Iglesias
Member
Consultant, Events and Planning

Luis Ras, Esq.
Member
Attorney, Private Practice

Yvonne Mowatt
Member
Retired, Former Staff member of Girl Scouts of Nassau County

Ariel Sotelo
Member
Círculo de la Hispanidad, Housing Director Attorney, Private Practice

Please note that Gil Bernardino and Sarah Brewster are married.

School Projections

(ATTACHED)

EVERGREEN CHARTER SCHOOL

PROJECTED BUDGET FOR 2019-2028

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
REVENUE	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
REVENUES FROM STATE SOURCES										
Per Pupil Revenue										
District of Location										
School District 1 Amityville	37,635	43,011	48,388	54,033	59,838	64,840	70,243	75,845	81,447	87,049
School District 2 Baldwin	115,395	121,890	128,065	135,074	142,241	149,809	157,376	165,225	173,480	181,511
School District 3 Copague	31,971	36,538	41,108	45,801	50,492	55,082	59,672	64,262	68,852	73,442
School District 4 East Meadow	15,718	18,107	21,495	24,003	26,403	28,803	31,204	33,604	36,004	38,404
School District 5 Elmont	253,406	289,607	325,808	363,810	400,201	436,582	472,964	509,345	545,726	582,107
School District 6 Freeport	8,690,419	9,897,822	11,134,825	12,433,888	13,877,277	15,420,665	16,184,054	17,062,880	17,921,906	18,850,932
School District 8 Hicksville	16,087	18,363	20,658	23,058	25,375	27,682	29,989	32,296	34,603	36,910
School District 9 Lawrence	42,808	48,924	55,039	61,650	67,806	73,752	79,498	85,044	90,490	95,936
School District 10 Malverne	52,844	60,393	67,943	75,989	83,438	91,043	98,630	106,218	113,805	121,392
School District 11 Roosevelt	13,834	15,582	17,530	19,575	21,533	23,490	25,448	27,405	29,363	31,320
School District 12 Sewanhaka	739,868	845,563	951,258	1,062,238	1,168,463	1,274,687	1,380,911	1,487,135	1,593,359	1,699,583
School District 13 Uniondale	16,518	18,479	21,238	23,717	26,088	28,461	30,832	33,204	35,575	37,946
School District 14 Valley Stream 13	15,812	18,071	20,330	22,702	24,972	27,242	29,512	31,782	34,052	36,322
School District 15 Valley Stream Central	39,845	45,537	51,230	57,206	62,927	68,848	74,368	79,888	85,408	90,928
School District 16 Westbury	10,052,943	11,480,978	12,925,213	14,433,155	15,876,470	17,359,785	18,763,101	19,755,311	20,587,521	21,649,772
TOTAL REVENUE FROM STATE SOURCES										
REVENUE FROM FEDERAL FUNDING										
Title I	183,284	209,582	235,779	261,977	288,175	314,373	340,570	366,768	392,966	419,164
School Food Service (Free Lunch)	379,571	433,785	488,020	542,244	596,468	650,693	704,917	759,141	813,365	867,589
Other	244,788	279,758	314,727	349,697	384,667	419,637	454,607	489,577	524,547	559,517
TOTAL REVENUE FROM FEDERAL SOURCES										
TOTAL REVENUE FROM LOCAL AND OTHER SOURCES										
TOTAL REVENUE										
EXPENSES										
TOTAL ADMINISTRATIVE STAFF										
INSTRUCTIONAL PERSONNEL COSTS										
Teachers - Regular	1,852,044	2,152,987	2,458,504	2,773,820	2,961,744	3,223,383	3,552,985	3,754,152	4,088,845	4,167,242
Teachers - SPED	487,750	334,211	378,188	418,867	457,009	493,102	527,532	552,025	578,213	600,154
Substitute Teachers	195,000	227,871	257,842	285,581	311,587	336,206	359,881	378,580	392,713	409,196
Specialty Teachers	1,341,111	1,854,838	1,874,684	2,076,841	2,285,736	2,449,580	2,615,373	2,736,302	2,856,724	2,975,415
Aides	222,808	254,857	286,714	318,571	350,429	382,286	414,143	435,381	456,618	477,857
Therapists & Counselors	137,000	160,094	181,150	200,846	218,917	236,206	252,690	268,431	278,018	287,485
TOTAL INSTRUCTIONAL										
TOTAL NON-INSTRUCTIONAL										
SUBTOTAL PERSONNEL SERVICE COSTS										
PAYROLL TAXES AND BENEFITS										
Payroll Taxes	435,200	506,456	579,431	638,200	692,704	744,214	799,729	839,958	880,385	918,267
Fringe / Employee Benefits	1,043,912	1,222,028	1,389,878	1,530,847	1,683,609	1,785,142	1,918,304	2,014,800	2,095,713	2,202,640
TOTAL PAYROLL TAXES AND BENEFITS										
TOTAL PERSONNEL SERVICE COSTS										
CONTRACTED SERVICES										
Accounting / Audit	110,030	123,600	134,000	134,000	142,000	142,000	150,000	150,000	174,000	174,000
Legal	40,000	45,000	45,000	50,000	50,000	50,000	60,000	60,000	60,000	60,000
Payroll Services	35,390	41,428	47,118	51,898	56,331	60,518	65,033	68,304	72,404	74,672
Other Purchased / Professional / Consulting	121,000	138,258	155,571	172,857	190,143	207,429	224,714	236,238	247,762	258,286
TOTAL CONTRACTED SERVICES										
SCHOOL OPERATIONS										
Classroom / Teaching Supplies & Materials	74,000	84,571	95,143	105,714	116,286	126,857	137,428	144,478	151,524	158,571
Supplies & Materials other	240,000	274,286	308,571	342,857	377,143	411,429	445,714	480,000	491,429	514,286
Equipment / Furniture	30,000	30,000	30,000	30,000	30,000	30,000	30,000	40,000	40,000	40,000
Telephone	26,000	28,714	33,928	37,143	40,857	44,571	48,286	50,762	53,238	55,714
Field Trips	16,000	18,286	20,571	22,857	25,143	27,429	29,714	31,286	32,857	34,429
Mobile Classrooms	34,880	39,634	44,388	49,143	53,897	58,652	63,407	68,162	72,917	77,672
Student Services - other	23,000	26,286	29,571	32,857	36,143	39,429	42,714	46,000	49,286	52,571
Staff Development	240,000	274,286	308,571	342,857	377,143	411,429	445,714	480,000	491,429	514,286
Staff Recruitment	18,500	21,143	23,786	26,429	29,071	31,714	34,357	36,119	37,881	39,643
School Meals / Lunch	430,000	491,429	552,857	614,286	675,714	737,143	798,571	839,000	880,429	921,857
Travel (Staff)	3,500	4,000	4,500	5,000	5,500	6,000	6,500	6,833	7,167	7,500
Other	57,500	65,714	73,929	82,143	90,357	98,571	106,786	112,286	117,786	123,286
TOTAL SCHOOL OPERATIONS										
FACILITY OPERATION & MAINTENANCE										
Insurance	90,000	94,500	99,000	104,000	109,000	114,000	119,000	124,000	129,000	134,000
Janitorial	80,000	91,429	102,857	114,286	125,714	137,143	148,571	156,190	163,810	171,429
Building and Land Rent / Lease	1,451,218	1,496,000	1,529,000	1,529,000	2,840,000	2,840,000	2,840,000	2,840,000	2,840,000	2,840,000
Repairs & Maintenance	121,500	138,571	155,571	172,571	189,571	206,571	223,571	236,571	249,571	262,571
Utilities	123,000	129,150	135,300	141,450	147,600	153,750	159,900	166,050	172,200	178,350
TOTAL FACILITY OPERATION & MAINTENANCE										
TOTAL EXPENSES										
NET INCOME										
DSCR	396,864	443,005	579,420	1,010,951	167,107	642,033	1,051,315	1,308,777	1,393,748	1,886,104
Net Income available for debt service	1,596,564	1,643,005	1,779,420	2,210,951	2,807,107	3,262,033	3,691,315	3,948,777	4,033,748	4,526,104
DSCR	1.33	1.37	1.48	1.84	1.06	1.24	1.40	1.50	1.53	1.71
1) Assumes expansion into new building in FY22-23 with estimated annual cost of \$1,440,000. Breakout Below										
School Building Lease (605 Peninsula Blvd)	1,188,219	1,200,000	1,200,000	1,200,000	1,230,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Our Lady of Loretto Lease (104 Greenwich Street)	263,000	298,000	329,000	329,000						
Projected expansion for Middle School (Location TBD)	1,451,219	1,496,000	1,529,000	1,529,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000	2,640,000

APPENDIX A-3

Information Regarding the Default under the 2007 Bonds

Project Summary

In March of 2007, \$15,000,000 of tax-exempt bonds were purchased by Non Profit Preferred Funding I and issued through the Town of Hempstead IDA for the purpose of constructing a LEED facility consisting of approximately 35,000 square feet on property it had previously purchased in Hempstead. The construction was estimated to take approximately 18 months. Bond proceeds included, among other things, an \$11,628,000 deposit into the Construction Fund and a capitalized interest fund for the construction period. The documents called for execution of a GMP by August 31, 2007 in an amount not to exceed \$9,615,000. A Construction Monitor was appointed at closing to review and sign off on each requisition. The issue was structured with annual principal payments, made on February 15th of each year beginning 2/15/2009 and ending with the final payment on 2/15/2037.

Timing of Default

February 15, 2010

Full debt service payment (principal and interest) is made to the Bondholder via draws on the Bond Fund and Debt Service Reserve Fund and was therefore in payment default

March, 2010

The Bondholder entered into a Forbearance Agreement with Círculo, requiring additional reporting, attendance at Board meetings and ongoing updated projections.

August 15, 2010

Full bond interest payment is made to the Bondholder from the Bond Fund and Debt Service Reserve Fund.

February 15, 2011

Full bond debt service payment is made to Bondholder from the Bond Fund and Debt Service Reserve Fund.

August 15, 2011

No bond debt service payment was made in August of 2011. Evergreen Charter School was paying lease payments.

February 15, 2012

Interest only was paid to the Bondholders from the Bond Fund and Debt Service Reserve Fund.

August 15, 2012

Partial bond interest payment was made from the Bond Fund and Debt Service Reserve Fund.

February 15 & August 15, 2013

Partial bond interest payments were made

February 15, & August 15, 2014

Full bond interest only payments were made.

February 15 & August 15, 2015

No bond debt service payments was made. Evergreen Charter School was paying lease payments.

February 15 & August 15, 2016

Bond Interest was paid to the Bondholders.

February 15 & August 15, 2017

Bond Interest was paid to the Bondholders.

February 15 & August 15, 2018

Bond Interest only was paid to the Bondholders.

February 15, 2019

Bond Interest was paid to the Bondholders.

APPENDIX B-1

Financial Statements of the School for the Fiscal Year Ending June 30, 2018

EVERGREEN CHARTER SCHOOL

**Financial Statements
and
Supplementary Information
For the Years Ended
June 30, 2018
and
June 30, 2017**

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Independent Auditor's Report

To the Board of Trustees of
Evergreen Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Evergreen Charter School (the "School") which comprise the statement of financial position as of June 30, 2018 and June 30, 2017 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Evergreen Charter School as of June 30, 2018 and June 30, 2017 and the results of its activities 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 September 26, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Condon O'Meara McEliff & Donnelly LLP

September 26, 2018

EVERGREEN CHARTER SCHOOL

Statement of Financial Position

Assets

	June 30	
	2018	2017
Current assets		
Cash	\$ 1,139,911	\$ 1,657,089
Government contracts receivable	1,322,530	249,367
Other receivables	46,992	42,418
Prepaid expenses	<u>175,246</u>	<u>155,984</u>
Total current assets	2,684,679	2,104,858
Restricted cash	75,000	75,000
Property and equipment, net	1,022,097	912,507
Real estate deposits	<u>59,904</u>	<u>-</u>
Total assets	<u>\$ 3,841,680</u>	<u>\$ 3,092,365</u>

Liabilities and Unrestricted Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 697,060	\$ 642,401
Unrestricted net assets	<u>3,144,620</u>	<u>2,449,964</u>
Total liabilities and unrestricted net assets	<u>\$ 3,841,680</u>	<u>\$ 3,092,365</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Statement of Activities

	For the Year Ended June 30	
	<u>2018</u>	<u>2017</u>
Support and revenue		
Public School Districts –		
Student enrollment	\$ 8,397,657	\$ 7,015,291
Other	62,500	32,500
State grants	326,882	279,698
Federal grants	167,406	78,477
Other	<u>42,398</u>	<u>28,945</u>
Total support and revenue	<u>8,996,843</u>	<u>7,434,911</u>
Expenses		
Program services		
Regular education		
Elementary school	5,115,544	5,513,642
Middle school	1,371,175	-
Special education	<u>369,674</u>	<u>324,254</u>
Total program services	6,856,393	5,837,896
Supporting activities		
Management and general	<u>1,445,794</u>	<u>1,205,477</u>
Total expenses	<u>8,302,187</u>	<u>7,043,373</u>
Increase in unrestricted net assets	694,656	391,538
Unrestricted net assets, beginning of year	<u>2,449,964</u>	<u>2,058,426</u>
Unrestricted net assets, end of year	<u>\$ 3,144,620</u>	<u>\$ 2,449,964</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

**Statement of Functional Expenses
For the Years Ended June 30, 2018 and June 30, 2017**

	2018					2017				
	Program Services			Supporting Activities		Program Services		Supporting Activities		
	Regular Education			Management and General	Total	Regular Education-		Management and General	Total	
	Elementary School	Middle School	Special Education			Elementary School	Special Education			
Salaries and wages	\$ 2,555,115	\$ 722,332	\$ 188,567	\$ 767,144	\$ 4,233,158	\$ 2,738,207	\$ 180,375	\$ 640,944	\$ 3,559,526	
Payroll taxes and fringe benefits	579,876	163,931	42,795	174,101	960,703	724,686	27,862	127,217	879,765	
Professional fees	72,681	2,310	8,204	100,974	184,169	66,937	8,881	103,141	178,959	
Contracted services	29,997	6,522	1,703	-	38,222	25,906	1,707	-	27,613	
Equipment rental/lease	37,230	7,116	2,551	10,380	57,277	35,044	2,308	8,203	45,555	
Food	230,347	65,119	17,000	-	312,466	239,087	-	-	239,087	
Insurance	21,673	6,127	1,599	6,507	35,906	25,332	1,669	5,929	32,930	
Library	11,442	268	546	-	12,256	13,423	884	-	14,307	
Maintenance and repairs	82,726	40,618	4,455	28,286	156,085	78,045	5,141	18,269	101,455	
Middle school expansion	2,312	14,164	-	-	16,476	4,248	-	-	4,248	
Mobile classroom	34,124	-	1,591	-	35,715	131,996	-	-	131,996	
Occupancy	889,254	138,710	59,144	240,613	1,327,721	872,066	57,446	204,128	1,133,640	
Other	85,587	9,056	4,655	5,192	104,490	57,435	10,383	5,090	72,908	
Supplies and materials	135,345	60,270	11,255	45,787	252,657	129,363	8,522	30,281	168,166	
Staff development	114,420	64,631	8,348	-	187,399	85,465	220	-	85,685	
Telephone	9,199	3,707	743	3,021	16,670	26,406	1,739	6,181	34,326	
Transportation (student)	9,401	5,720	705	-	15,826	19,639	1,293	-	20,932	
Travel	2,354	512	134	-	3,000	716	38	-	754	
Utilities	64,405	18,207	4,753	19,337	106,702	72,300	4,763	16,924	93,987	
Depreciation and amortization	148,056	41,855	10,926	44,452	245,289	167,341	11,023	39,170	217,534	
Total	\$ 5,115,544	\$ 1,371,175	\$ 369,674	\$ 1,445,794	\$ 8,302,187	\$ 5,513,642	\$ 324,254	\$ 1,205,477	\$ 7,043,373	

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Statement of Cash Flows

	For the Year Ended June 30	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase in unrestricted net assets	\$ 694,656	\$ 391,538
Adjustments to reconcile increase in unrestricted net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	245,290	217,534
(Increase) decrease in assets		
Government contracts receivable	(1,073,163)	627,228
Other receivables	(4,574)	(6,299)
Prepaid expenses	(19,262)	(11,064)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	54,659	221,499
Unearned revenue	<u>-</u>	<u>(11,013)</u>
Net cash provided by (used in) operating activities	<u>(102,394)</u>	<u>1,429,423</u>
Cash flows from investing activities		
Purchase of property and equipment	(354,880)	(114,909)
Real estate deposits	<u>(59,904)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(414,784)</u>	<u>(114,909)</u>
Cash flows from financing activities		
Proceeds from line of credit	-	277,100
Repayment of line of credit	<u>-</u>	<u>(374,900)</u>
Net cash (used in) financing activities	<u>-</u>	<u>(97,800)</u>
Net increase (decrease) in cash	(517,178)	1,216,714
Cash, beginning of year	<u>1,732,089</u>	<u>515,375</u>
Cash, end of year	<u>\$ 1,214,911</u>	<u>\$ 1,732,089</u>
 Consists of:		
Unrestricted	\$ 1,139,911	\$ 1,657,089
Restricted	<u>75,000</u>	<u>75,000</u>
Total	<u>\$ 1,214,911</u>	<u>\$ 1,732,089</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements June 30, 2018 and June 30, 2017

Note 1 – Nature of organization and summary of significant accounting policies

Nature of organization

The Evergreen Charter School (the “School”) is a New York State nonprofit corporation. The School’s primary goal is to nurture the intellectual, physical and social development of children, through a comprehensive program that promotes academic excellence and prepares its students for success in school and in life.

Basis of presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the accounting standards for *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of the School are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the restricted classes are created only by donor-imposed restrictions on their use. Donor-restricted contributions whose restrictions are met in the same accounting period are reported as unrestricted contributions.

As of June 30, 2018 and June 30, 2017, the School has no temporarily or permanently restricted net assets.

Funding

The School is funded through various contracts with the New York State Department of Education and through tuition based upon a per pupil allocation from the public school districts in which the students are registered.

Cash equivalents

The School deems all highly liquid investments with original maturities of 90 days or less to be cash equivalents. As of June 30, 2018 and June 30, 2017, the School has no cash equivalents.

Allowance for doubtful accounts

As of June 30, 2018 and June 30, 2017, 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 the receivables, subsequent receipts and current economic conditions.

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements (continued)****June 30, 2018 and June 30, 2017****Note 1 – Nature of organization and summary of significant accounting policies (continued)****Property and equipment**

Property and equipment are recorded at cost. The School capitalizes property and equipment expenditures over \$1,000. Leasehold improvements are being amortized using the straight-line method over a ten year period which is the lesser of the estimated useful life or lease term. Furniture and equipment is being depreciated using the straight-line method over estimated useful lives of five years.

In February 2016, the School purchased vacant land across from the School's property in Hempstead, New York for a total cost of \$102,356. The School intends to use this space for school expansion including but not limited to recreational and other space related to School needs including parking.

Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All other revenue sources, including government grants and tuition, are recorded as revenue when earned.

Reimbursements under government contracts are subject to audit by the various government agencies. The effects of any potential audit disallowances for these contracts have not been recognized in these financial statements.

In-kind services

A number of volunteers have donated time to the School. While these contributed services are important in assisting the School in carrying out its operations, these volunteer services have not been recorded in the accompanying statement of activities because they do not meet the revenue recognition criteria for recording such services.

Functional expenses and allocations

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated between the program services and supporting activities benefited.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued) June 30, 2018 and June 30, 2017

Note 1 – Nature of organization and 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 amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The School's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and receivables. At times during the year, the School's bank accounts were in excess of the FDIC insurance limit. The School places its cash with what it believes to be quality financial institutions. The School has not experienced any losses in such accounts to date. The School's receivables consist of amounts due from government contracts and other miscellaneous receivables. The School's management monitors its cash and the collectability of its receivables. As a result, the School believes no significant concentrations of credit risk exist with respect to its cash and receivables.

Subsequent events

The School has evaluated events and transactions for potential recognition or disclosure through September 26, 2018, which is the date the financial statements were available to be issued.

Note 2 – Restricted cash

In accordance with New York State Board of Education Regulations, the School established an escrow account in order to be able to cover certain expenses in the case of insolvency of the School.

Note 3 – Property and equipment

A summary of the property and equipment as of June 30, 2018 and June 30, 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 102,356	\$ 102,356
Leasehold improvements	1,115,435	1,109,298
Furniture and equipment	<u>894,226</u>	<u>629,262</u>
Sub-total	2,112,017	1,840,916
Less: accumulated depreciation and amortization	<u>1,089,920</u>	<u>928,409</u>
Total	<u>\$ 1,022,097</u>	<u>\$ 912,507</u>

During the 2018 and 2017 fiscal years, the School wrote off fully depreciated assets totaling \$83,779 and \$261,313, respectively.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued) **June 30, 2018 and June 30, 2017**

Note 4 – Commitments

Community Center lease

In January 2017, the School extended its lease agreement for fifteen years to expire January 2031 with Círculo de la Hispanidad, Inc. (the “Agency”), a related party, to rent space at its Community Center. The School and Agency are currently in negotiations to modify the lease to include the rental of additional space.

Church lease

In August 2017, the School entered into a 3 year lease for additional space expiring August 14, 2020. The lease requires monthly payments of \$13,871 with annual increases of 3% per year thereafter. The School has the option to extend the lease for two terms of one year.

Rental expense for the 2018 and 2017 fiscal years was approximately \$1,305,000 and \$1,114,000, respectively.

Real estate

During June 2018, the School entered into two contracts of sale for the purchase of two properties near the School in Hempstead, New York, for a total cost of \$1,090,000. As of June 30, 2018, the School has made real estate deposits toward the purchases totaling \$59,904. The School intends to use the properties for the expansion of the middle school and its recreational and educational activities. As of the date of this report, the School has not closed on either property.

Office equipment lease

In February 2014, the School entered into a five-year operating lease agreement for office equipment.

As of June 30, 2018, the future minimum annual payments under the lease agreements are as follows:

<u>Fiscal Year</u>	<u>Community Center</u>	<u>Church</u>	<u>Office Equipment</u>	<u>Total</u>
2019	\$ 1,188,790	\$ 171,028	\$ 13,024	\$ 1,372,842
2020	1,224,454	176,163	-	1,400,617
2021	1,261,187	14,716	-	1,275,903
2022	1,299,023	-	-	1,299,023
2023	1,337,994	-	-	1,337,994
2024 and thereafter	11,394,840	-	-	11,394,840
Total	<u>\$17,706,288</u>	<u>\$ 361,907</u>	<u>\$ 13,024</u>	<u>\$18,081,219</u>

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements (continued)**
June 30, 2018 and June 30, 2017**Note 4 – Commitments (continued)****Line of credit**

In February 2018, the School increased its revolving line of credit with a bank to \$900,000. The line bears interest at the Wall Street Journal's Prime Rate plus .5% which as of June 30, 2018 was 5.5%. The line is secured by all assets of the School and expires in February 2019. As of June 30, 2018, there was no balance outstanding under the line.

Note 5 – Retirement plan

The School sponsors a non-contributory 403(b) plan that covers all eligible employees. An eligible employee can defer a portion of his/her compensation not to exceed limits set by the Internal Revenue Code for a 403(b) plan. For fiscal years ended 2018 and 2017, the School contributed \$31,859 and \$2,990 to the plan, respectively.

Note 6 – Related party transactions

The Chair, Vice Chair and a member of the Board of Trustees of the School are the Executive Director, Assistant Executive Director and an employee, respectively, of the Agency, a not-for-profit organization. During the 2018 and 2017 fiscal years, the School reimbursed the Agency approximately \$178,000 and \$111,000, respectively, for expenses paid by the Agency relating to the School's utilities, repair and maintenance and other shared costs based upon the reimbursement methods detailed in the lease between the two organizations. In addition, the School entered into a lease agreement with the Agency to rent space (see note 4).

Note 7 – Tax status

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the School has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Section 509(a)(1) of the Code.

**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 of
Evergreen Charter School

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 Evergreen Charter School (the "School") which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated September 26, 2018.

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 circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Condon O'Meara McElroy & Donnelly LLP

September 26, 2018

EVERGREEN CHARTER SCHOOL

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____

Yes

√

No

Significant deficiency(ies) identified that are
not considered to be material weaknesses(es)? _____

Yes

√

None noted

Noncompliance material to financial statements noted? _____

Yes

√

No

APPENDIX B-2

Reserved

APPENDIX B-3

Financial Statements of the Guarantor for the Fiscal Year Ending May 31, 2018

**CÍRCULO de la HISPANIDAD, INC.
AND SUBSIDIARIES**

**Consolidated Financial Statements
and
Supplementary Information
For the Years Ended
May 31, 2018
and
May 31, 2017**

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Independent Auditor's Report

To the Board of Directors of
Círculo de la Hispanidad, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Círculo de la Hispanidad, Inc. and Subsidiaries (collectively, the "Agency") which comprise the consolidated statement of financial position as of May 31, 2018 and May 31, 2017 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the consolidated financial position of Círculo de la Hispanidad, Inc. and Subsidiaries as of May 31, 2018 and May 31, 2017, and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in note 5 to the consolidated financial statements, the Agency is in default on its bonds payable. In addition, as discussed in note 11 to the consolidated financial statements, the Agency has incurred operating losses resulting in negative cash flows and a deficit in its net assets. Management's plan outlining the Agency's attention to these issues is discussed in note 11 of the consolidated financial statements. Our opinion is not modified with respect to this matter.

As described in Note 1 to the consolidated financial statements, effective with the 2018 fiscal year, the Agency changed the estimated useful life of its Community Center from 27.5 years to 40 years. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2019 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Other Matters

Our audits for the years ended May 31, 2018 and May 31, 2017 were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying summary of actual revenue and expenses compared to budget for the Homeless Housing and Assistance Program on page 18 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 19 is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management of the Agency and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information, except for the information on page 18 marked as "unaudited" and on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Condon O'Meara McElroy & Amelby LLP

February 17, 2019

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

Assets

	May 31	
	2018	2017
Current assets		
Cash	\$ 443,148	\$ 436,899
Accounts receivable		
Government contracts	542,134	589,343
Other	111,930	67,413
Prepaid expenses	42,404	37,362
Restricted cash as agent	13,972	28,772
Money market funds restricted for bond repayment	<u>749,609</u>	<u>695,746</u>
Total current assets	1,903,197	1,855,535
Other assets		
Property and equipment, net	<u>14,371,722</u>	<u>14,939,036</u>
Total assets	<u>\$ 16,274,919</u>	<u>\$ 16,794,571</u>

Liabilities and Unrestricted Net Assets (Deficit)

Current liabilities		
Accounts payable	\$ 89,470	\$ 91,970
Agency funds held for others	13,972	28,772
Accrued expenses	143,023	79,811
Accrued interest	1,123,441	1,235,222
Refundable advances and unearned revenue	113,597	127,727
Bonds payable – current portion	<u>2,160,000</u>	<u>1,820,000</u>
Total current liabilities	3,643,503	3,383,502
Long-term liabilities		
Mortgage payable, net	798,014	797,015
Bonds payable, net	<u>11,985,863</u>	<u>12,309,643</u>
Total liabilities	<u>16,427,380</u>	<u>16,490,160</u>
Unrestricted net assets (deficit)	<u>(152,461)</u>	<u>304,411</u>
Total liabilities and unrestricted net assets (deficit)	<u>\$ 16,274,919</u>	<u>\$ 16,794,571</u>

See notes to consolidated financial statements.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended May 31, 2018

(with Summarized Comparative Information for the Year Ended May 31, 2017)

	Year Ended May 31			
	2018	2017		
	Unrestricted	Unrestricted	Temporarily Restricted	Total
Revenue and public support				
Revenue				
Grants from government agencies	\$ 1,966,519	\$ 2,004,402	\$ -	\$ 2,004,402
Program service fees	614,535	600,221	-	600,221
Rent – Community Center	1,150,651	1,109,526	-	1,109,526
Other	5,020	40,948	-	40,948
Total revenue	<u>3,736,725</u>	<u>3,755,097</u>	<u>-</u>	<u>3,755,097</u>
Public support				
Contributions				
United Way	19,108	19,720	-	19,720
Foundations	16,009	16,750	-	16,750
Other	15,763	17,097	-	17,097
Special events, net of direct costs of \$99,287 and \$87,820 in 2018 and 2017, respectively	33,440	30,385	-	30,385
Net assets released for restrictions	-	100,000	(100,000)	-
Total public support	<u>84,320</u>	<u>183,952</u>	<u>(100,000)</u>	<u>83,952</u>
Total revenue and public support	<u>3,821,045</u>	<u>3,939,049</u>	<u>(100,000)</u>	<u>3,839,049</u>
Expenses				
Program services				
Domestic violence	240,036	238,229	-	238,229
Education	219,425	181,906	-	181,906
HIV services	649,909	664,412	-	664,412
Housing	729,628	763,047	-	763,047
Youth development	549,883	524,705	-	524,705
Food services	29,820	27,325	-	27,325
Rental activities	1,270,285	1,393,018	-	1,393,018
Community Center and other	425,778	370,065	-	370,065
Total program services	<u>4,114,764</u>	<u>4,162,707</u>	<u>-</u>	<u>4,162,707</u>
Supporting activities				
Management and general	237,804	253,364	-	253,364
Fundraising	11,190	18,838	-	18,838
Total expenses	<u>4,363,758</u>	<u>4,434,909</u>	<u>-</u>	<u>4,434,909</u>
(Decrease) in net assets before non-operating activities	<u>(542,713)</u>	<u>(495,860)</u>	<u>(100,000)</u>	<u>(595,860)</u>
Non-operating activities				
Investment return	3,841	269	-	269
Loss on disposal of fixed assets	-	(10,866)	-	(10,866)
Mediation settlement	82,000	-	-	-
Total non-operating activities	<u>85,841</u>	<u>(10,597)</u>	<u>-</u>	<u>(10,597)</u>
(Decrease) in net assets	<u>(456,872)</u>	<u>(506,457)</u>	<u>(100,000)</u>	<u>(606,457)</u>
Net assets, beginning of year	<u>304,411</u>	<u>810,868</u>	<u>100,000</u>	<u>910,868</u>
Net assets (deficit), end of year	<u>\$ (152,461)</u>	<u>\$ 304,411</u>	<u>\$ -</u>	<u>\$ 304,411</u>

See notes to consolidated financial statements.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the Year Ended May 31, 2018
(with Summarized Comparative Information for the Year Ended May 31, 2017)

	2018										2017		
	Program Services								Supporting Activities			Total	
	Domestic Violence	Education	HIV Services	Housing	Youth Development	Food Services	Rental Activities	Community Center and Other	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Payroll and related expenses													
Salaries and wages	\$ 129,292	\$ 155,906	\$ 329,309	\$ 150,538	\$ 317,279	\$ 7,835	\$ -	\$ 17,251	\$ 1,107,410	\$ 177,948	\$ 10,468	\$ 188,416	\$ 1,295,826
Payroll taxes and benefits	28,387	16,439	34,957	31,320	59,099	2,694	-	42,584	215,480	34,301	-	34,301	249,781
Total payroll and related expenses	157,679	172,345	364,266	181,858	376,378	10,529	-	59,835	1,322,890	212,249	10,468	222,717	1,545,607
Other expenses													
Advertising	518	25	1,778	-	40	-	-	-	2,361	-	-	-	2,361
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Cleaning service	61	162	235	135	240	1,150	-	119	2,102	51	-	51	2,153
Conferences and workshops	588	28	857	138	1,438	-	-	804	3,853	-	-	-	3,853
Consultants	4,257	3,574	12,681	3,906	23,094	325	-	89,406	137,243	943	-	943	138,186
Depreciation	7,420	10,340	19,388	9,553	19,808	541	461,313	65,902	594,265	12,277	722	12,999	607,264
Dues, registrations and subscriptions	500	-	-	600	2,523	-	-	11,426	15,049	-	-	-	15,049
Equipment – new	-	-	-	4,764	573	-	-	-	5,337	-	-	-	5,337
Equipment rentals	3,312	661	9,048	1,671	4,730	1,496	-	404	21,322	1,003	-	1,003	22,325
Insurance	8,728	2,910	15,296	21,538	16,659	-	-	-	65,131	1,477	-	1,477	66,608
Interest	-	-	-	-	-	-	808,972	107,965	916,937	-	-	-	916,937
Licenses and permits	-	-	-	-	1,370	1,882	-	-	3,252	-	-	-	3,252
Moving and storage	542	285	1,427	510	1,113	-	-	-	3,877	53	-	53	3,930
Other	650	121	775	3,573	1,714	469	-	25,843	33,145	433	-	433	33,578
Payroll service	1,182	435	2,915	883	2,140	4,116	-	230	11,901	361	-	361	12,262
Postage	312	-	1,146	1,262	1,726	20	-	372	4,838	30	-	30	4,868
Printing and publications	1,483	836	3,527	1,978	14,130	-	-	75	22,029	200	-	200	22,229
Professional fees	10,676	5,223	19,317	27,305	22,099	-	-	3,932	88,552	3,022	-	3,022	91,574
Rent – Agency	24,372	8,584	49,358	21,383	22,096	-	-	-	125,793	4,104	-	4,104	129,897
Rent – consumer	-	-	-	403,428	-	-	-	-	403,428	-	-	-	403,428
Real estate taxes	-	-	-	3,510	-	-	-	-	3,510	-	-	-	3,510
Repairs and maintenance	3,154	652	1,591	12,376	1,758	-	-	14,570	34,101	198	-	198	34,299
Scholarships and stipends	-	-	-	-	-	-	-	2,200	2,200	-	-	-	2,200
Supplies – office	7,970	11,679	10,678	1,629	17,914	145	-	2,489	52,504	515	-	515	53,019
Supplies – food service	-	-	-	-	3,194	9,147	-	20,365	32,706	-	-	-	32,706
Telephone and internet	3,863	663	7,165	4,627	8,162	-	-	4,469	28,949	286	-	286	29,235
Travel – staff	1,102	131	15,006	4,671	5,739	-	-	4,597	31,246	46	-	46	31,292
Travel – consumers	-	-	111,044	-	-	-	-	-	111,044	-	-	-	111,044
Utilities	1,667	771	2,411	18,330	1,245	-	-	10,775	35,199	556	-	556	35,755
Total other expenses	82,357	47,080	285,643	547,770	173,505	19,291	1,270,285	365,943	2,791,874	25,555	722	26,277	2,818,151
Total expenses	\$ 240,036	\$ 219,425	\$ 649,909	\$ 729,628	\$ 549,883	\$ 29,820	\$ 1,270,285	\$ 425,778	\$ 4,114,764	\$ 237,804	\$ 11,190	\$ 248,994	\$ 4,363,758

See notes to consolidated financial statements

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

**Consolidated Statement of Functional Expenses
For the Year Ended May 31, 2017**

	Program Services								Supporting Activities				
	Domestic Violence	Education	HIV Services	Housing	Youth Development	Food Services	Rental Activities	Community Center and Other	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Payroll and related expenses													
Salaries and wages	\$ 122,075	\$ 115,990	\$ 323,055	\$ 161,632	\$ 292,507	\$ 5,310	\$ -	\$ 14,595	\$ 1,035,164	\$ 180,820	\$ 10,468	\$ 191,288	\$ 1,226,452
Payroll taxes and benefits	31,729	14,756	45,369	47,160	66,713	2,481	-	1,006	209,214	28,582	7,598	36,180	245,394
Total payroll and related expenses	153,804	130,746	368,424	208,792	359,220	7,791	-	15,601	1,244,378	209,402	18,066	227,468	1,471,846
Other expenses													
Advertising	-	125	988	-	-	-	-	-	1,113	-	-	-	1,113
Bad debt	-	-	-	-	-	-	-	-	-	7,973	-	7,973	7,973
Cleaning service	433	-	89	-	-	1,134	-	-	1,656	36	-	36	1,692
Conferences and workshops	104	518	349	174	1,317	-	-	2,090	4,552	-	-	-	4,552
Consultants	4,343	826	10,901	5,154	21,863	120	-	47,665	90,872	1,333	-	1,333	92,205
Depreciation	9,009	8,559	23,838	11,927	21,585	392	585,773	83,462	744,545	13,343	772	14,115	758,660
Dues, registrations and subscriptions	572	67	221	432	11,154	-	-	11,668	24,114	30	-	30	24,144
Equipment - new	-	-	-	2,391	509	-	-	-	2,900	-	-	-	2,900
Equipment rentals	3,203	1,127	7,463	2,229	4,319	1,326	-	-	19,667	1,420	-	1,420	21,087
Insurance	5,882	4,651	13,962	22,758	10,141	2,493	-	534	60,421	2,092	-	2,092	62,513
Interest	-	-	-	-	-	-	807,245	130,751	937,996	-	-	-	937,996
Licenses and permits	-	-	-	-	1,505	-	-	267	1,772	-	-	-	1,772
Moving and storage	743	315	1,051	834	897	-	-	-	3,840	46	-	46	3,886
Other	240	188	967	2,964	806	304	-	31,743	37,212	250	-	250	37,462
Payroll service	1,571	809	2,747	1,075	1,640	4,508	-	-	12,350	468	-	468	12,818
Postage	364	37	2,640	579	1,312	-	-	733	5,665	85	-	85	5,750
Printing and publications	2,542	237	6,623	740	16,327	113	-	11,324	37,906	842	-	842	38,748
Professional fees	10,245	5,094	17,066	28,566	14,369	-	-	-	75,340	3,638	-	3,638	78,978
Rent - Agency	26,387	15,402	42,641	16,513	16,096	-	-	306	117,345	8,866	-	8,866	126,211
Rent - consumer	-	-	-	417,221	-	-	-	-	417,221	-	-	-	417,221
Real estate taxes	-	-	-	3,510	-	-	-	421	3,931	-	-	-	3,931
Repairs and maintenance	668	2,116	8,990	10,396	3,043	-	-	7,136	32,349	575	-	575	32,924
Scholarships and stipends	-	-	1,317	-	-	-	-	-	1,317	-	-	-	1,317
Supplies - office	7,035	9,994	21,684	3,360	22,405	165	-	2,678	67,321	1,395	-	1,395	68,716
Supplies - food service	-	-	-	-	487	8,979	-	1,820	11,286	-	-	-	11,286
Telephone and internet	3,541	533	5,962	3,094	8,787	-	-	4,522	26,439	587	-	587	27,026
Travel - staff	1,582	305	14,650	4,858	6,054	-	-	3,294	30,743	-	-	-	30,743
Travel - consumers	3,025	-	109,233	-	-	-	-	-	112,258	-	-	-	112,258
Utilities	2,936	257	2,606	15,480	869	-	-	14,050	36,198	983	-	983	37,181
Total other expenses	84,425	51,160	295,988	554,255	165,485	19,534	1,393,018	354,464	2,918,329	43,962	772	44,734	2,963,063
Total expenses	\$ 238,229	\$ 181,906	\$ 664,412	\$ 763,047	\$ 524,705	\$ 27,325	\$ 1,393,018	\$ 370,065	\$ 4,162,707	\$ 253,364	\$ 18,838	\$ 272,202	\$ 4,434,909

See notes to consolidated financial statements.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

	For the Year Ended	
	May 31	
	2018	2017
Cash flows from operating activities		
(Decrease) in unrestricted net assets	\$ (456,872)	\$ (606,457)
Adjustments to reconcile (decrease) in net assets to net cash provided by operating activities		
Depreciation	607,264	758,660
Amortization of bond and mortgage costs	17,219	17,219
Loss on disposal of property and equipment	-	10,866
(Increase) decrease in assets		
Government contracts receivable	47,209	73,225
Grant receivable	-	100,000
Accounts receivable – other	(44,517)	(29,001)
Prepaid expenses	(5,042)	1,138
Increase (decrease) in liabilities		
Accounts payable	(2,500)	12,460
Agency funds held for others	(14,800)	(17,400)
Accrued expenses	63,212	(4,072)
Accrued interest	(111,781)	(226,205)
Refundable advances and unearned revenue	(14,130)	1,696
Net cash provided by operating activities	<u>85,262</u>	<u>92,129</u>
Cash flows from investing activities		
Proceeds on trade-in of property and equipment	-	12,150
Purchase of property and equipment	<u>(39,950)</u>	<u>(257,743)</u>
Net cash (used in) investing activities	<u>(39,950)</u>	<u>(245,593)</u>
Net increase (decrease) in cash and money market funds	45,312	(153,464)
Cash and money market funds, beginning of year	<u>1,161,417</u>	<u>1,314,881</u>
Cash and money market funds, end of year	<u>\$ 1,206,729</u>	<u>\$ 1,161,417</u>
Cash and money market funds consist of:		
Cash – operating	\$ 443,148	\$ 436,899
Cash – restricted as agent	13,972	28,772
Money market funds – restricted for bond repayment	<u>749,609</u>	<u>695,746</u>
Total	<u>\$ 1,206,729</u>	<u>\$ 1,161,417</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 1,011,499</u>	<u>\$ 1,146,982</u>

See notes to consolidated financial statements.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements****May 31, 2018 and May 31, 2017****Note 1 – Nature of organization and summary of accounting policies****Nature of organization**

Círculo de la Hispanidad, Inc. is a New York State nonprofit corporation. Círculo de la Hispanidad, Inc.'s mission is to provide a range of supportive programming and services to help underserved populations improve their lives. Círculo de la Hispanidad, Inc. provides programming in the areas of domestic violence, education, HIV services, housing and youth development. Housing programs include housing for individuals living with HIV/AIDS, domestic violence, homeless individuals and families, and individuals living with a mental health diagnosis. Círculo de la Hispanidad, Inc. endeavors to help persons in making informed choices about living, learning, working and social goals and to assist them in developing the skills needed to increase their functioning and to be successful and personally satisfied.

Círculo Housing Development Fund Corporation (the "HDFC") was incorporated under New York State's not-for-profit law Section 402 on July 26, 2007 for the purpose to acquire, establish, develop, mortgage, lease, manage, equip, construct, rehabilitate, operate and maintain housing projects for persons of low income and housing projects for persons who are homeless in the State of New York.

Círculo Food Services LLC (the "LLC") was incorporated in July 2010 for the purpose of providing food services to the users of Círculo de la Hispanidad, Inc.'s Community Center, including its tenant, and to provide food service related education and training programs.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Círculo de la Hispanidad, Inc., the HDFC and the LLC. Círculo de la Hispanidad, Inc. is the only member of the HDFC and LLC (collectively, the "Agency"). All material intercompany accounts and transactions have been eliminated upon consolidation.

Basis of presentation

The accompanying consolidated financial statements have been prepared in conformity with the disclosure and display requirements of the financial accounting standards for *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of the Agency are required to be reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the restricted classes are created only by donor-imposed restrictions on their use and/or time.

There are no temporarily or permanently restricted net assets as of May 31, 2018 and May 31, 2017.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (continued)
May 31, 2018 and May 31, 2017****Note 1 – Nature of organization and summary of accounting policies (continued)****Funding****Domestic violence program**

This program is funded through a contract with the New York State Office of Children and Family Services and Nassau County Department of Social Services.

Education program

This program is funded through various contracts with the New York State Office of Children and Family Services, the New York State Office of Temporary and Disability Assistance and through donations and client fees.

HIV services program

This program is funded through various contracts with New York State Department of Health – AIDS Institute and the United Way of Long Island.

Housing program

This program is funded under several different sources including the United States Department of Housing and Urban Development and the New York State Office of Mental Health. In addition, the housing program is funded in part through client fees. The Agency owns three houses originally purchased with funds awarded from the New York State Homeless Housing and Assistance Corporation.

Youth development program

This program is funded in part through contracts with the Nassau County Youth Board, the New York State Office of Children and Family Services, United Way and through donations and client fees.

Food services program

This program operates culinary events and activities to meet community needs. The program, through its operation, also provides job training and skill building for individuals interested in developing restaurant and hospitality skills.

Rental activities

The Agency rents a portion of its Community Center to Evergreen Charter School in furtherance of its mission to make quality education available to underserved children and is funded through rental income.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

May 31, 2018 and May 31, 2017

Note 1 – Nature of organization and summary of accounting policies (continued)

Community Center and other programs

The Community Center operates youth programs funded through the New York State Office of Children and Family Services. In addition, programs including enrichment, recreational and other cultural activities are funded by client fees and donations as well as grant funding through Nassau County and foundations. Culinary events and activities to meet community needs are also operated out of the Community Center and these are funded through fees, donations and grant funding through Nassau County.

Cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of 90 days or less at the date of acquisition.

Restricted money market funds

These funds are in a restricted account to meet the Agency's bond payment requirements.

Allowance for doubtful accounts

As of May 31, 2018 and May 31, 2017, the Agency deems an allowance for doubtful accounts to not be necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment additions are recorded at cost. The Agency capitalizes expenditures for property and equipment above a nominal amount that have a useful life greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range as follows:

	<u>Years</u>
Building and improvements	40
Furniture, fixtures and equipment	5 - 10
Transportation equipment	5

Unamortized bond and mortgage costs

Unamortized bond and mortgage costs are amortized over the related debt repayment periods.

Refundable advances and unearned revenue

Refundable advances and unearned revenue result from the unspent balance of government contracts and rent received in advance.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (continued)
May 31, 2018 and May 31, 2017****Note 1 – Nature of organization and summary of accounting policies (continued)****Revenue and contributions**

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Other revenue sources, including government grants and program service fees, are recorded as revenue when earned. Government grant awards are classified as refundable advances or unearned revenue until they are used for their specified purpose.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. The Agency reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

In-kind goods and services

A number of volunteers and Board members have donated significant amounts of their time to the Agency. These services do not meet the criteria to be recorded as in-kind services, therefore, they have not been recorded in the accompanying consolidated statement of activities.

Functional expenses

The cost of providing the various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Use of estimates

The consolidated financial statements of the Agency are prepared in conformity with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (continued)****May 31, 2018 and May 31, 2017****Note 1 – Nature of organization and summary of accounting policies (continued)****Concentrations of credit risk**

The Agency's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, money market funds and accounts receivable. The Agency places its cash and money market funds with what it believes to be quality financial institutions. At times during the year, the Agency's cash balances exceeded the FDIC insurance limit on these accounts. The Agency has not incurred any losses to date on these accounts. The Agency's accounts receivable consist primarily of amounts due from various federal and state government agencies. Management monitors the collectability of its accounts receivable. As a result, management believes that no significant concentrations of credit risk exist with respect to the Agency's cash, money market funds and accounts receivable.

Change in accounting estimate

Effective for the 2018 fiscal year, the Agency reviewed the estimated useful life of its Community Center and determined that it was 40 years. As a result, the Agency changed the useful life from the previous useful life of 27.5 years to 40 years. The change in estimate resulted in a decrease in depreciation expense of approximately \$165,000 for the 2018 fiscal year.

Subsequent events

The Agency has evaluated events and transactions for potential recognition or disclosure through February 17, 2019, which is the date the consolidated financial statements were available to be issued.

Note 2 – Accounts receivable – government contracts

Reimbursement under government contracts is subject to audit by the various government agencies. The effect of any potential audit disallowances is not reflected in these consolidated financial statements as management deems any potential disallowances to be immaterial.

Note 3 – Agency funds held for others

During the 2015 fiscal year, the Agency entered into an agreement with another not-for-profit organization (the "Organization") to manage its scholarship funds. These funds were only to be used for funds raised for the Organization's scholarships and expenses for events held for the purpose of raising these scholarship funds. All scholarship recipients were selected by the Organization. During July 2018, the remaining funds were disbursed.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

May 31, 2018 and May 31, 2017

Note 4 – Property and equipment

The Agency's property and equipment are summarized as follows as of May 31, 2018 and May 31, 2017:

	<u>2018</u>	<u>2017</u>
Community Center	\$ 18,397,134	\$ 18,397,134
Land, buildings and improvements	2,117,828	2,080,082
Furniture, fixtures and equipment	222,373	220,169
Transportation equipment	<u>41,474</u>	<u>41,474</u>
Sub-total	20,778,809	20,738,859
Less: accumulated depreciation	<u>6,407,087</u>	<u>5,799,823</u>
Total	<u>\$14,371,722</u>	<u>\$14,939,036</u>

During the 2017 fiscal year, the Agency traded in transportation equipment with a book value of \$32,880 and accumulated depreciation of \$9,864 for a trade in credit of \$12,150 resulting in a loss on disposal of \$10,866. In addition, during 2017, the Agency wrote off fully depreciated furniture, fixtures and equipment totaling \$74,727. There were no such write offs for the 2018 fiscal year.

Note 5 – Bonds payable

During 2007, Nassau County issued Civic Facility Revenue Bonds, Series 2007 (the "Bonds"), in the aggregate principal amount of \$15,000,000. The Bonds were issued pursuant to a Trust Indenture (the "Indenture") between the Town of Hempstead Industrial Development Agency (IDA) and the Bond Trustees. The proceeds of the bonds were used for the construction and development of the Community Center.

The Bonds were issued bearing interest at an annual rate of 7.0%. Interest payments are due semi-annually beginning in August 2007. Bond maturities began in February 2009 and continue until February 2037. The facility, premises and gross receipts of the Agency serve as security for the Bonds.

During the year ended May 31, 2010, the Agency was in technical default on its Bond agreement. The Agency and the Bond Trustees entered into a forbearance agreement dated March 19, 2010, whereby the Trustees agree to forbear from the exercise of their rights and remedies relating to this default. This forbearance agreement states that this agreement can be revoked at any time if the Agency fails to fulfill its obligation under this agreement.

As of May 31, 2018, the Agency is in default on its bonds payable and owes \$1,123,441 in accrued interest. The Agency has made partial payments on the due dates since February 2012. The accrued interest balance represents the cumulative outstanding payments dating back to August 2017. The principal portion of the outstanding payments total \$1,820,000 and has been included as a current liability on the consolidated statement of financial position, in addition to the scheduled principal amount of \$340,000 due February 15, 2019, resulting in a total current principal due of \$2,160,000.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
May 31, 2018 and May 31, 2017

Note 5 – Bonds payable (continued)

For the years ended May 31, 2018 and May 31, 2017, the Agency paid the lender \$1,011,499 and \$1,146,982, respectively, which was applied to interest.

The Agency continues to make payments on the accrued interest (on average, in excess of \$100,000 a month).

The Agency is actively working to restructure the bonds payable and is projecting to complete refinancing in 2019. A hearing was held with the Town of Hempstead in February 2019 regarding the refinancing of the bonds.

Bonds payable are summarized as follows as of May 31, 2018 and May 31, 2017:

	<u>2018</u>	<u>2017</u>
Town of Hempstead IDA bonds	\$ 14,450,000	\$ 14,450,000
Less current portion	2,160,000	1,820,000
Less unamortized bond costs	<u>304,137</u>	<u>320,357</u>
Net long-term portion	<u>\$ 11,985,863</u>	<u>\$ 12,309,643</u>

Bonds payable mature as follows at May 31, 2018:

<u>Fiscal year</u>	<u>Amount</u>
2019	\$ 2,160,000
2020	360,000
2021	385,000
2022	415,000
2023	445,000
2024 and thereafter	<u>10,685,000</u>
Total	<u>\$14,450,000</u>

Note 6 – Mortgage payable

In 2008, the Agency purchased a property that it obtained with funds received from a grant from the New York State Homeless Housing and Assistance Corporation ("NYS-HHAC"). The property is used for existing programs, which are also funded by New York State. At the time the property was purchased, a mortgage was recorded in the amount of \$750,000. An additional \$62,989 was drawn down in 2009 for expenses related to the property. The total amount of the mortgage is \$812,989 which is still outstanding as of May 31, 2018 and May 31, 2017. The mortgage is shown net of unamortized mortgage costs of \$14,975 and \$15,974 for the years ended May 31, 2018 and May 31, 2017, respectively.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
May 31, 2018 and May 31, 2017

Note 6 – Mortgage payable (continued)

No payments are currently required under this mortgage. The mortgage becomes due at the option of the mortgagee. Principal terms of the mortgage require the Agency to maintain the property as a homeless project, as defined in the Social Service Law of New York, for a period of no less than 25 years, which would be through 2033. At that time, the Agency will own the property free of the mortgage.

Note 7 – Temporarily restricted net assets

The following is a summary of the activity of the temporarily restricted net assets for the year ended May 31, 2017:

	Balance at May 31, 2016	Contributions	Net assets Released from Restrictions	Balance at May 31, 2017
Timing	\$ 100,000	\$ -	\$ (100,000)	\$ -

There was no temporarily restricted net asset activity during the 2018 fiscal year.

Note 8 – Commitments

Office space

In 2002, the Agency entered into a lease for office space for its headquarters in Long Beach. The lease expired April 30, 2013 and the Agency is currently month-to-month for its office space at a monthly rate of \$6,032. In addition, the Agency rents office space in Hempstead on a month-to-month basis at a monthly rate of \$5,186. Total rent expense amounted to \$129,897 and \$126,211 in the 2018 and 2017 fiscal years, respectively.

Community Center

In January 2010, the Agency entered into a 5-year lease agreement to rent space at its Community Center to Evergreen Charter School (the "School"), a related entity (see note 10). In December 2011, the Agency and the School agreed to extend the lease one year to expire in January 2016. In January 2016, the Agency entered into a fifteen-year lease extension expiring in January 2031. The rental revenue for the 2018 and 2017 fiscal years was approximately \$1,150,000 and \$1,110,000, respectively.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
May 31, 2018 and May 31, 2017

Note 8 – Commitments (continued)

Community Center (continued)

As of May 31, 2018, the approximate future minimum payments under the lease agreement are:

<u>Fiscal year</u>	<u>Amount</u>
2019	\$ 1,158,856
2020	1,193,622
2021	1,229,430
2022	1,266,313
2023	1,304,303
2024 and thereafter	<u>11,384,591</u>
Total	<u>\$17,537,115</u>

Employee agreement

In 2008, due to a key employee working for approximately thirty years for the Agency, the Board of Directors approved an annual supplemental payment of \$40,000 to be paid for a minimum period of ten years for a total of \$400,000 as part of a retirement contribution for this employee. Due to Agency cash flow, annual payments of \$40,000 have not been made each year. Through May 31, 2018, cumulative payments have totaled \$260,000. In addition, payments totaling \$40,000 were made in July and August of 2018.

Note 9 – Retirement plan

The Agency sponsors a non-contributory 403(b) plan that covers all eligible employees. An eligible employee can defer a portion of his/her compensation not to exceed limits set by the Internal Revenue Code.

Note 10 – Related party transactions

The Executive Director and the Assistant Executive Director of the Agency are the President and Vice President of the Board of Trustees, respectively, of the Evergreen Charter School (the "School"). During the 2018 and 2017 fiscal years, the School reimbursed the Agency approximately \$98,000 and \$95,000, respectively, for expenses paid by the Agency relating to the School's utilities, repairs and maintenance, and other shared costs based upon the reimbursement methods detailed in the lease between the two organizations. In addition, in January 2016, the Agency entered into a fifteen-year lease extension with the School to rent space (see note 8).

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (continued)****May 31, 2018 and May 31, 2017****Note 11 – Financial condition**

The Agency's working capital deficit as of May 31, 2018 is (\$1,740,306), leading to the Agency experiencing cash flow issues with respect to not making full payments of interest and principal relating to its bond issue. In addition, the Agency did not make its required principal and interest payment on its bonds payable in February and August 2012, February and August 2013, February and August 2014, February and August 2015, February and August 2016, February and August 2017, and February 2018 (see note 5). Management of the Agency is in the process of addressing its cash flow needs with respect to paying the bond debt. The Agency is scheduled to complete refinancing by 2019. The improvement in the Agency's working capital is going to be dependent on the success of refinancing its bonds payable and accrued interest.

Note 12 – Tax status

Circulo de la Hispanidad, Inc. and the HDFC are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except for a tax on their net unrelated business income. In addition, Circulo de la Hispanidad, Inc. has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation, within the meaning of Section 509(a) of the Code. Pursuant to Internal Revenue Service regulations, the HDFC is automatically treated as a publicly supported organization. Circulo Food Services LLC is treated as a disregarded entity for corporate filing purposes and all of its balances and transactions are reflected on the information tax return of Circulo de la Hispanidad, Inc.

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

**Summary of Actual Revenue and Expenses Compared to Budget
for the Homeless Housing and Assistance Program**

May 31, 2018

The following is a summary of actual revenue and expenses compared to budget of the Homeless Housing and Assistance Program for the year ended May 31, 2018:

	<u>Current Year Budget*</u>	<u>Current Year Actual</u>	<u>Difference</u>	<u>Fiscal 2019 Budget*</u>
Revenue				
Rent	\$ 41,000	\$ 37,727	\$ (3,273)	\$ 41,000
Expenses				
Real estate taxes	1,190	1,170	20	1,190
Fire/liability/other insurance	5,000	5,961	(961)	6,000
Utilities	1,750	1,878	(128)	1,900
Exterminating	1,500	2,298	(798)	2,500
Repair and maintenance	3,000	1,888	1,112	3,000
Professional fees	3,000	4,432	(1,432)	2,500
Other	100	1,401	(1,301)	100
Total expenses	15,540	19,028	(3,488)	17,190
Net income (loss)	\$ 25,460	\$ 18,699	\$ (6,761)	\$ 23,810

* Unaudited information

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

**Schedule of Expenditures
of Federal Awards
For the Year Ended May 31, 2018**

<u>Grantor/Pass through</u>	<u>CFDA #</u>	<u>Contract #</u>	<u>Grant Period</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Social Services Block Grants passed through Nassau County Department of Social Services Administration for Children and Families	93.667	16000007 (16) 14000000 (17)	January – December	\$ 97,928
Social Services Block Grants – Hurricane Sandy passed through New York State Office of Temporary and Disability Assistance Bureau of Housing and Support Services	93.095	C027089	January – September	1,991
Nassau-Suffolk HIV Health Services Planning Council – HIV Early Intervention Program Grants passed through the United Way of Long Island	93.914	EIS-16475 EIS-17475	March – February	75,532
Nassau-Suffolk HIV Health Services Planning Council – HIV Emergency Relief Project Grants passed through the United Way of Long Island	93.914	9501-16382/17382	March – February	275,172
Federal Family Violence Prevention and Services Act passed through the New York State Office of Children and Family Services	93.671	C027532	April – March	<u>81,791</u>
Total U.S. Department of Health and Human Services				<u>\$ 532,414</u>
<u>U.S. Department of Housing and Urban Development</u>				
Supportive Housing Program – Casa Salva	14.267	NY0628L2T031507 (YR 16) NY0628L2T031608 (YR 17)	February – January	\$ 102,381
Supportive Housing Program – Casa de Serenidad	14.267	NY0629L2T031507 (YR 16) NY0629L2T031608 (YR 17)	March - February	<u>172,223</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 274,604</u>
Total expenditures of federal awards				<u>\$ 807,018</u>

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended May 31, 2018****1. General information**

The accompanying schedule of expenditures of federal awards includes the activities in all the Federal programs of Círculo de la Hispanidad, Inc. and Subsidiaries (collectively, the "Agency"). All Federal awards received directly from Federal agencies as well as Federal awards passed through other governmental agencies or nonprofit organizations are included on the schedule.

2. Basis of accounting

The accompanying schedule of expenditures of federal awards was prepared using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either a cash or modified cash basis of accounting.

3. Relationship to consolidated financial statements

Federal program expenditures are reported in the consolidated statement of functional expenses as program expenses. In certain programs, the expenditures reported in the consolidated financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to the capitalization of assets or in-kind contributions.

4. Indirect cost rate

The Agency has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**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 Directors of
Círculo de la Hispanidad, 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 consolidated financial statements of Círculo de la Hispanidad, Inc. and Subsidiaries (the "Agency") which comprise the consolidated statement of financial position as of May 31, 2018 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements and have issued our report thereon dated February 17, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 the 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carson O'Meara McElroy & Ornelly LLP

February 17, 2019

**Independent Auditor's Report on Compliance
For Each Major Federal Program and Report
on Internal Control Over Compliance
Required by the Uniform Guidance**

To the Board of Directors of
Círculo de la Hispanidad, Inc.

Report on Compliance for Each Major Federal Program

We have audited Círculo de la Hispanidad, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2018. The Agency's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance.") Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2018.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Condon O'Meara McGuffey & Donnelly LLP

February 17, 2019

CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

**Schedule of Findings and Questioned Costs
May 31, 2018**

Section I – Summary of Auditor’s Results

Consolidated Financial Statements

Type of auditor’s report issued:	UNMODIFIED		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None noted	
Noncompliance material to consolidated financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None noted	

Type of auditor’s report issued on compliance for major programs	UNMODIFIED
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/> No
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	
93.914	HIV Emergency Relief Project Grants	\$ 275,172
93.914	HIV Early Intervention Program Grants	\$ 75,532

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ No
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CÍRCULO de la HISPANIDAD, INC. AND SUBSIDIARIES

Schedule of Findings and Questioned Costs (continued)

May 31, 2018

(Continued)

Section II – Financial statement findings

There were no financial statements findings for the year ended May 31, 2018.

Section III – Federal award findings and questioned costs

There were no federal award findings or questioned costs for the year ended May 31, 2018

APPENDIX C

Form of Loan Agreement

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
(TOWN OF HEMPSTEAD, NEW YORK)

AND

CIRCULO REAL PROPERTY HOLDING CORPORATION

LOAN AGREEMENT

Dated as of August 1, 2019

\$2,470,000

Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds, Series 2019A-1
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

and

\$11,170,000

Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds, Series 2019A-2
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

and

\$900,000

Town of Hempstead Local Development Corporation
Taxable Revenue Refunding Bonds, Series 2019B
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

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THIS LOAN AGREEMENT, dated as of August 1, 2019 (the “**Loan Agreement**”), is by and between the TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION, a local development corporation existing under the laws of the State of New York, having its principal office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the “**Issuer**”), and CIRCULO REAL PROPERTY HOLDING CORPORATION, a not-for-profit corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), having an office at 20 West Park Avenue, Long Beach, New York 11561 (the “**Institution**”).

RECITALS

WHEREAS, the Issuer was created pursuant to and in accordance with the provisions of the New York Membership Corporation Law as in effect in 1966, as superseded by Section 1411 of the New York Not-for-Profit Corporation Law (collectively, the “**Act**”) and is empowered under the Act to undertake the providing of projects of a character such as the Series 2019 Project for the Public Purposes of the State;

WHEREAS, the Issuer proposes to issue its \$2,470,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-1 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019A-1 Bonds**”), and its \$11,170,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-2 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019A-2 Bonds**”; and, together with the Series 2019A-1 Bonds, the “**Series 2019A Bonds**”) and its \$900,000 Taxable Revenue Refunding Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019B Bonds**”; and together with the Series 2019A Bonds, the “**Series 2019 Bonds**”), under Section 145 of the Internal Revenue Code of 1986, as amended (the “**Code**”), for the benefit of the Institution, for the purposes of, along with other available monies of the Institution: (A) paying all costs in connection with refunding the outstanding Civic Facility Revenue Bonds, Series 2007 (Circulo de la Hispanidad, Inc. Civic Facility) issued by the Town of Hempstead Industrial Development Agency (the “**IDA**”), in the amount of \$15,000,000 (the “**Series 2007 Bonds**”), for the benefit of Circulo de la Hispanidad, Inc., a not-for-profit corporation, organized and existing under the laws of the State, and an Exempt Organization (the “**Organization**”), the proceeds of which Series 2007 Bonds were used to finance the costs of (i) the issuance of the Series 2007 Bonds, and (ii) the acquisition of an approximately 0.895 acre parcel of land located at 605 Peninsula Boulevard and the construction and equipping of an approximately 35,000 square foot two-story commercial building located thereon, and an adjacent approximately 0.1147 acre parcel of land located at 134 Linden Avenue, consisting of parking facilities, all located in the Village of Hempstead, Town of Hempstead, Nassau County, New York (collectively, the “**Facility**”) (clauses (i) and (ii) are collectively, the “**Series 2007 Project**”), which Facility has been conveyed by the Organization to the Institution and leased by the Institution to Evergreen Charter School, a not-for-profit education corporation, organized and existing under the laws of the State and an Exempt Organization (the “**School**”), to be used as a charter school serving students in kindergarten through grade 8; (B) fund a debt service reserve fund and a repair and replacement fund; (C) pay certain costs of issuance of the Series 2019 Bonds (subsections (A), (B) and (C) are collectively, the “**Series 2019 Project**”), the Facility will be owned by the

Institution, and will initially be operated and/or managed by the School and the Organization is the sole member of the Institution; and

WHEREAS, the Issuer is issuing the Series 2019 Bonds pursuant to the terms of an Indenture of Trust, dated as of August 1, 2019 (the “**Indenture**”), by and between the Issuer and UMB Bank, N.A., as trustee (the “**Trustee**”); and

WHEREAS, contemporaneously with the execution of the Indenture, the Issuer will loan the proceeds of the Series 2019 Bonds to the Institution for the purposes of financing the Series 2019 Project pursuant to the terms of this Loan Agreement; and

WHEREAS, the Institution has leased the Facility to the School pursuant to a certain Lease Agreement, dated April 5, 2019 (the “**Lease Agreement** ”), by and between the Institution and the School; and

WHEREAS, in order to further secure the payment of the Series 2019 Bonds, the Institution will grant a mortgage lien on and security interest in the Facility to the Issuer pursuant to a Mortgage and Security Agreement, dated as of August 1, 2019 (the “**Mortgage**”), from the Institution to the Issuer, which Mortgage will be assigned by the Issuer to the Trustee pursuant to Assignment of Mortgage and Security Agreement, dated August 8, 2019, (the “**Assignment**”), from the Issuer to the Trustee; and

WHEREAS, as security for the payment of the Series 2019 Bonds, the Organization will enter into a certain Guaranty Agreement, dated as of August 1, 2019 (the “**Guaranty**”), from the Organization to the Trustee; and

WHEREAS, the Series 2019 Bonds will be further secured by an Assignment of Leases and Rents, dated August 1, 2019 (the “**Assignment of Leases and Rents**”), among the Institution, the Issuer and the Trustee; and

WHEREAS, simultaneously with the issuance of the Series 2019 Bonds, the Institution will execute and deliver to the Issuer (i) a promissory note evidencing the loan by the Issuer to the Institution of the proceeds of the Series 2019A-1 Bonds, which promissory note will be endorsed by the Issuer to the Trustee and will be in substantially the form attached hereto as Exhibit C-1, (ii) a promissory note evidencing the loan by the Issuer to the Institution of the proceeds of the Series 2019A-2 Bonds, which promissory note will be endorsed by the Issuer to the Trustee and will be in substantially the form attached hereto as Exhibit C-1, and (iii) a promissory note evidencing the loan by the Issuer to the Institution of the proceeds of the Series 2019B Bonds, which promissory note will be endorsed by the Issuer to the Trustee and will be in substantially the form attached hereto as Exhibit C-2 (collectively, the “**Notes**”); and

WHEREAS, the execution and delivery of the Indenture and this Loan Agreement and the issuance of the Series 2019 Bonds under the Act as herein provided have been in all respects approved and duly and validly authorized by resolutions duly adopted by the Issuer.

AGREEMENT

For and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto do hereby mutually agree as follows:

ARTICLE I

DEFINITIONS

All capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings assigned thereto in the Schedule of Definitions attached to the Indenture, which meanings are incorporated herein and made a part hereof by reference.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Covenants of Issuer. The Issuer makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Issuer is duly established and validly existing under the provisions of the Act and has full legal right, power and authority to execute, deliver and perform each of the Issuer Documents and the other documents contemplated thereby. Each of the Issuer Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Issuer.

(b) The Issuer will cause the Series 2019 Project to be financed and will loan the Bond Proceeds to the Institution pursuant to this Loan Agreement, all for the Public Purposes of the State.

(c) To finance a portion of the Costs of the Series 2019 Project, the Issuer will issue the Series 2019 Bonds in the aggregate principal amount of \$14,540,000. The Series 2019 Bonds will be issued, mature, bear interest, be redeemable and have other terms and provisions as provided for in the Series 2019 Bonds and the Indenture.

(d) By an inducement resolution adopted on January 24, 2019 the Issuer determined that, based upon its review of the materials submitted and the representations made by the Institution relating to the Series 2019 Project, the Series 2019 Project is a Type II action under SEQR and does not require further environmental review.

(e) By Certificate of Approval duly executed on August 1, 2019, the Applicable Elected Representative, based upon a review of the materials submitted and the representations made by the Institution relating to the Series 2019 Project approved the issuance of the Series 2019 Bonds pursuant to Section 147(f) of the Code.

(f) Neither the execution and delivery of any of the Issuer Documents or the other documents contemplated thereby, or the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Issuer Documents or the other documents contemplated thereby will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of the Act, any other law or ordinance of the State or any political subdivision thereof, the Issuer's Certificate of Incorporation or By-Laws, as amended, or any corporate restriction or any agreement or instrument to which the Issuer is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Issuer under the terms of the Act or any such law, ordinance, Certificate of Incorporation, By-Laws, restriction, agreement or instrument, except for Permitted Encumbrances.

(g) Each of the Issuer Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

Section 2.2 Representations and Covenants of Institution. The Institution makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Institution is a not-for-profit corporation duly organized and validly existing under the laws of the State of New York, is in good standing under the laws of the State and has full legal right, power and authority to execute, deliver and perform each of the Institution Documents and the other documents contemplated thereby. Each of the Institution Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Institution.

(b) The Institution (i) is an Exempt Organization 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 Revenue Service to that effect, and such letter or other notification has not been modified, limited or revoked, (iii) is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification, and 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 (iv) is exempt from federal income taxes under Section 501(a) of the Code.

(c) Neither the execution and delivery of any of the Institution Documents or the other documents contemplated thereby nor the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Institution Documents or the other documents contemplated thereby will, to the best of its knowledge, conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any law or ordinance of the State or any political subdivision thereof, the Institution's Certificate of Incorporation or By-Laws, as amended, or any corporate restriction or any agreement or instrument to which the Institution is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Institution under the terms of any such law, ordinance, Certificate of Incorporation, By-Laws, restriction, agreement or instrument, except for Permitted Encumbrances.

(d) There is no action, suit, investigation or proceeding pending or, to the knowledge of the Institution, threatened against the Institution or any properties or rights of the Institution before any court, arbitrator or administrative or governmental body which might result in any materially adverse change in the business, condition or operations of the Institution or which involves the possibility of materially adversely affecting the ability of the Institution to comply with this Loan Agreement.

(e) The Facility and operation thereof does now and at all times will comply with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Institution and the Facility.

(f) Each of the Institution Documents and the other documents contemplated thereby constitutes a valid and binding obligation of the Institution enforceable against the Institution in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditor's rights generally, and subject to usual principles of equity.

(g) The Institution agrees that it (i) shall not perform any act or enter into any agreement which would adversely affect its status as an Exempt Organization and shall conduct its operations in a manner which conforms to the standards necessary to qualify the Institution as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provisions of federal income tax law, and (ii) shall not perform any act, enter into any agreement or use or permit the Facility, or any portion thereof, to be used in any manner, or for any trade or business or other non-exempt use related to the purposes of the Institution, which would adversely affect the exclusion of interest on the Series 2019 Bonds from federal gross income pursuant to Section 103 of the Code.

(h) The Institution will operate all portions of the Facility throughout the Loan Term as an educational facility or for such other uses or purposes as would not adversely affect the Institution's status as an Exempt Organization or the exclusion of interest on the Series 2019 Bonds from gross income for federal income tax purposes.

(i) The Institution agrees that neither it nor any related party to the Institution (as defined in Treas. Reg. § 1.150-1(b)) will purchase any of the Series 2019 Bonds in an amount related to the obligation represented by this Loan Agreement.

(j) The Institution, shall comply with all provisions of the Labor Law, the Executive Law and the Civil Rights Law of the State applicable to the Facility and shall include in any construction contracts all provisions that be required to be inserted therein by such provisions. The Institution shall comply with the relevant policies of the Issuer with respect to such laws, which are set forth as Exhibit B attached hereto. Except as provided in the preceding two sentences, the provisions of this subsection do not create any obligations or duties not created by applicable law outside of the terms of this Loan Agreement.

(k) Except as set forth in that certain Phase I Environmental Site Assessment, dated July, 2019, issued by GEI Consultants, Inc., P.C., and provided to the Issuer prior to the date hereof:

(i) to the best of the Institution's knowledge, the Facility has never been used by previous owners, operators or occupants or the Institution to generate, manufacture, refine, transport, treat, store, handle or dispose, transfer, produce, process or in any manner deal with any Hazardous Material (as hereinafter defined);

(ii) the Institution has not received a summons, citation, directive, letter or other communication, written or oral, from any Government Authority (as hereinafter defined) concerning any intentional or unintentional action or omission on the Institution's part which had resulted in the violation of any Environmental Laws (as hereinafter defined), as the same may relate to the Facility;

(iii) to the best of the Institution's knowledge, after due inquiry and investigation, no lien has been attached to any revenues or any real or personal property owned by the Institution and located in the state where the Facility is located, including, but not limited to the Facility, for "Damages" and/or "Cleanup and Removal Costs", as such terms are hereinafter defined in any Environmental Law, or arising from an intentional or unintentional act or omission in violation thereof by the Institution or by any previous owner and/or operator of such real or personal property, including, but not limited to the Mortgaged Property (as defined in the Mortgage);

(iv) the Institution has duly complied, and shall continue to comply, with the provisions of the Environmental Laws governing it, its business, assets, property, facilities and the Mortgaged Property, and shall keep the Mortgaged Property free and clear of any liens imposed pursuant to such laws;

(v) the Institution shall not, and shall not permit any of its officers, partners, members, employees, agents, contractors, licensees, tenants, occupants or others to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, process or in any manner deal with any Hazardous Material on the Mortgaged Property except in accordance with all Environmental Laws applicable thereto;

(vi) there is not now outstanding any Environmental Complaint (as hereinafter defined) issued by any Governmental Authority to the Institution or relating to the Institution's business, assets, property, and facilities or the Mortgaged Property under any Environmental Law, and there is not now existing any condition which, if known by the proper authorities, could result in any Environmental Complaint; and

(vii) the Institution has, and will continue to have, all necessary licenses, certificates and permits under the Environmental Laws relating to the Institution and its facilities, property, assets, and business, and the Mortgaged Property and the foregoing are in compliance with all Environmental Laws.

Section 2.3 Covenant with Owners. The Issuer and the Institution agree that this Loan Agreement and the Tax Regulatory Agreement are executed in part to induce the purchase by others of the Series 2019 Bonds. Accordingly, all covenants and agreements on the part of the Issuer and the Institution set forth in this Loan Agreement and in the Tax Regulatory Agreement

are hereby declared to be for the benefit of the Owners from time to time of the Series 2019 Bonds.

ARTICLE III

TITLE TO FACILITY

Section 3.1 Warranty of Title. The Institution hereby covenants and warrants to the Issuer and to the Trustee that the Institution has good and marketable title in and to the Facility, except for Permitted Encumbrances.

ARTICLE IV

FINANCING OF SERIES 2019 PROJECT; ISSUANCE OF THE BONDS

Section 4.1 Financing of Series 2019 Project. The Institution agrees that the Bond Proceeds of the Series 2019 Bonds will be used to pay the Costs of the Series 2019 Project.

Section 4.2 Issuance of the Series 2019 Bonds; Disbursement of Bond Proceeds. In order to provide funds for payment of the Costs of the Series 2019 Project, together with other payments and incidental expenses in connection therewith, the Issuer agrees that it will authorize, issue, sell and cause the Series 2019 Bonds to be delivered on the terms set forth in the Indenture. Bond Proceeds shall be disbursed in accordance with the provisions of the Indenture and Section 4.3 hereof.

Section 4.3 Application of Bond Proceeds. Except as provided in Section 10.2(a)(ii) hereof, the Bond Proceeds, upon the written direction of an Authorized Representative of the Institution, and on the conditions provided for in the Indenture, shall be applied to pay only the following costs and items of expense paid by or on behalf of the Issuer on or after January 24, 2019, except as may otherwise be provided under the Tax Regulatory Agreement or included in a resolution of the Board of Directors of the Institution indicating an intent to reimburse the Institution for Costs of the Series 2019 Project incurred prior to that date:

- (i) all fees, taxes, charges and other expenses for recording or filing, as the case may be, any documents that the Issuer or the Trustee may deem desirable in order to protect or perfect any security interest contemplated by the Indenture,
- (ii) all costs necessary to refund the Series 2007 Bonds,
- (iii) all legal, accounting and any other fees, costs and expenses incurred in connection with the preparation, printing, reproduction, authorization, issuance, execution, sale and distribution of the Series 2019 Bonds and the Bond Documents and all other documents in connection herewith or therewith, the refunding of the Series 2007 Bonds and with any other transaction contemplated by this Loan Agreement or the Indenture,

- (iv) any administrative fee and fee for services of the Issuer,
- (v) reimbursement to the Institution for any of the above-enumerated costs and expenses.

Section 4.4 Certification as to Completion. The Institution certifies to the Issuer that the Series 2019 Project is complete as of the Closing Date.

Section 4.5 Payment of Costs of the Project by Institution.

(a) In the event that the Net Proceeds of the Series 2019 Bonds are not sufficient to pay in full all Costs of the Series 2019 Project, the Institution agrees to pay, for the benefit of the Issuer and the Trustee, all such sums as may be in excess of the Net Proceeds of the Series 2019 Bonds.

(b) The Institution shall not be entitled to any reimbursement for such excess cost or expense from the Issuer or the Trustee or the Owners of any of the Series 2019 Bonds, nor shall it be entitled to any diminution or abatement of any other amounts payable by the Institution under this Loan Agreement.

Section 4.6 Construction Signage. The Issuer shall have the right to erect on the Facility site at the Issuer's own cost and expense a sign stating that financing for the Series 2019 Project has been provided through the Town of Hempstead Local Development Corporation.

Section 4.7 Remedies to Be Pursued Against Contractors, Subcontractors, Materialmen and Their Sureties. In the event of a default by any contractor, subcontractor, materialman or other Person under any contract made by it in connection with the Facility, or in the event of a breach of warranty or other liability with respect to any materials, workmanship or performance guaranty, the Institution, at its expense, either separately or in conjunction with others, may pursue any and all remedies available to it against the contractor, subcontractor, materialman or other Person so in default and against any surety for the performance of such contract. The Institution may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman, surety or other Person which the Institution deems reasonably necessary. The Net Proceeds of any recovery from a contractor, subcontractor, materialman or other Person shall be applied as provided in Section 7.4 hereof.

Section 4.8 Covenant; Arbitrage Bond Covenant. The Issuer and the Institution covenant that (i) they will comply with the provisions of the Code required to preserve the exclusion from gross income of interest on the Series 2019A Bonds for Federal income tax purposes, and (ii) they will not use or permit the use of any proceeds of the Series 2019A Bonds in any manner which would cause the Series 2019A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

ARTICLE V

LOAN PROVISIONS

Section 5.1 Loan of Series 2019 Bond Proceeds. The Issuer hereby agrees to loan the Bond Proceeds to the Institution in accordance with the provisions of this Loan Agreement. Such Bond Proceeds shall be disbursed to the Institution in accordance with the provisions of Section 4.3 hereof, the Indenture and the Tax Regulatory Agreement.

Section 5.2 Reserved.

Section 5.3 Loan Payments and Other Amounts Payable.

(a) The Institution shall pay or cause to be paid to the Issuer on the Closing Date the Issuer's administrative fee in the amount of \$78,037.25 (which includes the Issuer's administrative fee of \$72,700.00 plus the Initial Compliance Fee of \$3,000 and the public notice fees of \$2,337.25). The Institution shall pay to the Issuer an Annual Compliance Fee of \$1,500 on or before January 1 of each year commencing on January 1, 2020 and continuing through the term of the Loan Agreement. The Institution shall pay or cause to be paid as basic loan payments

(i) on or before September 1, 2019 an amount equal to the September 1, 2019 interest payment due and payable on Series 2019 Bonds directly to the Trustee and thereafter on or before the first Business Day of each month commencing on October 1, 2019 and continuing until all of the Outstanding Series 2019 Bonds have been paid in full, with respect to the interest due and payable on the Series 2019 Bonds, an amount equal to one-third (1/3) of the next upcoming quarterly interest payment directly to the Trustee;

(ii) on or before the first Business Day of each month commencing on September 1, 2019 and continuing through and including December 1, 2019, with respect to the principal due on the Series 2019 Bonds, an amount equal to one-fourth (1/4) of the next upcoming semi-annual principal payment or Sinking Fund Payment due and owing on the next Debt Service Payment Date directly to the Trustee and thereafter on or before the first Business Day of each month commencing on January 1, 2020 and continuing until all of the Outstanding Series Bonds have been paid in full, with respect to the principal due on the Series 2019 Bonds, an amount equal to one-sixth (1/6) of the next upcoming semi-annual principal payment or Sinking Fund Payment due and owing on the next Debt Service Payment Date directly to the Trustee;

(iii) on each Redemption Date, with respect to the Redemption Price (other than by Sinking Fund Payments due and payable on the Series 2019 Bonds), whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2019 Bonds being redeemed on such Redemption Date;

The Institution's obligation to pay such basic loan payments shall be evidenced by the Notes, substantially in the form attached hereto as Exhibit C. To the extent the School makes

Lease Payments directly to the Trustee, the Institution shall receive a credit against its obligations to make Loan Payments under this Section 5.3(a).

(b) In addition to the Loan Payments pursuant to Section 5.3(a) hereof, throughout the Loan Term, the Institution shall pay to the Issuer as additional loan payments, within fifteen (15) days of the receipt of demand therefor, an amount equal to the sum of the expenses of the Issuer and the members thereof incurred (i) by reason of the Issuer's financing of the Series 2019 Project, or (ii) in connection with the carrying out of the Issuer's duties and obligations under the Issuer Documents, the payment of which is not otherwise provided for under this Loan Agreement. Other than the Annual Compliance Fee, the foregoing shall not be deemed to include any annual or continuing administrative or management fee beyond any initial administrative fee or fee for services rendered by the Issuer.

(c) In addition, the Institution shall pay as additional loan payments within fifteen (15) days after receipt of a written demand therefor the Ordinary Expenses and Extraordinary Expenses payable by the Issuer to the Trustee pursuant to and under the Indenture.

(d) If, after making a valuation of the Debt Service Reserve Fund as set forth in Section 4.12(d) of the Indenture, the Trustee notifies the Institution that the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement or upon a draw by the Trustee on the Debt Service Reserve Fund pursuant to Section 4.06(e) of the Indenture the Institution shall pay to the Trustee, in addition to the amounts required under Section 5.3(a), as a special loan payment, within thirty (30) days thereof, an amount equal to the amount necessary to restore the balance in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

(e) Commencing on the Closing Date, and on each August 8th thereafter for the following nine (9) years, the Institution shall deposit or cause to be deposited \$25,000 with the Trustee for deposit into the Repair and Replacement Fund. If, on any such date, the amount in the Repair and Replacement Fund is equal to or greater than \$250,000, then the Institution shall not be required to make a payment into the Repair and Replacement Fund on such date. The Institution shall also replenish any amounts withdrawn from the Repair and Replacement Fund in accordance with Section 8.14(c) hereof.

(f) The Institution, under the provisions of this Section 5.3, agrees to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America. In the event the Institution shall fail timely to make any payment required in Section 5.3(a), the Institution shall pay the same together with all late payment penalties specified in the Series 2019 Bonds. In the event the Institution shall fail timely to make any payment required in Section 5.3(b), the Institution shall pay the same together with interest on such payment at the per annum rate of ten percent (10%), but in no event at a rate higher than the maximum lawful prevailing rate, from the date on which such payment was due until the date on which such payment is made. If the date that any payments are due and owing under the provisions of this Section 5.3 is not a Business Day, the Institution shall make such payment or cause such payment to be paid on the immediately preceding Business Day.

Section 5.4 Obligations of Institution Hereunder Unconditional. The obligations of the Institution to make the payments required in Section 5.3 hereof, and to perform and observe any and all of the other covenants and agreements on its part contained herein, shall be a general obligation of the Institution, and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Issuer. The Institution agrees it will not (i) suspend, discontinue or abate any payment required hereunder, (ii) fail to observe any of its other covenants or agreements in this Loan Agreement, or (iii) terminate this Loan Agreement for any cause whatsoever unless and until the Series 2019 Bonds, including premium, if any, and interest thereon, have been paid or provided for in accordance with the Indenture.

Subject to the foregoing provisions, nothing contained in this Section 5.4 shall be construed to release the Issuer from the performance of any of the agreements on its part contained in this Loan Agreement or to affect the right of the Institution to seek reimbursement from, or institute any action against any party as the Institution may deem necessary to compel performance or recover damages for non-performance from such party.

Section 5.5 Payment of Additional Moneys in Prepayment of Series 2019 Bonds. In addition to any other moneys required or permitted to be paid pursuant to this Loan Agreement, the Institution may, upon the School's written consent, subject to the terms of the Indenture, pay moneys to the Trustee (i) to be applied as the prepayment of amounts to become due and payable by the Institution pursuant to Section 5.3(a) hereof and the Notes, or (ii) to be used for the redemption or prepayment of any Series 2019 Bonds at such time or times and on such terms and conditions as is provided in such Series 2019 Bonds and in the Indenture. The Institution shall notify the Issuer and the Trustee in writing as to the purpose of any such payment.

Section 5.6 Rights and Obligations of the Institution upon Prepayment of Series 2019 Bonds. In the event the Series 2019 Bonds shall have been paid in full prior to the termination of this Loan Agreement, or provision for such payment shall have been made in accordance with the Indenture, the Issuer, at the sole cost of the Institution, shall obtain and record or file appropriate terminations, discharges or releases of any security interest relating to the Facility or under the Indenture.

Section 5.7 Security Interest. The Institution acknowledges that the payments by the Institution under this Loan Agreement and the Notes are intended as security for payment of the principal of, Redemption Price of and interest on the Series 2019 Bonds. In addition, to secure payment of all loan payments and other sums owing by the Institution hereunder and to secure the payment and performance of all debts, liabilities and obligations of the Institution under all of the Bond Documents, the Institution hereby grants a security interest to the Issuer in (i) all insurance, now owned or hereafter acquired, insuring any of the Equipment or the Facility against any loss or damage whatsoever, and all proceeds thereof, (ii) all awards heretofore and hereafter paid or payable to the Institution by reason of a taking or condemnation of any part of the Facility (including any Equipment) or any right of the Institution appurtenant thereto by competent authority as a result of the exercise of the power of eminent domain, including but not limited to any awards or payments for use and occupation or for change of grade of streets, together with any and all claims of the Issuer with respect thereto, and the proceeds thereof, (iii) all moneys and securities from time to time held by the Trustee pursuant to and under any of the

Bond Documents, except moneys and securities held in the Rebate Fund (to the extent necessary to insure proper transfer to the Rebate Fund), and all investments and re-investments of any such moneys and securities, and the proceeds thereof, and (iv) all files or other documentation of the Institution dealing with the receipt or payment of any of the foregoing (collectively, the “**Collateral**”). The security interest referred to in this Section shall be assigned by the Issuer to the Trustee.

Section 5.8 Financing Statements. The Institution hereby irrevocably appoints the Trustee, as the Institution’s lawful attorney-in-fact and agent, to prepare and execute any Uniform Commercial Code continuation statements or amendments or assignments on the Institution’s behalf in order to protect the Issuer’s and the Trustee’s security interests in payments made pursuant to this Loan Agreement and any assignment thereof and in any Property demised under this Loan Agreement and on the Institution’s behalf to file such financing statements signed by the Trustee, without the Institution’s execution thereof, in any appropriate public office.

ARTICLE VI

MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

Section 6.1 Maintenance and Modifications of the Facility by Institution.

(a) The Institution shall, at its sole cost and expense (so far as is applicable by the context):

(i) maintain or cause the Facility to be maintained by the School pursuant the Lease Agreement in good and substantial order and repair and in such fashion that the value and utility of the Facility will not be diminished and will make or cause to be made all necessary and appropriate repairs, replacements, and renewals thereof, whether interior or exterior, structural or non-structural; all repairs, replacements and renewals to be at least equal, in quality and class, to that of the original Facility;

(ii) not use or cause the whole or any part of the Mortgaged Property to be used in such a manner as to cause the same to be subject to forfeiture under applicable laws. In the event that any person or entity, in possession of the whole or any part of the Facility, or otherwise, may, by acts or omissions, cause the Mortgaged Property to be subject to forfeiture, the Institution, within five (5) days after receiving notice of the occurrence of any such act or omission, shall notify the Issuer of the occurrence of such act or omission and shall commence such legal proceedings against the party committing or permitting the acts or omissions as shall be necessary to prevent such forfeiture;

(iii) comply with, or cause to be complied with, all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorization, directions and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers which may, as at the date of this Mortgage or thereafter, affect the Mortgaged Property or any part

thereof or its use or condition, or which may affect any adjoining sidewalks, curbs, vaults and vault space if any, or streets or ways in so far as the Institution is required to comply therewith. The Institution represents and warrants that the Mortgaged Property is being used and operated in compliance with all applicable laws;

(iv) comply with, or cause to be complied with, all requirements of the issuer of any policy(s) of insurance covering or affecting the whole or any part of the Mortgaged Property, and all orders, rules, regulations and other requirements of the New York Board of Fire Underwriters (or that of any other body exercising similar functions) applicable to the Mortgaged Property or any part thereof; and

(v) not do or permit any act or thing which is contrary to the requirements or prohibitions of any document of record affecting the Mortgaged Property nor commit or permit any waste of or any nuisance in, at or on the Mortgaged Property or any part thereof.

(b) Subject to the Lease Agreement and this Loan Agreement, the Facility or the Equipment (as defined in the Mortgage), or any part or portion thereof, shall not be removed, altered or demolished without the prior written consent of the Issuer in each instance; provided that the Institution shall have the right, without the consent of the Issuer to remove and dispose of, free from the lien of the Mortgage, such Equipment as from time to time may become worn out or obsolete, provided that, simultaneously with or prior to such removal, any such Equipment shall be replaced with Equipment of like kind and value at least equal to that of the replaced Equipment and free from any title retention, security interest or other encumbrance. Any additions, modifications or improvements which cost in excess of \$250,000 shall also require the written consent of the Majority Bondholder. All such additions, modifications or improvements made by the Institution shall become a part of the Facility.

(c) During the Loan Term, the Institution shall not remove any part of the Facility outside of the jurisdiction of the Issuer.

Section 6.2 Installation of Additional Equipment. Subject to the provisions of Section 8.10 hereof, the Institution or any permitted sublessee of the Institution from time to time may install additional machinery, equipment or other personal property in the Facility (which may be attached or affixed to the Facility), and such machinery, equipment or other personal property shall not become, or be deemed to become, a part of the Facility; provided that, the acquisition and installation of such property is not financed from either the Project Fund or the Renewal Fund. The Institution from time to time may create or permit to be created any Lien on such machinery, equipment or other personal property. Further, the Institution from time to time may remove or permit the removal of such machinery, equipment and other personal property from the Facility; provided that, any such removal of such machinery, equipment or other personal property shall not occur (i) if any Event of Default has occurred; or (ii) if any such removal shall adversely affect the structural integrity of the Facility or impair the overall operating efficiency of the Facility for the purposes for which it is intended, and provided further that, if any damage is occasioned to the Facility by such removal, the Institution agrees promptly to repair such damage at its own expense.

Section 6.3 Taxes, Assessments and Utility Charges.

(a) The Institution agrees to pay, as the same become due and before any fine, penalty, interest (except interest which is payable in connection with legally permissible installment payments) or other cost may be added thereto or become due or be imposed by operation of law for the non-payment thereof, (i) all taxes, payments in lieu of taxes and governmental charges of any kind whatsoever which may at any time be assessed or levied against or with respect to the Facility and any machinery, equipment or other Property installed or brought by the Institution therein or thereon, including, without limiting the generality of the foregoing, any sales or use taxes imposed with respect to the Facility or any part or component thereof or the rental or sale of the Facility or any part thereof and any taxes levied upon or with respect to the income or revenues of the Issuer from the Facility; (ii) all utility and other charges, including service charges, incurred or imposed for or with respect to the operation, maintenance, use, occupancy, upkeep and improvement of the Facility; and (iii) all assessments and charges of any kind whatsoever made by any governmental body for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Institution shall be obligated under this Loan Agreement to pay only such installments as are required to be paid during the Loan Term. The Institution represents and warrants that all of the charges and taxes described in this Section 6.3(a) have been paid as of the date on which same are due.

(b) The Institution may, in good faith, contest any such taxes, assessments and other charges. In the event of any such proceedings, the Institution shall pay, under protest, such taxes, assessments or other charges so contested.

(c) The Issuer agrees that if the Institution contests any taxes, assessments or other charges as provided for in paragraph 6.3(b) hereof, the Institution shall be entitled to retain all such amounts.

Section 6.4 Insurance Required. At all times throughout the Loan Term, the Institution shall, at its sole cost and expense, maintain or cause to be maintained insurance and shall cause the School to maintain all insurance required by the Lease Agreement covering the Facility against such risks and for such amounts as are customarily insured against by facilities of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the Facility, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the Issuer, without deduction for depreciation and normal wear and tear, but in no event less than the principal amount of the Series 2019 Bonds. No failure or omission on the part of the Issuer to request any such appraisals or proof shall relieve the Institution of any of its obligations under this Article VI.

(b) Workers' compensation insurance, disability benefits insurance and each other form of insurance which the Institution is required by law to provide, covering loss resulting

from injury, sickness, disability or death of employees of the Institution who are located at or assigned to the Facility.

(c) Insurance protecting the Issuer, the Trustee and the Institution against loss or losses from liability imposed by law or assumed in any written contract (including the contractual liability assumed by the Institution under Section 8.2 hereof) and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 (per occurrence for personal injury, including bodily injury or death, and property damage) and with a blanket excess liability coverage in an amount not less than \$5,000,000 per occurrence, protecting the Issuer, the Trustee and the Institution against any loss or liability or damage for personal injury, including bodily injury or death, or property damage.

(d) During the Construction Period (and for at least one year thereafter in the case of Products and Completed Operations as set forth below), the Institution shall cause the general contractor to carry liability insurance of the type and providing the minimum limits set forth below:

(i) Workers' compensation and employer's liability with limits in accordance with applicable law.

(ii) Comprehensive general liability providing coverage for:

- Premises and Operations
- Products and Completed Operations
- Owners Protective
- Contractors Protective
- Contractual Liability
- Personal Injury Liability
- Broad Form Property Damage
(including completed operations)
- Explosion Hazard
- Collapse Hazard
- Underground Property Damage Hazard

Such insurance shall have a limit of liability of not less than \$1,000,000 (per occurrence for personal injury, including bodily injury or death, and property damage).

(iii) Business auto liability, including all owned, non-owned and hired autos, with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iv) Excess "umbrella" liability providing liability insurance in excess of the coverages in (i), (ii) and (iii) above with a limit of not less than \$5,000,000 per occurrence.

(e) Business interruption insurance for the Institution and School covering operating expenses (including all payments under the Lease Agreement) for twelve (12) months of each of the Institution and the School.

(f) If the Facility is now located in an area having special flood hazards or if such area hereafter shall be designated by the United States Government, or any agency thereof, as having special flood hazards, the coverages provided by a policy insuring against floods in an amount equal to the lesser of (A) the amount of the Series 2019 Bonds or (B) the maximum amount available pursuant to federal law.

(g) Insurance against such other hazards (including war damage insurance, if and when the same is available from the United States Government or any agency or subdivision thereof) as may be reasonably required by the Issuer from time to time and as are customarily insured against with respect to like properties.

(h) The Institution shall require all tenants and users of the Facility, including without limitation the Organization, to maintain the insurance required by Section 6.4(b) and (c) hereof.

Section 6.5 Additional Provisions Respecting Insurance.

(a) All insurance required by Section 6.4 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. The company issuing the policies required by Section 6.4(a) hereof shall be rated "A" or better by A.M. Best Co., Inc. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All policies evidencing the insurance required by Section 6.4(a) hereof shall provide for payment to the Trustee of the Net Proceeds of insurance resulting from any claim for loss or damage thereunder, and all policies of insurance required by Section 6.4 hereof shall provide for at least thirty (30) days' prior written notice of the restriction, cancellation or modification thereof to the Issuer and the Trustee. The policy evidencing the insurance required by Section 6.4(c) hereof shall name the Issuer and the Trustee as additional insureds. All policies evidencing the insurance required by Sections 6.4(d)(ii) and (iv) shall name the Issuer and the Institution as additional insureds. Upon request of the Trustee, the Institution will assign and deliver to the Trustee the policies of insurance required under Section 6.4(a), so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Series 2019 Bonds, have and hold said policies and the Net Proceeds thereof as collateral for the payment of the Series 2019 Bonds. The policies under Sections 6.4(a), (b) and (c) shall contain appropriate waivers of subrogation.

(b) The policies (or certificates and binders) of insurance required by Section 6.4(a) hereof shall be deposited with the Trustee on or before the Closing Date. A copy of the policy (or certificate or binder) of insurance required by Sections 6.4(b) and (c) hereof shall be delivered to the Issuer on or before the Closing Date. The Institution shall deliver to the Issuer and the Trustee before the first Business Day of each twelve (12) month period thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full

force and effect, with a term covering at least the next succeeding twelve (12) month period, insurance of the types and in the amounts required by Section 6.4 hereof and complying with the additional requirements of Section 6.5(a) hereof. Prior to the expiration of each such policy or policies, the Institution shall furnish to the Issuer and the Trustee a new policy or policies of insurance or evidence that such policy or policies have been renewed or replaced or are no longer required by this Loan Agreement. The Institution shall provide such further information with respect to the insurance coverage required by this Loan Agreement as the Issuer and the Trustee may from time to time reasonably require.

Section 6.6 Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required by Section 6.4(a) hereof shall be applied as provided in Section 7.1 hereof, and (ii) the Net Proceeds of the insurance required by Sections 6.4(b), (c), and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.7 Right of Trustee or Issuer to Pay Taxes, Insurance Premiums and Other Charges. If the Institution fails (i) to pay any tax, together with any fine, penalty, interest or cost which may have been added thereto or become due or been imposed by operation of law for nonpayment thereof, assessment or other governmental charge required to be paid by Section 6.3 hereof, (ii) to maintain any insurance required to be maintained by Section 6.4 hereof, (iii) to pay any amount required to be paid by any law or ordinance relating to the use or occupancy of the Facility or by any requirement, order or notice of violation thereof issued by any governmental person, (iv) to pay any mechanic's Lien which is recorded or filed against the Facility or any part thereof (unless contested or bonded in accordance with the provisions of Section 8.9(b) hereof), or (v) to pay any other amount or perform any act hereunder required to be paid or performed by the Institution hereunder, the Issuer or the Trustee may, but shall not be obligated to, pay or cause to be paid such tax, assessment or other governmental charge or the premium for such insurance or any such other payment or may perform any such act. No such payment shall be made or act performed by the Issuer or the Trustee until at least ten (10) days shall have elapsed since notice shall have been given by the Trustee to the Issuer, with a copy of such notice being given simultaneously to the Institution (or by the Issuer to the Institution and the Trustee), and in the case of any tax, assessment or governmental charge or the amounts specified in clauses (iii), (iv) and (v) hereof, no such payment shall be made in any event if the Institution is contesting the same in good faith and diligently prosecuting the same unless an Event of Default hereunder shall have occurred and be continuing. No such payment by the Issuer or the Trustee shall affect or impair any rights of the Issuer hereunder or of the Trustee under the Indenture arising in consequence of such failure by the Institution. The Institution shall, on demand, reimburse the Issuer or the Trustee for any amount so paid or for expenses or costs incurred in the performance of any such act by the Issuer or the Trustee pursuant to this Section (which shall include all reasonable legal fees and disbursements), together with interest thereon from the date of payment of such amount, expense or cost by the Issuer or the Trustee at the per annum rate of ten percent (10%).

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1 Damage or Destruction of the Facility.

(a) If any portion of the Facility shall be damaged or destroyed (in whole or in part) at any time during the Loan Term:

(i) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate the Facility or any portion of the Facility; and

(ii) there shall be no abatement or reduction in the Loan Payments or other amounts payable by the Institution under this Loan Agreement (whether or not the Facility or such portion of the Facility is replaced, repaired, rebuilt, restored or relocated); and

(iii) upon the occurrence of such damage or destruction, if the Net Proceeds are in excess of \$250,000, all such Proceeds derived from the insurance shall be paid to the Trustee and deposited in the Renewal Fund, and, except as otherwise provided in Section 11.1 and subsection 7.1(f) hereof, the Institution shall at its option with the consent of the Majority Bondholder and subject to the provisions of the Tax Regulatory Agreement, either (A) replace, repair, rebuild, restore or relocate the Facility or such portion of the Facility, or (B) direct the Trustee to apply such Net Proceeds to the payment of the principal of the Series 2019 Bonds as they become due and payable or the Redemption Price of Bonds subject to Redemption pursuant to Section 3.01(c) of the Indenture.

(b) If the Institution replaces, repairs, rebuilds, restores or relocates the Facility in accordance with subsection (a)(iii) hereof, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 4.07 of the Indenture to pay or reimburse the Institution for the cost of such replacement, repair, rebuilding, restoration or relocation.

(c) Any such replacements, repairs, rebuilding, restorations or relocations shall be subject to the following conditions:

(i) the Facility or such portion of the Facility shall be in substantially the same condition and value as an operating entity as existed prior to the damage or destruction;

(ii) the exclusion of the interest on the Series 2019 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) the Facility or such portion of the Facility will be subject to no Liens, other than Permitted Encumbrances; and

(iv) any other conditions the Issuer may reasonably impose.

(d) All such repair, replacement, rebuilding, restoration or relocation of the Facility or such portion of the Facility shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contracts.

(e) If the Institution elects to replace, repair, rebuild, restore or relocate the Facility pursuant to this Loan Agreement, then in the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration or relocation, the Institution shall nonetheless complete the work and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. All such replacements, repairs, rebuilding, restoration or relocations made pursuant to this Section, whether or not requiring the expenditure of the Institution's own money, shall automatically become a part of the Facility as if the same were specifically described herein.

(f) Any balance of such Net Proceeds remaining in the Renewal Fund after payment of all costs of replacement, repair, rebuilding, restoration or relocation shall, subject to any rebate required to be made to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement, be applied in accordance with the provisions of Section 4.06(d) of the Indenture.

(g) If the Institution shall exercise its option to terminate this Loan Agreement pursuant to Section 11.1 hereof, such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 11.2 hereof. If an Event of Default hereunder shall have occurred and is continuing and the Trustee shall have exercised its remedies under Section 10.2 hereof, such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 10.2 and Section 10.4 hereof.

(h) If the entire amount of the Series 2019 Bonds and interest thereon has been fully paid, or provision therefor has been made in accordance with the Indenture, all such remaining Net Proceeds shall be paid to the Institution.

(i) Except upon the occurrence and continuation of an Event of Default, the Institution with the consent of the Issuer, not to be withheld unreasonably, shall have the right to settle and adjust all claims under any policies of insurance required by Sections 6.4(a) and (d) hereof on behalf of the Issuer and on its own behalf.

Section 7.2 Condemnation.

(a) If title to or use of the Facility or any portion thereof comprising a portion of the Facility shall be taken by Condemnation (in whole or in part) at any time during the Loan Term:

(i) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate the Facility or such portion of the Facility or acquire, by construction or otherwise, facilities of substantially the same nature as the Facility (the "**Substitute Facility**"); and

(ii) there shall be no abatement or reduction in the amounts payable by the Institution under this Loan Agreement (whether or not the Facility or such portion of the Facility is replaced, repaired, rebuilt, restored or relocated or Substitute Facilities acquired); and

(iii) upon the occurrence of such Condemnation, if the Net Proceeds are in excess of \$250,000, all such Proceeds derived therefrom shall be paid to the Trustee and deposited in the Renewal Fund, and, except as otherwise provided in Section 11.1 and subsection (f) hereof, the Institution shall with the consent of the Majority Bondholder and subject to the provisions of the Tax Regulatory Agreement, either:

(A) replace, repair, rebuild, restore or relocate the Facility or such portion of the Facility or acquire a Substitute Facility, or

(B) redeem an amount of Bonds at least equal to the Net Proceeds in accordance with Section 3.01 of the Indenture.

(b) If the Institution replaces, repairs, rebuilds, restores or relocates the Facility or such portion of the Facility or acquires a Substitute Facility, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 4.07 of the Indenture to pay or reimburse the Institution for the cost of such replacement, repair, rebuilding, restoration or, relocation of the Facility or acquisition of a Substitute Facility.

(c) Any such replacements, repairs, rebuilding, restorations, or relocations of the Facility or acquisition of a Substitute Facility shall be subject to the following conditions:

(i) the Facility or the Substitute Facility shall be in substantially the same condition and value as an operating entity as existed prior to the condemnation;

(ii) the exclusion of the interest on the Series 2019 Bonds from gross income for Federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) the Facility or the Substitute Facility will be subject to no Liens, other than Permitted Encumbrances; and

(iv) comply with any other conditions the Issuer may reasonably impose.

(d) All such repair, replacement, rebuilding, restoration or relocation of the Facility or such portion of the Facility shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements and shall be promptly and fully paid for by the Institution in accordance with the terms of the applicable contracts.

(e) If the Institution elects to replace, repair, rebuild, restore or relocate pursuant to this Loan Agreement, then in the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration, or relocation of the Facility or acquisition of a Substitute Facility, the Institution shall nonetheless complete the work or the acquisition and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. All such replacements, repairs, rebuilding, restoration, relocations and such acquisition of a Substitute Facility made pursuant to this Section, whether or not requiring the expenditure of the Institution's own money, shall automatically become a part of the Facility as if the same were specifically described herein.

(f) Any balance of such Net Proceeds remaining in the Renewal Fund after payment of all costs of replacement, repair, rebuilding, restoration, relocation or acquisition of Substitute Facility shall, subject to any rebate required to be made to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement, be used to redeem the Series 2019 Bonds as provided in the Indenture.

(g) If the Institution shall exercise its option to terminate this Loan Agreement pursuant to Section 11.1 hereof, such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 11.2 hereof. If any Event of Default hereunder shall have occurred and is continuing and the Trustee shall have exercised its remedies under Section 10.2 hereof, such Net Proceeds shall be applied to the payment of the amounts required to be paid by Sections 10.2 and 10.4 hereof.

(h) If the entire amount of the Series 2019 Bonds and interest thereon has been fully paid, or provision therefor has been made in accordance with the Indenture, all such remaining Net Proceeds shall be paid to the Institution.

(i) Except upon the occurrence and continuation of an Event of Default, the Institution with the consent of the Issuer, not to be unreasonably withheld, shall have the right to settle and adjust all claims under any Condemnation proceedings on behalf of the Issuer and on its own behalf.

Section 7.3 Condemnation of Non-Project Property. The Institution shall be entitled to the proceeds of any Condemnation award or portion thereof made for damage to or taking of any Property which, at the time of such damage or taking, is not part of the Facility.

Section 7.4 Recovery Against Contractor, Etc.

(a) If at any time during the Loan Term, provided no Event of Default under Section 10.1 has occurred and is continuing, proceeds shall become available from any recovery against a contractor, subcontractor, materialman or other Person with respect to the Facility, such proceeds shall be deposited in the Renewal Fund and applied as provided in Section 4.07 of the Indenture.

(b) After the occurrence and continuation of an Event of Default under Section 10.1 hereof, the proceeds of any such recovery shall be applied as provided in Section 10.2 hereof.

(c) If the entire amount of the Series 2019 Bonds and interest thereon have been fully paid, or provision therefor has been made in accordance with the Indenture, the surplus thereof shall be paid to the Institution for its business purposes.

(d) Except upon the occurrence and continuation of an Event of Default, the Institution shall have the right to settle and adjust all claims against such contractors, subcontractors, materialmen or other Persons.

ARTICLE VIII

SPECIAL COVENANTS

Section 8.1 No Warranty of Condition or Suitability by Issuer. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH FUNDS AVAILABLE TO THE INSTITUTION WILL BE SUFFICIENT TO PAY THE COST OF THE PROJECT. THE INSTITUTION ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE INSTITUTION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE INSTITUTION. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

Section 8.2 Hold Harmless Provisions.

(a) The Institution agrees that the Issuer, the Trustee and each Paying Agent shall not be liable for and agrees to defend, indemnify, release and hold the Issuer, the Trustee and each Paying Agent harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Facility, or (ii) liability arising from or expense incurred in connection with the Issuer's financing of the Series 2019 Project, including without limiting the generality of the foregoing, all claims arising from the breach by the Institution of any of its covenants contained herein, and all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Issuer, the Trustee or any Paying Agent are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Issuer, the Trustee or any Paying Agent or any of their respective members, directors, trustees, officers, agents or employees. The foregoing indemnities shall apply notwithstanding the fault or gross negligence in part of the Issuer, the Trustee or any Paying Agent, or any of their respective members, directors, trustees, officers, agents or employees, and irrespective of the breach of a statutory obligation (other than a breach caused by any of their respective gross negligence or intentional or willful wrongdoing) or the application of any rule of comparative or apportioned

liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law.

(b) Notwithstanding any other provisions of this Loan Agreement, the obligations of the Institution pursuant to this Section 8.2 shall remain in full force and effect after the termination of this Loan Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all expenses and charges incurred by the Issuer, the Trustee or their respective members, directors, officers, agents and employees, relating to the enforcement of the provisions herein specified.

(c) In the event of any claim against the Issuer, the Trustee or any Paying Agent or their respective members, directors, officers, agents or employees by any employee or contractor of the Institution or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the Institution hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

(d) The Trustee and each Paying Agent shall be third party beneficiaries of the Institution's obligations under this Section 8.2.

Section 8.3 Right to Inspect Facility. The Issuer and the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times upon prior notice to the Institution to inspect the Facility.

Section 8.4 Institution to Maintain Its Existence. The Institution agrees that during the Loan Term (a) it will maintain its existence as a not-for-profit corporation constituting an Exempt Organization subject to service of process within the State and will 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 or acquire all or substantially all of the assets of one or more entities without the prior written consent of the Issuer; (b) it will preserve its status as an organization described in Section 501(c)(3) of the Code; (c) it will own the Facility and lease the Facility to the School pursuant to the Lease Agreement, and will charge Lease Payments in an amount that will be sufficient in each Fiscal Year to provide funds for the following: (1) the payment by the Institution of all of its expenses for the operation, maintenance and repair of its facilities or Facility in such year; (2) the payment of all amounts due under this Loan Agreement in such year; and (3) the payment of all Indebtedness and all other obligations of the Institution due in such year; and (d) it will not perform any act, enter into any agreement, or use or permit the Facility to be used in any manner or for any unrelated trade or business as described in Section 513(a) of the Code, which could adversely affect the exemption of interest on the Series 2019 Bonds from Federal income taxes pursuant to Sections 103 and 145 of the Code. Prior to the Institution performing any act, entering into any agreement or using or permitting the Facility to be used in any manner that would constitute an unrelated trade or business within the meaning of Section 513(a) of the Code, the Institution shall provide written notice to the Issuer and the Trustee and the Issuer and the Trustee shall receive an opinion of counsel satisfactory to each of them to the effect that such

contemplated act, agreement or use will not adversely affect the exemption of interest on the Series 2019 Bonds for Federal income tax purposes.

Section 8.5 Qualification in State. The Institution throughout the Loan Term shall continue to be duly authorized to do business in the State as an entity of higher education.

Section 8.6 Agreement to Provide Information. The Institution agrees within a reasonable period of time following a written request by the Issuer to provide and certify or cause to be provided and certified such information concerning the Institution, its finances, its operations and its affairs necessary to enable the Issuer to make any report required by law, including with limitation pursuant to the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009, each as amended from time to time, or any other reports required by the New York State Authority Budget Office or the Office of the State Comptroller, governmental regulation or any of the Issuer Documents or Institution Documents.

Section 8.7 Books of Record and Account; Financial Statements. The Institution at all times agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles consistently applied, of all transactions and events relating to the business and affairs of the Institution. The Trustee and the Issuer shall each have the right to inspect such books and records of the Institution at reasonable times and upon reasonable prior notice.

Section 8.8 Compliance with Orders, Ordinances, Etc.

(a) The Institution, throughout the Loan Term, agrees that it will promptly comply, and take all reasonable steps to cause any tenant or occupant of the Facility to comply, with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Facility or any part thereof or to the renovation, construction and equipping thereof, or to any use, manner of use or condition of the Facility or any part thereof, of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers having jurisdiction of the Facility or any part thereof, or to the renovation, construction, equipping and furnishing thereof, or to any use, manner of use or condition of the Facility or any part thereof and of all companies or associations insuring the premises.

(b) The Institution shall keep or cause the Facility to be kept free of Hazardous Substances, except in compliance with applicable law. Without limiting the foregoing, the Institution shall not cause or permit the Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all applicable federal, state and local laws, regulations and permits, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any contractor, subcontractor, tenant or subtenant, a release of Hazardous Substances onto the Facility or onto any other property. If the Institution receives any notice of (1) the presence of Hazardous Substances at the Facility, (2) any violation of or noncompliance with any Environmental Law (as hereinafter defined), (3) the occurrence of a Hazardous Discharge (as hereinafter defined) on or about any asset, business, facility or property

of the Institution or caused by the Institution, or (4) any Environmental Complaint (as hereinafter defined) affecting the Institution or the Facility or the Institutions' operations, assets, business, facilities or properties, then the Institution will give written notice of the foregoing to the Trustee and the Issuer within five (5) days of receipt thereof. The Institution shall comply with and shall take all steps to ensure compliance by all contractors, subcontractors, tenants and subtenants with any Environmental Complaints, all applicable federal, state and local laws (including, without limitation, all Environmental Laws), ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and shall take all steps to ensure that all contractors, subcontractors, tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Institution shall (a) diligently and promptly conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances, on, from, or affecting the Facility through completion (i) in accordance with all applicable federal, state, and local laws (including, without limitation, Environmental Laws), ordinances, rules, regulations, and policies, (ii) to the satisfaction of the Trustee and the Issuer, and (iii) in accordance with the orders and directives of all federal, state, and local governmental authorities; (b) defend, indemnify, and hold harmless the Trustee and the Issuer, their employees, agents, officers, and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (i) the presence, disposal, release, or threatened release of any Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise, (ii) any bodily injury, personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances, (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Substances, and/or (iv) any violation of laws, orders, regulations, requirements, or demands of government authorities, or any policies or requirements of the Trustee and the Issuer, which are based upon or in any way related to such Hazardous Substances, including, without limitation, reasonable attorney and consultant fees, reasonable investigation and laboratory fees, court costs, and reasonable litigation expenses; and (c) to ensure that the Institution does correct, cleanup, remove, resolve or minimize the impact of any Hazardous Materials, Environmental Discharge or Environmental Complaint at the Issuer's option, (i) post a bond from a surety, or (ii) cause a lending institution to issue a letter of credit for the benefit of the Trustee and the Issuer and any Governmental Authority requiring the same; the surety or the lending institution (as applicable), and the form, the substance, and the amount of such bond or letter of credit to be satisfactory to the Issuer, and the applicable Governmental Authority. The provisions of this Section shall be in addition to any and all other obligations and liabilities the Institution may have to the Trustee at common law, and shall survive the transactions contemplated herein. For the purposes of this Agreement the following terms shall have the following meanings:

"Environmental Complaint" shall mean any judgment, lien, order, complaint, notice, citation, action, proceeding or investigation pending before any Governmental Authority, including, without limitation, any environmental regulatory body, with respect to or threatened against or affecting the Institution or relating to its business, assets, property or facilities or the Facility, in connection with any Hazardous Substances or any Hazardous Discharge or any Environmental Law.

“Environmental Laws” shall mean any applicable federal, state or local laws, rules, regulations, resolutions, ordinances, directives or orders (whether now existing or hereafter enacted or promulgated) or any judicial or administrative interpretation of such laws, rules, regulations, resolutions, ordinances, directives or orders or any other applicable determination regarding land, water, air, health, safety or environment including, for example but not limited to, the Federal Statutes and the State Statute.

“Governmental Authority” shall mean any federal, state, or local government, governing body, agency, court, tribunal, authority, subdivision, bureau or other recognized body having jurisdiction to enact, promulgate, interpret, enforce, review or repeal any Environmental Law.

“Hazardous Discharge” shall mean any release of a Hazardous Substance caused by the seeping, spilling, leaking, pumping, pouring, emitting, using, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Substance into the environment, and any liability for the costs of any cleanup or other remedial action.

“Hazardous Substances” shall mean, without limitation, flammables, explosives, radioactive materials, radon, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls or related or similar materials, petroleum products, explosives, radioactive materials, or any other hazardous or toxic or harmful materials, wastes and substances or any other chemical, material, substance or element which is hereinafter defined, determined, identified, prohibited, limited or regulated by the Environmental Laws, or any other chemical, material, substance or element which is known to be harmful to the health or safety of occupants of property or which is hereinafter defined as a hazardous or toxic substance by any Federal, State, or local law, ordinance, rule or regulation, including, but not limited to the Toxic Substances Control Act (15 U.S.C. 2601 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C. 7401 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. 1801 et seq.), and/or the regulations promulgated in relation thereto, all as the same may be amended from time to time (collectively, the "Federal Statutes"); the New York State Environmental Conservation Law Article 27, Title 13 (the "State Statute"), and the regulations promulgated in relation thereto, all as the same may be amended from time to time.

(c) Notwithstanding the provisions of subsections (a) and (b) hereof, the Institution may in good faith contest the validity or the applicability of any requirement of the nature referred to in such subsections (a) and (b) by appropriate legal proceedings conducted in good faith and with due diligence (a “Contest”); provided, however, that: (i) enforcement proceedings with respect to any and all Environmental Laws are deferred or stayed during the pendency of the Contest; (ii) the Trustee and the Issuer shall not be subject to any civil or criminal or other penalties or liabilities, costs or expenses by reason of any such Contest or postponement of compliance; (iii) the Institution, at the Trustee’s request, shall post a bond, cause the issuance of a letter of credit or provide such other security required under the provisions of subsection (b) above; (iv) the lien of the Mortgage shall not be impaired in the sole judgment of the Trustee and no Event of Default shall be continuing hereunder; (v) the Institution shall notify the Trustee in

writing within five (5) days after commencement of a Contest, and shall give the Trustee and the Issuer a monthly report, during the period of a Contest, on the Institution's progress with respect thereto, and shall promptly give the Trustee and Issuer such other information with respect thereto as they may reasonably request; and (vi) the Institution shall, at its sole cost and expense, execute and deliver any documents jurisdictionally necessary or proper to prosecute such Contest proceedings. In such event, the Institution may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the Institution that by failure to comply with such requirement or requirements, the Facility or any part thereof may be subject to loss, penalty or forfeiture, in which event the Institution shall promptly take such action with respect thereto or provide such security as shall be satisfactory to the Trustee and to the Issuer. If at any time the then existing use or occupancy of the Facility shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, the Institution shall not cause or permit such use or occupancy to be discontinued without the prior written consent of the Issuer and the Trustee.

(d) Notwithstanding the provisions of this Section 8.8, if, because of a breach or violation of the provisions of subsections (a) or (b) hereof (without giving effect to subsection (c) hereof), either the Issuer, the Trustee, or any of their respective members, directors, officers, agents, or employees, shall be threatened with a fine, liability, expense or imprisonment, then, upon notice from the Issuer or the Trustee, the Institution shall immediately provide legal protection and/or pay amounts necessary in the opinion of the Issuer or the Trustee, as the case may be, and their respective members, directors, officers, agents and employees deem sufficient, to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(e) Notwithstanding any provisions of this Section, the Trustee and the Issuer retain the right to defend themselves in any action or actions which are based upon or in any way related to such Hazardous Substances. In any such defense of themselves, the Trustee and the Issuer shall each select their own counsel, and any and all reasonable costs of such defense, including, without limitation, reasonable attorney and consultant fees, reasonable investigation and laboratory fees, court costs, and reasonable litigation expenses, shall be paid by the Institution.

(f) The Institution, throughout the term of the Lease Agreement, agrees that it will cause the School to comply with all provisions of Section 24 of the Lease Agreement.

Section 8.9 Discharge of Liens and Encumbrances.

(a) The Institution, throughout the Loan Term, shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the Facility or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied.

(b) Notwithstanding the provisions of subsection (a) hereof, the Institution may in good faith contest any such Lien. In such event, the Institution may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any

appeal therefrom, unless the Issuer or the Trustee shall notify the Institution that by nonpayment of any such item or items, the Facility or any part thereof may be subject to loss or forfeiture, in which event the Institution shall promptly secure payment of all such unpaid items by filing a bond, in form and substance satisfactory to the Issuer, thereby causing such Lien to be removed or by taking such other actions as may be satisfactory to the Issuer to protect its interests. Mechanics' Liens shall be discharged or bonded within fifteen (15) days following the filing or perfection thereof.

Section 8.10 Identification of Equipment. All Equipment, as described in Exhibit A attached hereto, which is financed or refinanced in whole or in part with proceeds of the Series 2019 Bonds pursuant to the provisions of this Loan Agreement shall be properly identified by the Institution by such appropriate records, including computerized records, as may be approved by the Trustee. Such Equipment shall be covered by the security interests created by the Mortgage.

Section 8.11 Depreciation Deductions and Investment Tax Credit. The parties agree that, as between them, the Institution shall be entitled to all depreciation deductions with respect to any depreciable property comprising a part of the Facility pursuant to Section 167 or Section 168 of the Code and to any investment credit pursuant to Section 38 of the Code with respect to any part of the Facility which constitutes "Section 38 Property".

Section 8.12 Employment Opportunities, Notice of Jobs. The Institution covenants and agrees that, in consideration of the participation of the Issuer in the transactions contemplated herein, it will, except as otherwise provided or governed by collective bargaining contracts or agreements to which it is a party, cause any new permanent employment opportunities created in connection with the Facility to be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300), as superseded by the Workforce Innovation and Opportunity Act (PL 113-128), in which the Facility is located (collectively, the "**Referral Agencies**"). The Institution also agrees that, except as otherwise provided or governed by collective bargaining contracts or agreements to which it is a party, it will use its best efforts to consider first for such new permanent employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies.

Section 8.13 Additional Indebtedness. The Institution may not incur Additional Indebtedness, except as consented to by the Majority Bondholder.

Section 8.14 Certain Additional Covenants.

(a) The Institution shall immediately notify the Issuer, the School and the Trustee of the occurrence of any default or any event which with notice and/or lapse of time would constitute a default under this Loan Agreement or any of the other Bond Documents. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.

(b) The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Loan Agreement and any rights of the Issuer or the Trustee hereunder or under the Indenture.

(c) The Institution agrees that during the term of this Loan Agreement, amounts on deposit in the Repair and Replacement Fund shall be disbursed from time to time to the Institution to pay maintenance and repair costs with respect to the Facility upon the submission to the Trustee of a requisition signed by an Authorized Representative of the Institution and (unless such consent right is waived) consented to by the Majority Bondholder or the Construction Monitor substantially in the form of Exhibit B annexed to the Indenture. Each requisition shall also include a certification that as of the date thereof, no Default or Event of Default hereunder or under the other Bond Documents has occurred and is continuing. The Institution shall pay, or cause to be paid, to the Trustee for deposit to the Repair and Replacement Fund, in immediately available funds, an amount equal to the total amount of such disbursements made for a particular project in monthly installments of \$2,100, commencing in the month following completion of such project, until the Repair and Replacement Fund is restored to its then required level.

(d) The Institution shall not permit any amendments or modifications to the Lease Agreement without the prior written consent of the Majority Bondholder and the Issuer.

(e) The Institution shall comply at all times during the Loan Term with the covenants set forth in Section 29 of the Lease Agreement, subject to any applicable cure periods set forth therein.

(f) The Institution shall cause monthly monitoring of the active inline exhaust fan at the Facility to confirm that the sub-slab depressurization system is properly functioning, and to provide the Issuer and the Trustee with written reports of such monthly monitoring promptly upon written request therefor from the Issuer or the Trustee.

Section 8.15 Continuing Disclosure Agreement. The Institution and the School has executed and delivered to the Trustee a Continuing Disclosure Agreement, dated the date of initial delivery of the Series 2019 Bonds. The Institution hereby covenants and agrees with the holders from time to time of the Series 2019 Bonds that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, as amended from time to time, applicable to it. Notwithstanding any other provision of this Loan Agreement, failure of the Institution or the School to comply with the Continuing Disclosure Agreement shall not be considered a default or an event of default under this Loan Agreement and the rights and remedies provided by this Loan Agreement upon the occurrence of such a default or an event of default shall not apply to any such failure, but the Continuing Disclosure Agreement may be enforced only as provided therein.

Section 8.16 Securities Law Status. The Institution affirmatively represents, warrants and covenants that, as of the date of this Loan Agreement, it is an organization organized and

operated: (i) exclusively for civic or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. The Institution agrees that it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section 8.16.

Section 8.17 Rebate Covenant. The Institution covenants to make, or cause to be made, any and all payments required to be made to the United States Department of the Treasury in connection with the Series 2019A Bonds pursuant to Section 148(f) of the Code and to comply with instructions received from Bond Counsel pursuant to the certification with respect to the making of any such payments.

Section 8.18 Reliance by Trustee. The Trustee shall be entitled to rely on any instructions and certificates given by the Institution pursuant to the terms hereof and the Institution shall indemnify the Trustee for the consequences of all actions taken pursuant to any such instructions.

Section 8.19 Pledge of Pledged Revenues. In order to secure the payment of the principal amount of the Series 2019 Bonds issued under the Indenture, and the payment of the premium, if any, Sinking Fund Payments and interest on the Series 2019 Bonds, and to secure the payment and performance of the Institution's obligations under this Loan Agreement, the Notes, the Mortgage, and the other Institution Documents, the Institution hereby grants a security interest in and pledges, assigns, transfers and sets over to the Issuer the Pledged Revenues and all future Pledged Revenues.

ARTICLE IX

ASSIGNMENTS AND LEASING; AND PLEDGE OF INTERESTS

Section 9.1 Restriction on Sale of the Facility.

(a) Except as otherwise specifically provided in this Article IX and in Article X hereof, the Institution shall not sublease, convey, transfer, encumber or otherwise dispose of the Facility or any part thereof or any of its rights under this Loan Agreement, without the prior written consent of the Issuer, the School and the Majority Bondholder.

Section 9.2 Removal of Equipment.

(a) The Issuer shall not be under any obligation to remove, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of Equipment. In any instance where the Institution determines that any item of Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Institution, with the prior written consent of the Issuer (which consent may not be unreasonably withheld but may be subject to such reasonable conditions as the Issuer may deem appropriate), may remove such items from the Facility and may sell, trade-in, exchange or otherwise dispose of the same, as a

whole or in part, provided that such removal will not materially impair the operation of the Facility for the purpose for which it is intended.

(b) The Issuer and the Trustee shall execute and deliver to the Institution all instruments prepared by or on behalf of the Institution which are necessary or appropriate to enable the Institution to sublease or otherwise dispose of, free and clear of any lien, claim or encumbrance, including, but not limited to, any releases of and from this Loan Agreement, any such item of Equipment. The Institution shall pay any costs (including reasonable counsel fees and expenses) incurred in transferring title to any item of Equipment removed pursuant to this Section 9.2.

(c) The removal of any item of Equipment pursuant to this Section shall not entitle the Institution to any abatement or diminution in or postponement of the rents payable by it under this Loan Agreement.

Section 9.3 Assignment, Leasing and Subleasing.

(a) This Loan Agreement may not be assigned, in whole or in part, and except for the leasing of the Facility to the School pursuant to the Lease Agreement, the Facility may not be leased, in whole or in part, without the prior written consent of the Issuer and the Majority Bondholder in each instance. Any assignment or lease shall be on the following conditions:

(i) no assignment or lease shall relieve the Institution from primary liability for any of its obligations hereunder or under any other of the Institution Documents;

(ii) the assignee or lessee shall assume the obligations of the Institution hereunder to the extent of the interest assigned or leased, shall be jointly and severally liable with the Institution for the performance thereof and shall be subject to service of process in the State of New York;

(iii) the Institution shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of such assignment or lease and the instrument of assumption;

(iv) neither the validity nor the enforceability of the Series 2019 Bonds or any Bond Document shall be adversely affected thereby;

(v) the exclusion of the interest on the Series 2019 Bonds from gross income for Federal income tax purposes will not be adversely affected;

(vi) the assignee or lessee shall be an Exempt Organization and shall utilize the Facility substantially in the same manner as the Institution as facilities of higher education; and

(vii) the Institution has received prior written consent from the School.

(b) If the Trustee or the Issuer shall so request, as of the purported effective date of any assignment or lease pursuant to subsection (a) of this Section 9.3, the Institution, at its sole

cost, shall furnish the Trustee or the Issuer, as appropriate, with an opinion, in form and substance satisfactory to the Trustee or the Issuer, as appropriate, (i) of Bond Counsel as to items (v) and (vi) above, and (ii) of Independent Counsel as to items (i), (ii) and (iv) above.

Section 9.4 Pledge of Issuer's Interests to Trustee. The Issuer shall pledge and assign its rights to and interest in this Loan Agreement and in all amounts payable by the Institution pursuant to Section 5.3 hereof, and all other provisions of this Loan Agreement (other than Unassigned Rights and except for the moneys and investments from time to time in the Rebate Fund), to the Trustee as security for the payment of the principal of, and premium, if any, and interest on the Series 2019 Bonds. The Institution hereby acknowledges and consents to such pledge and assignment by the Issuer. Notwithstanding the foregoing, all indemnities herein contained shall, subsequent to such pledge and assignment, continue to run to the Issuer for its benefit as well as for the benefit of the Trustee.

Section 9.5 Merger of Issuer.

(a) Nothing contained in this Loan Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of its interest in the entire Facility to any other public benefit corporation or political subdivision which has the legal authority to enter into this Loan Agreement, provided that:

(i) upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Loan Agreement to be kept and performed by the Issuer shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Issuer's interest in the Facility shall be transferred; and

(ii) the exclusion of the interest on the Series 2019 Bonds from gross income for Federal income tax purposes shall not be adversely affected thereby.

(b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of interest, the Issuer shall give notice thereof in reasonable detail to the Institution and the Trustee and shall furnish to the Institution and the Trustee (i) a favorable opinion of Independent Counsel as to compliance with the provisions of Section 9.5(a)(i) hereof, and (ii) a favorable opinion of Bond Counsel opining as to compliance with the provisions of Section 9.5(a)(ii) hereof. The Issuer promptly shall furnish such additional information with respect to any such transaction as the Institution or the Trustee may reasonably request.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined.

(a) The following shall be "Events of Default" under this Loan Agreement:

- (i) the failure by the Institution to pay or cause to be paid on the date due, the amounts specified to be paid pursuant to Sections 5.3(a), (b), (d) and (e) hereof;
- (ii) the failure by the Institution to observe and perform any covenant contained in Sections 6.3, 6.4, 6.5, 8.2, 8.4, 8.5, 8.6, 8.8, 8.12, 8.13, 8.14, and 9.3 hereof;
- (iii) any representation or warranty of the Institution herein or in the Bond Purchase Agreement shall prove to have been false or misleading in any material respect and the same shall have, in the opinion of the Issuer, a materially adverse effect upon the Institution, the Series 2019 Project, or the exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes;
- (iv) the failure by the Institution to observe and perform any covenant, condition or agreement hereunder on its part to be observed or performed (except obligations referred to in 10.1(a)(i) or (ii)) for a period of thirty (30) days after receiving written notice, specifying such failure and requesting that it be remedied, given to the Institution by the Issuer or the Trustee; provided, however, that if such default cannot be cured within thirty (30) days but the Institution is proceeding diligently and in good faith to cure such default, then the Institution shall be permitted an additional ninety (90) days within which to remedy the default;
- (v) the dissolution or liquidation of the Institution; or the failure by the Institution to release, stay, discharge, lift or bond within sixty (60) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by the Institution generally to pay its debts as they become due; or an assignment by the Institution for the benefit of creditors; the commencement by the Institution (as the debtor) of a case in Bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in Bankruptcy or any proceeding under any other insolvency law against the Institution (as the debtor) and a court having jurisdiction in the premises enters a decree or order for relief against the Institution as the debtor in such case or proceeding, or such case or proceeding is consented to by the Institution or remains undismissed for sixty (60) days, or the Institution consents to or admits the material allegations against it in any such case or proceeding; or a trustee, receiver or agent (however named) is appointed or authorized to take charge of substantially all of the property of the Institution for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors (the term "dissolution or liquidation of the Institution" as used in this subsection shall not be construed to include any transaction permitted by Section 8.4 hereof);
- (vi) an Event of Default under or a default on the part of the Institution of its obligations under the Indenture shall have occurred and be continuing;
- (vii) the invalidity, illegality or unenforceability of any of the Bond Documents, provided the same does not permit the Issuer or the Trustee, as the case may be, to recognize the material benefits of the respective documents;

(viii) a breach of any covenant or representation contained in Section 8.8 hereof with respect to environmental matters;

(ix) an Event of Default under the Mortgage, the Assignment of Leases and Rents or the Lease Agreement, shall have occurred and be continuing;

(x) the suspension, revocation, termination or failure of renewal of the School's Charter by the New York State Board of Regents.

(b) Notwithstanding the provisions of Section 10.1(a) hereof, if by reason of force majeure any party hereto shall be unable in whole or in part to carry out its obligations under this Loan Agreement (other than its obligations under Section 5.3(a), (b) or (d) hereof) and if such party shall give notice and full particulars of such force majeure in writing to the other party and to the Trustee, within a reasonable time after the occurrence of the event or cause relied upon, such obligations under this Loan Agreement of the party giving such notice (and only such obligations), so far as they are affected by such force majeure, shall be suspended during continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, priorities or orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for the same with all reasonable promptness. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout and other industrial disturbances by acceding to the demands of the opposing party or parties.

Section 10.2 Remedies on Default.

(a) Whenever any Event of Default shall have occurred, the Issuer or the Trustee may, with the consent of the Majority Bondholder (except with respect to a default in connection with Section 8.6 hereof, in which case Majority Bondholder consent is not necessary), take, to the extent permitted by law, any one or more of the following remedial steps:

(i) Subject to the provisions of the Indenture, declare, by written notice to the Institution, to be immediately due and payable, whereupon the same shall become immediately due and payable: (A) all unpaid Loan Payments payable pursuant to Section 5.3(a) hereof and pursuant to the Promissory Note in amount equal to the aggregate unpaid principal balance of all Bonds together with all interest which has accrued and will accrue thereon to the date of payment and all premium, if any, and (B) all other payments due under this Loan Agreement;

(ii) (A) apply any undisbursed money in the Project Fund, Repair and Replacement Fund and Renewal Fund to the payment of the costs and expenses incurred in connection with the enforcement of the rights and remedies of the Trustee and the Issuer, and (B) apply any undisbursed monies in the Project Fund, Repair and Replacement Fund, the Renewal Fund, and any other Fund or Account under the Indenture (other than those sums attributable to Unassigned Rights and except for the monies and investments from time to time in the Rebate Fund) to the payment of the outstanding principal amount of the Series 2019 Bonds and premium, if any, and accrued and unpaid interest on the Series 2019 Bonds;

(iii) direct the Trustee to foreclose on the Mortgage, the Assignment of Leases and Rents or otherwise realize upon or seize any portion of the Trust Estate; or

(iv) take any other action at law or in equity that may appear necessary or desirable to collect the payments then due or thereafter to become due hereunder and to enforce the obligations, agreements or covenants of the Institution under this Loan Agreement.

(b) Reserved.

(c) Any sums payable to the Issuer as a consequence of any action taken pursuant to this Section 10.2 (other than those sums attributable to Unassigned Rights and except for the moneys and investments from time to time in the Rebate Fund) shall be paid to the Trustee and applied to the payment of the Series 2019 Bonds.

(d) No action taken pursuant to this Section 10.2 shall relieve the Institution from its obligation to make all payments required by Section 5.3 hereof and pursuant to the Promissory Note.

(e) Reserved.

(f) The Issuer shall have all of the rights, powers and remedies of a secured party under the Uniform Commercial Code of New York, including, without limitation, the right to seize or otherwise dispose of any or all of the Collateral described in Section 5.7 hereof, and to receive the payment of or take possession of the Collateral or the proceeds thereof. Upon the occurrence of an Event of Default by the Institution hereunder, the Institution hereby agrees that it will not commingle any moneys or other proceeds received by it in connection with any Collateral with any other moneys, funds or accounts of the Institution.

Section 10.3 Remedies Cumulative. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. 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 and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee, as appropriate, to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Loan Agreement.

Section 10.4 Agreement to Pay Attorneys' Fees and Expenses.

(a) In the event the Institution should default under any of the provisions of this Loan Agreement and the Issuer should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Institution herein contained, the Institution shall, on demand therefor, pay to the Issuer the reasonable fees of such attorneys and such other reasonable expenses so incurred.

(b) In the event the Institution should default under any of the provisions of this Loan Agreement and the Trustee should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Institution herein contained, the Institution shall, on demand therefor, pay to the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.6 Certificate of No Default. The Institution shall deliver to the Issuer and the Trustee each year no later than January 15 a certificate signed by the Treasurer or the Executive Director of the Institution (i) stating that the Institution is not in default under this Loan Agreement and no Event of Default exists under this Loan Agreement or any other Institution Document and/or (ii) disclosing if an Event of Default has occurred within the past year and/or is continuing, the nature of such Event of Default, and describing the cure which was or is being implemented in connection with the same. Such certificate shall also contain all information required by Section 8.6 hereof.

ARTICLE XI

EARLY TERMINATION OF LOAN AGREEMENT; OPTION IN FAVOR OF INSTITUTION

Section 11.1 Early Termination of Loan Agreement. The Institution shall have the option, upon the School's written consent, to terminate this Loan Agreement at any time that the Series 2019 Bonds are subject to redemption in whole under the Indenture and upon filing with the Issuer and the Trustee a certificate signed by an Authorized Representative of the Institution stating the Institution's intention to do so pursuant to this Section and the date upon which such payment shall be made (which date shall not be less than forty-five (45) nor more than ninety (90) days from the date such certificate is filed) and upon compliance with the requirements set forth in Section 11.2 hereof.

Section 11.2 Conditions to Early Termination of Loan Agreement. In the event the Institution exercises its option to terminate this Loan Agreement in accordance with the provisions of Section 11.1 hereof, the Institution shall make the following payments:

(a) To the Trustee for the account of the Issuer: an amount certified by the Trustee which, when added to the total amount on deposit with the Trustee for the account of the Issuer and the Institution and available for such purpose, will be sufficient to pay the principal of, Redemption Price of, and interest to maturity or the earliest practicable redemption date, as the case may be, on the Series 2019 Bonds, all expenses of redemption and the Trustee's fees and expenses.

(b) To the Issuer: an amount certified by the Issuer sufficient to pay all unpaid fees and expenses of the Issuer incurred under the Bond Documents.

(c) To the appropriate Person: an amount sufficient to pay all other fees, expenses or charges, if any, due and payable or to become due and payable under the Bond Documents.

Section 11.3 Amounts Remaining on Deposit with the Trustee upon Payment of Bonds. After payment in full of the principal of, Redemption Price of and interest on the Series 2019 Bonds and the payment of all fees, charges, expenses and other amounts required to be paid under the Bond Documents, all amounts on deposit with the Trustee for the account of the Issuer and the Institution under the Bond Documents (except for amounts attributable to Unassigned Rights and except for the moneys and investments from time to time in the Rebate Fund) shall belong to and be paid to the Institution by the Trustee as an overpayment of loan payments, and neither the Trustee nor the Owners of the Series 2019 Bonds shall have any rights hereunder, except those that shall have theretofore vested.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Notices. All notices, certificates and other communications hereunder shall be in writing and shall be either delivered personally or sent by certified mail, postage prepaid, return receipt requested, addressed as follows or to such other address as any party may specify in writing to the other:

To the Issuer:

Town of Hempstead Local Development Corporation
350 Front Street, 2nd Floor
Hempstead, New York 11550-4037
Attention: Executive Director and Chief Executive Officer

To the Institution:

Circulo Real Property Holding Corporation
20 West Park Avenue
Long Beach, New York 11561
Attention: Executive Director

To the Trustee:

UMB Bank, N.A.
2 South Broadway, Suite 600
St. Louis, Missouri 63102
Attention: Corporate Trust Services

To the School:

Evergreen Charter School
605 Peninsula Boulevard
Hempstead, New York 11550
Attention: President

A duplicate copy of each notice, certificate and other written communication given hereunder by either the Issuer or the Institution to the other shall also be given to the Trustee, and a duplicate copy of each notice, certificate and any other written communication given hereunder by either the Trustee or the Issuer to the other shall also be given to the Institution, at the addresses herein set forth or provided for. Such notice shall be deemed to have been given upon receipt or upon refusal of the party being notified to accept delivery of such notice.

Whenever a notice to or consent or approval from the School is required, such notice to or consent or approval from the School shall only be required if the Lease is in effect and the School is not in default thereunder.

Section 12.2 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns.

Section 12.3 Severability. In the event any provision of this Loan 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 12.4 Amendments, Changes and Modifications. This Loan Agreement may not be amended, changed, modified, altered or terminated except in a writing executed by the parties hereto in accordance with the provisions of Article X of the Indenture and without the concurring written consent of the Trustee.

Section 12.5 Execution of Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Loan Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Loan Agreement as to the parties hereto and may be used in lieu of the original Loan Agreement and signature pages for all purposes.

Section 12.6 Applicable Law. This Loan Agreement shall be governed by and construed exclusively by the applicable laws of the State without regard or reference to its conflict of laws principles.

Section 12.7 List of Additional Equipment; Further Assurances.

The Issuer and the Institution shall execute and deliver all instruments and shall furnish all information necessary or appropriate to perfect or protect any security interest created or contemplated by this Loan Agreement and the Indenture.

Section 12.8 Survival of Obligations. This Loan Agreement shall survive the purchase and sale of the Series 2019 Bonds and the performance of the obligations of the Institution to make payments required by Section 5.3 and all indemnities shall survive the foregoing and any termination or expiration of this Loan Agreement and the payment, prepayment or redemption of the Series 2019 Bonds.

Section 12.9 Table of Contents and Section Headings not Controlling. The Table of Contents and the headings of the several Sections in this Loan Agreement have been prepared for convenience of reference only and shall not control or affect the meaning of or be taken as an interpretation of any provision of this Loan Agreement.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the Issuer and the Institution have caused this Loan Agreement to be executed in their respective names by their duly authorized officers, all dated as of August 1, 2019.

**TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION**

By: _____
Name: Frederick E. Parola
Title: Executive Director and
Chief Executive Officer

**CIRCULO REAL PROPERTY HOLDING
CORPORATION**

By: _____
Name: Sarah E. R. Brewster
Title: Executive Director

EXHIBIT A

EQUIPMENT

All equipment, fixtures, machinery, building materials and items of personal property acquired, constructed, renovated and installed in connection with the Town of Hempstead Local Development Corporation's (the "**Issuer**") Circulo Real Property Holding Corporation/Evergreen Charter School Project located at the Facility described in the Loan Agreement, dated as of August 1, 2019 (the "**Loan Agreement**"), by and between the Issuer and Circulo Real Property Holding Corporation, and financed or refinanced in whole or in part with proceeds of the Issuer's Tax-Exempt Revenue Refunding Bonds, Series 2019A-1 (Circulo Real Property Holding Corporation/Evergreen Charter School Project), Tax-Exempt Revenue Refunding Bonds, Series 2019A-2 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) and Taxable Revenue Refunding Bonds, Series 2019B (Circulo Real Property Holding Corporation/Evergreen Charter School Project).

EXHIBIT B

Compliance with Labor Law, Executive Law and Civil Rights Law

The purpose of the Town of Hempstead Local Development Corporation (the “**Issuer**”) is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and enhance the number of jobs in the Town of Hempstead.

The Issuer has consistently sought to ensure that skilled and fair paying construction jobs be encouraged in projects funded by the issuance of the Issuer’s tax exempt bonds.

Now therefor, the parties to the attached Loan Agreement (the “**Agreement**”) further agree to be bound by the following, which are hereby made a part of the Agreement.

I. The Institution agrees that:

(a) no laborer, workman or mechanic, in the employ of any of the Institution or any contractor, subcontractor or other person doing or contracting to construct the Facility shall be permitted or required to work more than eight hours in any one calendar day or more than five days in any one week, except in the emergencies set forth in the Labor Law of the State of New York (the “**Labor Law**”) or at prevailing overtime wages;

(b) (i) the construction, renovation and equipping of the Facility shall be governed by the requirements of Section 220-d of Article 8 of the Labor Law as if such Section 220-d of the Labor Law applied to the Institution and the Facility, and when requested by the Issuer, it will provide to the Issuer a plan for an apprenticeship program, or (ii) it will provide to the Issuer a project labor agreement or alternative proposal, approved in writing by the Issuer, to pay fair wages to workers at the construction site; and

(c) In the event that any of these conditions cannot be met, the Institution shall submit to the Issuer an explanation as to the reasons for its failure or inability to comply with such conditions. Furthermore, this policy may be waived, in the sole and final discretion of the Issuer, in the event that the Institution demonstrates to the Issuer special circumstances or economic hardship to justify a waiver to be in furtherance of the purposes and goals of the Issuer.

II. To the extent required by law, the Institution agrees that:

(a) in the hiring of employees for the performance of work in constructing and equipping of the Facility, or for the manufacture, sale or distribution of materials, equipment or supplies in connection with the construction and equipping of the Facility, neither the Institution nor any contractor,

subcontractor nor any person acting on behalf of the Institution shall by reason of race, creed, color, disability, sex, national origin, marital status or Vietnam era veteran status discriminate against any citizen of the State of New York who is qualified and available to perform the work to which the employment relates;.

(b) neither the Institution nor any contractor, subcontractor, nor any person on its behalf shall, in connection with the construction and equipping of the Facility, discriminate against or intimidate any employee hired for the performance of work involved in constructing and equipping the Facility on account of race, creed, color, disability, sex, national origin, marital status or Vietnam era veteran status; and

(c) the aforesaid provisions of this section covering every contract for the manufacture, sale or distribution of materials, equipment or supplies in connection with the construction and equipping of the Facility shall be limited to operations performed within the territorial limits of the State of New York; and

(d) the Institution shall comply with any other applicable requirements of Section 220-e of the Labor Law.

III. To the extent required by law, the Institution will comply with the applicable provisions of Sections 291-299 of the Executive Law, and with the Civil Rights Law, will furnish all information and reports deemed necessary by the State Division of Human Rights, and will permit access to its books, records and accounts by the State Division of Human Rights, the Attorney General and the Industrial Commissioner for the purposes of investigation to ascertain compliance with the non-discrimination clauses, the Executive Law and the Civil Rights Law.

EXHIBIT C

FORM OF PROMISSORY NOTE

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

[\$2,470,000][\$11,170,000][[900,000]

August 8, 2019

PROMISSORY NOTE

FOR VALUE RECEIVED, CIRCULO REAL PROPERTY HOLDING CORPORATION, a not-for-profit corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), having an office at 20 West Park Avenue, Long Beach, New York 11561 (the “**Institution**”), by this promissory note hereby promises to pay to the order of the TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION, a local development corporation existing under the laws of the State of New York, having its principal office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the “**Issuer**”) the principal sum of [TWO MILLION FOUR HUNDRED SEVENTY THOUSAND AND NO/100 (\$2,470,000)][ELEVEN MILLION ONE HUNDRED SEVENTY THOUSAND AND NO/100 (\$11,170,000)][NINE HUNDRED THOUSAND (\$900,000)], together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2019[A-1][A-2][B] Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Series 2019[A-1][A-2][B] Bonds, together with all Sinking Fund Payments, Redemption Price and purchase 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 UMB Bank, N.A., or its successor as trustee (the “**Trustee**”) under the Indenture.

The principal amount, interest, Sinking Fund Payments, Redemption Price, and purchase price shall be payable on the dates and in the amounts that principal of, interest on Sinking Fund Payments, Redemption Price of and purchase price of the Series 2019[A-1][A-2][B] 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 Series 2019 [A-1][A-2][B] Promissory Note is referred to in the Loan Agreement, dated as of August 1, 2019 (the “**Loan Agreement**”), between the Institution and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Series 2019 [A-1][A-2][B] Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of August 1, 2019 (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 \$[2,470,000][11,170,000][900,000] in aggregate principal amount of [Tax-Exempt][Taxable] Revenue Refunding Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project), Series 2019[A-1][A-2][B](the “**Series 2019 Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Series 2019 Bonds are hereby incorporated as a part of this Series 2019 [A-1][A-2][B] Promissory Note.

The Institution may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Series 2019 [A-1][A-2][B] Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Institution.

The Institution hereby promises to pay costs of collection and attorneys’ fees and expenses in case of default on this Promissory Note.

This Series 2019 [A-1][A-2][B] Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

(Remainder of Page Intentionally Left Blank – Signature Page Follows)

This Series 2019 [A-1][A-2][B] Promissory Note is signed and delivered as of the date first above written.

**CIRCULO REAL PROPERTY HOLDING
CORPORATION**

By: _____

Name: Sarah E. R. Brewster

Title: Executive Director

FORM OF ENDORSEMENT

PAY TO THE ORDER of UMB BANK, N.A., without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Series 2019 Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Series 2019[A-1][A-2][B] Promissory Note.

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION

By: _____
Name: Fredrick E. Parola
Title: Executive Director and
Chief Executive Officer

(END OF FORM OF PROMISSORY NOTE)

APPENDIX D

Form of Indenture

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
(TOWN OF HEMPSTEAD, NEW YORK)

and

UMB BANK, N.A., as Trustee

INDENTURE OF TRUST

Dated as of August 1, 2019

\$2,470,000

Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds, Series 2019A-1
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

and

\$11,170,000

Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds, Series 2019A-2
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

and

\$900,000

Town of Hempstead Local Development Corporation
Taxable Revenue Refunding Bonds, Series 2019B
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

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This INDENTURE OF TRUST, dated as of August 1, 2019 (the “**Indenture**”), is by and between TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION, a not-for-profit local development corporation existing under the laws of the State of New York, having its principal office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the “**Issuer**”), and UMB BANK, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee, being authorized to accept and execute trusts of the character hereinafter set forth, having a corporate trust office at 2 South Broadway, Suite 600, St. Louis, Missouri 63102 (the “**Trustee**”).

RECITALS

WHEREAS, the Issuer was created pursuant to and in accordance with the provisions of the New York Membership Corporation Law as in effect in 1966, as superseded by Section 1411 of the New York Not-for-Profit Corporation Law (collectively, the “**Act**”) and is empowered under the Act to undertake the providing of projects of a character such as the Series 2019 Project (as hereinafter defined) for the public purposes of the State; and

WHEREAS, the Issuer proposes to issue its \$2,470,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-1 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019A-1 Bonds**”), and its \$11,170,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-2 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019A-2 Bonds**”; and, together with the Series 2019A-1 Bonds, the “**Series 2019A Bonds**”) and its \$900,000 Taxable Revenue Refunding Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019B Bonds**”; and together with the Series 2019A Bonds, the “**Series 2019 Bonds**”), under Section 145 of the Internal Revenue Code of 1986, as amended (the “**Code**”), for the benefit of Circulo Real Property Holding Corporation, a not-for-profit corporation organized and existing under the laws of the State and an Exempt Organization (the “**Institution**”), for the purposes of, along with other available monies of the Institution: (A) paying all costs in connection with refunding the outstanding Civic Facility Revenue Bonds, Series 2007 (Circulo de la Hispanidad, Inc. Civic Facility) issued by the Town of Hempstead Industrial Development Agency (the “**IDA**”), in the amount of \$15,000,000 (the “**Series 2007 Bonds**”), for the benefit of Circulo de la Hispanidad, Inc., a not-for-profit corporation, organized and existing under the laws of the State, and an Exempt Organization (the “**Organization**”), the proceeds of which Series 2007 Bonds were used to finance the costs of (i) the issuance of the Series 2007 Bonds, and (ii) the acquisition of an approximately 0.895 acre parcel of land located at 605 Peninsula Boulevard and the construction and equipping of an approximately 35,000 square foot two-story commercial building located thereon, and an adjacent approximately 0.1147 acre parcel of land located at 134 Linden Avenue, consisting of parking facilities, all located in the Village of Hempstead, Town of Hempstead, Nassau County, New York (collectively, the “**Facility**”) (clauses (i) and (ii) are collectively, the “**Series 2007 Project**”), which

Facility has been conveyed by the Organization to the Institution and leased by the Institution to Evergreen Charter School, a not-for-profit education corporation, organized and existing under the laws of the State and an Exempt Organization (the “**School**”), to be used as a charter school serving students in kindergarten through grade 8; (B) fund a debt service reserve fund and a repair and replacement fund; and (C) pay certain costs of issuance of the Series 2019 Bonds (subsections (A), (B) and (C) are collectively, the “**Series 2019 Project**”); and

WHEREAS, contemporaneously with the execution of this Indenture, the Issuer has loaned the proceeds of the Series 2019 Bonds to the Institution for paying the Costs of the Series 2019 Project, pursuant to a certain Loan Agreement, dated as of August 1, 2019 (the “**Loan Agreement**”), by and between the Issuer and the Institution; and

WHEREAS, the Institution has leased the Facility to the School pursuant to a certain Lease Agreement, dated April 5, 2019 (the “**Lease Agreement**”), by and between the Institution and the School; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Series 2019 Bonds under the Act as herein provided have been in all respects approved and duly and validly authorized by resolutions duly adopted by the Issuer; and

WHEREAS, it has been determined that providing and paying for the Costs of Series 2019 Project will require the issuance, sale and delivery of the Series 2019 Bonds, in the aggregate principal amount of FOURTEEN MILLION FIVE HUNDRED FORTY THOUSAND AND 00/100 DOLLARS (\$14,540,000), as hereinafter provided; and

WHEREAS, in order to further secure the payment of the Series 2019 Bonds, the Institution will grant a mortgage lien on and security interest in the Facility to the Issuer pursuant to a Mortgage and Security Agreement, dated as of August 1, 2019 (the “**Mortgage**”), from the Institution to the Issuer; and

WHEREAS, the Mortgage will be assigned by the Issuer to the Trustee pursuant to Assignment of Mortgage and Security Agreement, dated the Closing Date (the “**Assignment**”), from the Issuer to the Trustee; and

WHEREAS, as security for the payment of the Series 2019 Bonds, the Organization will enter into a certain Guaranty Agreement, dated as of August 1, 2019 (the “**Guaranty**”), from the Organization to the Trustee; and

WHEREAS, as further security and collateral for the Series 2019 Bonds and the performance and payment of its obligations under the Loan Agreement, the Institution has pledged and assigned to the Trustee substantially all of its rights under the Lease Agreement pursuant to an Assignment of Leases and Rents, dated as of August 1, 2019, (the “**Assignment of Leases and Rents**”), and from the Institution, to the Trustee; and

WHEREAS, the fully registered Series 2019 Bonds without coupons to be issued hereunder and the Trustee’s Certificate of Authentication to be endorsed on the Series

2019 Bonds are all to be in substantially the form of Exhibit A-1 and Exhibit A-2 hereto, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Series 2019 Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid lien on the Trust Estate and a valid pledge of the revenues and receipts herein described in accordance with the terms hereof, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of such Series 2019 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE PARTIES HERETO FURTHER DECLARE:

GRANTING CLAUSES

That the Issuer, in consideration of the mutual covenants herein contained, and as security for the Series 2019 Bonds and for the payment of all other sums required to be paid hereunder, does hereby grant a security interest in, release, assign, transfer and pledge unto the Trustee, and its successors and assigns forever, for the benefit of the Owners and future Owners of the Series 2019 Bonds, the following described property:

a. (i) All moneys and obligations which are deposited or required to be deposited in the Bond Fund, the Project Fund, the Debt Service Reserve Fund, the Repair and Replacement Fund, the Renewal Fund or any other fund established under this Indenture (except the Rebate Fund), (ii) all other moneys or obligations which at such time are deposited or are required to be deposited with, or are held or required to be held by or on behalf of, the Trustee in trust under any of the provisions of this Indenture and any other right, title or interest which at such time is subject to the Lien of this Indenture, except for moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Series 2019 Bonds which are deemed to have been paid in accordance with Article VII hereof, and (iii) all rights and interests of Issuer in and to the Loan Agreement (except Unassigned Rights) and the Promissory Notes;

b. 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 (except moneys and securities in the Rebate Fund), by the Issuer or by anyone in its behalf or with its written consent or by the Institution in favor of the Trustee, which is hereby authorized to receive any and all such Property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all said properties, real, personal and mixed, mortgaged, pledged, assigned and conveyed by the Issuer as aforesaid, or intended so to be, unto the Trustee and its successors in the trust and its assigns forever.

In consideration of the purchase and acceptance of any and all of the Series 2019 Bonds authorized to be issued pursuant to this Indenture by those who shall hold the same from time to time: (a) this Indenture shall constitute a contract among the Issuer, the Trustee and the Owners from time to time of the Series 2019 Bonds, and (b) the pledge made in this Indenture and the covenants set forth herein to be performed by the Issuer shall be for the equal and ratable benefit, security and protection of all Owners of the Series 2019 Bonds which from time to time may be issued under and secured by this Indenture without privilege, priority or distinction as to the Lien or otherwise of any of the Series 2019 Bonds over any other of the Series 2019 Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, (a) shall pay or cause to be paid the principal of, Sinking Fund Payments for, Redemption Price of and interest on the Series 2019 Bonds at the times and in the manner mentioned in the Series 2019 Bonds or shall provide, as permitted hereby, for the payment thereof, (b) shall perform and observe all the covenants to be performed and observed by it hereunder, and (c) 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 hereof and of the Loan Agreement, then upon such final payments, this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH that the Issuer hereby agrees and covenants with the Trustee for the equal and proportional benefit of the respective Owners, and the Trustee hereby accepts and agrees to accept and discharge such trusts from time to time of the said Series 2019 Bonds or any part thereof, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definition of Terms. All of the capitalized terms used in this Indenture but not otherwise defined herein shall have the meanings assigned thereto in the Schedule of Definitions attached hereto as Schedule A and made a part hereof.

Section 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the redemption or calling for redemption of Series 2019 Bonds shall not be deemed to refer to or connote the payment of Series 2019 Bonds at their stated maturity.

(c) All references herein to particular articles or sections, unless otherwise provided, are references to articles or sections of this Indenture.

(d) The headings herein are solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF SERIES 2019 BONDS

Section 2.01. Authorized Amount of Series 2019 Bonds; Minimum Denominations; Interest Rate; Maturity Dates.

(a) No Series 2019 Bonds may be authenticated and issued under the provisions of this Indenture except in accordance with this Article II. Except as otherwise provided in Section 2.09 hereof, the aggregate principal amount of Series 2019 Bonds which may be authenticated and issued under this Indenture is Fourteen Million Five Hundred Forty Thousand and 00/100 Dollars (\$14,540,000). The Series 2019 Bonds shall be issued in three series; the Series 2019A-1 Bonds in the aggregate principal amount of \$2,470,000, the Series 2019A-2 Bonds in the aggregate principal amount of \$11,170,000, and the Series 2019B Bonds in the aggregate principal amount of \$900,000. The Series 2019 Bonds shall be sold, purchased, issued and funded in full on the Closing Date. Upon the occurrence and continuation of an Event of Default hereunder, the Series 2019 Bonds will bear interest at the Default Rate until such Event of Default is cured or corrected. The minimum authorized denomination of the Series 2019 Bonds authorized and issued under this Indenture is \$100,000 plus integral multiples of \$5,000.

(b) The Series 2019 Bonds shall be dated August 8, 2019, and shall bear interest from such date, payable quarterly thereafter on March 1, June 1, September 1, and December 1, in each year, commencing on September 1, 2019, at the rates shown below and shall mature on the dates and in the principal amounts shown below:

<u>Series of Bond</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
Series 2019A-1	December 1, 2029	\$2,470,000	6.15%
Series 2019A-2	December 1, 2044	\$11,170,000	6.80%
Series 2019B	December 1, 2022	\$900,000	6.25%

Section 2.02. Purpose for Which Series 2019 Bonds May Be Issued. The Series 2019 Bonds may be issued only for the purpose of providing funds to finance the Series 2019 Project.

Section 2.03. Installments, Interest Rates and Certain Other Provisions. The Series 2019 Bonds shall be issued in the form of fully registered Bonds without coupons having installments of principal and interest due at the times, and bearing interest and additional interest upon the occurrence of Events of Taxability, all as described in the respective Form of Series 2019 Bonds set forth as Exhibit A-1 and Exhibit A-2 attached hereto. The Series 2019 Bonds shall be payable at the places and in the manner set forth in said Form of Series 2019 Bond. Notwithstanding anything contained in this Indenture to the contrary, interest on the Series 2019 Bonds due on any Debt Service Payment Date

shall be payable to the Person in whose name such Series 2019 Bond is registered at the close of business on the Record Date with respect to such Debt Service Payment Date, irrespective of any transfer or exchange of such Series 2019 Bond subsequent to such Record Date and prior to such Debt Service Payment Date, unless the Issuer shall default in the payment of interest due on such Debt Service Payment Date. In the event of any such default, such defaulted interest shall be payable to the Person in whose name such bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by or on behalf of the Issuer to the Owners of the Series 2019 Bonds not less than fifteen (15) days preceding such special record date. Such notices shall be mailed to the Persons in whose name the Series 2019 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of interest on the Series 2019 Bonds will be made by (i) check mailed to the registered address of the Person entitled thereto, (ii) by wire to DTC as the Owner of the Bonds as described in Section 2.13 hereof, or (iii) by wire transfer to any Owner of at least \$1,000,000 in aggregate principal amount of Series 2019 Bonds, upon written notice provided by the Owner to the Trustee not later than five (5) days prior to the Record Date for such Debt Service Payment Date.

Section 2.04. Execution; No Recourse; Special Obligations.

(a) The Series 2019 Bonds shall be executed in the name of and on behalf of the Issuer by the manual or facsimile signature of its Chairman, Executive Director and Chief Executive Officer, or Chief Financial Officer. Each such facsimile signature shall have the same force and effect as if manually signed. In case any officer whose manual or facsimile signature shall appear on the Series 2019 Bonds shall cease to be such officer before the delivery of such Series 2019 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery; and any Series 2019 Bond may be signed on behalf of the Issuer, manually or in facsimile, by the person who, on the date of execution of such Series 2019 Bond, shall be the proper officer of the Issuer, although on the date of execution of this Indenture such person was not such officer.

(b) All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Issuer Documents and in the other documents and instruments connected therewith shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, officer, agent or employee of the Issuer in his individual capacity, and no recourse under or upon any obligation, covenant or agreements contained in the Issuer Documents and the Series 2019 Bonds or otherwise based upon or in respect to the Issuer Documents and the Series 2019 Bonds or any documents supplemental hereto or thereto, or for any of the Series 2019 Bonds or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future member, officer, agent or employee, as such, of the Issuer, or of any successor public benefit corporation or political subdivision, or any person executing the Issuer Documents and the Series 2019 Bonds either directly or through the Issuer or any successor public benefit corporation or political subdivision, it being expressly understood that the Issuer Documents and the Series 2019 Bonds are solely special obligations, and that no such personal liability whatsoever shall attach to,

or is or shall be incurred by, any such member, officer, agent or employee of the Issuer or of any such successor public benefit corporation or political subdivision, or any person executing the Series 2019 Bonds, because of the creation of the indebtedness authorized thereby, or under or by reason of the obligations, covenants or agreements contained in the Issuer Documents or in any of the Series 2019 Bonds or implied therefrom, and that any and all such personal liability of, and any and all such rights and claims against, every such member, officer, agent or employee because of the indebtedness authorized hereby, or under or by reason of the obligations, covenants or agreements contained in the Issuer Documents or in any of the Series 2019 Bonds or implied therefrom are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of the Issuer Documents and the issuance of the Series 2019 Bonds.

(c) The obligations and agreements of the Issuer contained herein shall not constitute or give rise to an obligation of the State or any municipality or subdivision thereof (including the Town of Hempstead), and neither the State nor any municipality or political subdivision thereof (including the Town of Hempstead) shall be liable thereon, and further such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute limited obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived under the Loan Agreement.

Section 2.05. Authentication. No Series 2019A-1 Bond, Series 2019A-2 Bond or Series 2019B Bond shall be valid for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a Certificate of Authentication, duly executed by the Trustee, substantially in the form set forth in the Form of Bond included herein as Exhibit A-1 and Exhibit A-2 respectively attached hereto. Such executed Certificate of Authentication by the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's Certificate of Authentication on any Bond shall be deemed to have been executed by it if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same person sign the Certificate of Authentication on all of the Series 2019 Bonds issued hereunder.

Section 2.06. Form of Series 2019 Bonds. All of the Series 2019 Bonds issued under this Indenture, the Trustee's Certificate of Authentication and the provisions for assignment endorsed thereon shall be substantially in the form set forth as Exhibit A-1 and Exhibit A-2 attached hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws, rules or regulations.

Section 2.07. Authorization and Preparation of Series 2019 Bonds. Definitive Series 2019 Bonds shall be prepared, executed and delivered to the Trustee, which Series 2019 Bonds shall be typewritten or xerographically reproduced.

Section 2.08. Delivery of Series 2019 Bonds.

(a) Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver the Series 2019 Bonds to the Trustee, and the Trustee shall authenticate the Series 2019 Bonds and deliver them to the Owners in accordance with the directions of the Issuer and the provisions of this Section 2.08.

(b) Prior to or simultaneously with the delivery by the Trustee of any of the Series 2019 Bonds, there shall be filed with the Trustee at least:

- (i) Original executed counterparts of each of the Bond Documents.
- (ii) A certified copy of the resolution duly adopted by the Board of Trustees of the Institution authorizing the execution and delivery of the Institution Documents.
- (iii) A copy, duly certified by the Secretary of the Issuer, of the resolutions adopted by the Issuer authorizing the execution and delivery of the Issuer Documents and the issuance, execution, sale and delivery of the Series 2019 Bonds.
- (iv) Opinions of counsel for the Institution, in form satisfactory to the Issuer, the Trustee and the Underwriter, stating that, among other things, in the opinion of counsel for the Institution, each of the Institution Documents has been duly authorized by and lawfully executed and delivered on behalf of the Institution, is in full force and effect and is valid and binding upon the Institution in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights and that the Institution is an Exempt Organization.
- (v) Opinions of counsel for the Organization, in form satisfactory to the Issuer, the Trustee and the Underwriter, stating that, among other things, in the opinion of counsel for the Institution, each of the Organization Documents has been duly authorized by and lawfully executed and delivered on behalf of the Organization, is in full force and effect and is valid and binding upon the Organization in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights and that the Organization is an Exempt Organization.
- (vi) Opinions of counsel for the School, in form satisfactory to the Issuer, the Trustee and the Underwriter, stating that, among other things, in the opinion of counsel for the Institution, each of the School Documents has been duly authorized by and lawfully executed and delivered on behalf of the School, is in full force and effect and is valid and binding upon the School in accordance with its terms, except to the extent limited by

bankruptcy, insolvency, reorganization or other laws affecting creditors' rights and that the School is an Exempt Organization.

(vii) An opinion of counsel for the Issuer stating that, among other things, in the opinion of such counsel, each of the Bond Documents to which the Issuer is a party has been duly authorized by and lawfully executed and delivered on behalf of the Issuer, is in full force and effect and is valid and binding upon the Issuer in accordance with its terms, and that this Indenture creates any lien which it purports to create.

(viii) An opinion or opinions of Bond Counsel stating that, among other things, in the opinion of such Bond Counsel (A) the Issuer is duly authorized and entitled to issue the Series 2019 Bonds, (B) the Series 2019 Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding special obligations of the Issuer, and (C) under existing law, the interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes and exempt from personal income taxes imposed by the State and any political subdivision thereof, except under certain conditions to be more fully expressed in such opinion.

(ix) An authorization to the Trustee, signed by an Authorized Representative of the Issuer, to authenticate and deliver the Series 2019 Bonds to the Owners.

(x) A fully executed Direction Letter from the bondholder of the Series 2007 Bonds, and evidence of termination, discharge and satisfaction of the Series 2007 Indenture, the Series 2007 Bond Documents, and all liens, mortgages and security documents in connection with such Series 2007 Bonds.

Section 2.09. Mutilated, Lost, Stolen or Destroyed Series 2019 Bonds.

(a) In the event any Series 2019 Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and, upon its request, the Trustee shall authenticate and deliver, a new Series 2019 Bond of like maturity, interest rate and principal amount and bearing the same number (or such number as the Trustee shall permit) as the mutilated, destroyed, lost or stolen Series 2019 Bond, in exchange for the mutilated Series 2019 Bond, or in substitution for the Series 2019 Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and to the Trustee (i) such security or indemnity as may be required by them to hold each of them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Series 2019 Bond and of the ownership thereof. Upon the issuance of any Series 2019 Bond upon such exchange or substitution, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including fees and expenses and counsel fees, of the Issuer or the Trustee. In case any

Series 2019 Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Issuer may, instead of issuing a Series 2019 Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Series 2019 Bond) if the applicant for such payment shall furnish to the Issuer and to the Trustee such security or indemnity as they may require to hold them harmless and evidence to the satisfaction of the Issuer and the Trustee of the mutilation, destruction, loss or theft of such Series 2019 Bond and of the ownership thereof.

(b) Every new Series 2019 Bond issued pursuant to the provisions of this Section 2.09 shall constitute an additional contractual, special obligation of the Issuer (whether or not the destroyed, lost or stolen Series 2019 Bond shall be found at any time after the issuance of such new Series 2019 Bonds, in which case the destroyed, lost or stolen Series 2019 Bond shall be void and unenforceable) and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Series 2019 Bonds duly issued under this Indenture.

(c) All Series 2019 Bonds shall be held and owned upon the express condition that the provisions of this Section 2.09 are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost or stolen Series 2019 Bonds, and shall preclude all other rights or remedies, notwithstanding any law or statute existing or hereinafter enacted to the contrary.

Section 2.10. Negotiability of Series 2019 Bonds and Registration Books.

(a) All Series 2019 Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Series 2019 Bonds.

(b) So long as any Series 2019 Bonds shall remain Outstanding, the Issuer shall maintain, at the Office of the Trustee, books for the registration and transfer of Series 2019 Bonds. The Trustee is hereby appointed Bond Registrar for the Issuer for the purpose of registering and making transfers on such registration books. By executing this Indenture, the Trustee accepts the duties and obligations of Bond Registrar for the Issuer. The Trustee, as Bond Registrar, shall register in such books and permit to be transferred thereon, under such reasonable regulations as the Trustee may prescribe, any Series 2019 Bond entitled to registration or transfer.

Section 2.11. Transfer of Series 2019 Bonds.

(a) Subject to Section 2.13 hereof, each Series 2019 Bond shall be transferable only on the books of the Issuer and upon surrender of the Series 2019 Bond, at the Office of the Trustee, together with a written instrument of transfer, satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing. Upon the transfer of any registered Series 2019 Bond, the Issuer shall issue in the name of the transferee a new registered Series 2019 Bond or Series 2019 Bonds of the

same aggregate principal amount and maturity and rate of interest as the surrendered Series 2019 Bond.

(b) The Issuer, the Trustee and any Paying Agent may deem and treat the Person in whose name any Series 2019 Bond shall be registered upon the books of the Issuer as the absolute owner thereof, whether such Series 2019 Bond shall be overdue or not for the purpose of receiving payment of the principal of, Sinking Fund Payments for, or Redemption Price and, except as otherwise provided in Section 2.03 hereof, interest on such Series 2019 Bond and for all other purposes. All such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Series 2019 Bond to the extent of the sum or sums so paid. Neither the Issuer, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

Section 2.12. Regulations with Respect to Exchanges and Transfers.

(a) In all cases in which the privilege of exchanging or transferring Series 2019 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Series 2019 Bonds in accordance with the provisions of this Indenture. All Series 2019 Bonds surrendered in any exchanges or transfers shall forthwith be canceled in accordance with the provisions of Section 5.12 hereof. For every exchange or transfer of Series 2019 Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for (i) any tax, fee or other governmental charge required to be paid with respect to the delivery of definitive Series 2019 Bonds in exchange for temporary Series 2019 Bonds, (ii) the cost of preparing each new Series 2019 Bond, and (iii) any other expenses of the Issuer or the Trustee incurred in connection therewith.

(b) Neither the Issuer nor the Trustee shall be obligated to exchange or transfer any Series 2019 Bond during the ten (10) days next preceding (i) a Debt Service Payment Date, or (ii) in the case of any proposed redemption of the Series 2019 Bonds, the date of the first mailing of notice of such redemption.

Section 2.13. Book-Entry Bonds.

(a) Except as provided in Section 2.13(c), the Holder of all of the Series 2019 Bonds shall be DTC (the “**Securities Depository**”) and the Series 2019 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Series 2019 Bonds 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 Debt Service Payment Date for the Series 2019 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 Series 2019 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, Sinking Fund Payments for, Redemption Price of, and interest on, the Series 2019 Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.13(c).

(b) The Series 2019 Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of such Series 2019 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 Series 2019 Bonds registered in its name for the purposes of payment of the principal of, Sinking Fund Payments for, Redemption Price of or interest on the Series 2019 Bonds, selecting the Series 2019 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 Series 2019 Bonds, obtaining any consent or other action to be taken by Holders of the Series 2019 Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Institution nor the Issuer shall be affected by any notice to the contrary. All notices with respect to such Series 2019 Bonds shall be made and given, respectively, to DTC as provided in the DTC Letter of Representation. 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 Series 2019 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 of, Sinking Fund Payments for, Redemption Price of or interest on the Series 2019 Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Bond Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2019 Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal of, Sinking Fund Payments for, Redemption Price of, and interest on the Series 2019 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 Payments for, Redemption Price of, and interest on the Series 2019 Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.13(c), no Person other than DTC shall receive an authenticated Series 2019 Bonds certificate evidencing the obligation of the Issuer to make payments of principal of, Sinking Fund Payments for, Redemption Price of, 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 Series 2019 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 Series 2019 Bonds certificates, the Issuer may notify DTC and the Trustee in writing, whereupon DTC will notify the Participants, of the availability through DTC of Series 2019 Bonds certificates. In such event, the Trustee shall issue, transfer and exchange Series 2019 Bonds certificates as requested by DTC in writing in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the

Series 2019 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 Series 2019 Bonds certificates as described in this Indenture. In the event Series 2019 Bonds 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 Payments for, Redemption Price of, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so in writing, the Issuer will direct the Trustee (at the sole cost and expense of the Institution) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2019 Bonds to any DTC Participant having Series 2019 Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2019 Bonds.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Bond 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) NONE OF THE ISSUER, THE INSTITUTION OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITIES 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 PAYMENTS FOR, REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019 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 SERIES 2019 BONDS.

(f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2019 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE SERIES 2019 BONDHOLDERS OR REGISTERED HOLDERS OF THE SERIES 2019 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2019 BONDS.

(g) For so long as the Holder of all of the Series 2019 Bonds shall be DTC, and all Series 2019 Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender the Series 2019 Bonds upon redemption or retirement in whole and (ii) unless all Series 2019 Bonds are being redeemed or retired in

whole, the Series 2019 Bonds shall not be required to be presented to the Trustee for payment of principal of, Sinking Fund Payments for, 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 Issuer under the Securities and Exchange Act of 1934, as amended (the “1934 Act”), 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 1934 Act, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Series 2019 Bond or Series 2019 Bonds for cancellation shall cause the delivery of a Series 2019 Bond or Series 2019 Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

Section 2.14. CUSIP Numbers.

The Issuer in issuing the Bonds may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Holders; provided that the Trustee shall have no liability for any defect in the “CUSIP” numbers as they appear on any Bond, notice or elsewhere, and, provided further 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 in writing of any change in the “CUSIP” numbers.

ARTICLE III

REDEMPTION OF SERIES 2019 BONDS BEFORE MATURITY

Section 3.01. Redemption Dates and Prices.

(a) The Series 2019 Bonds shall be subject to redemption prior to the respective maturities thereof on the terms and at the prices set forth in subsections (b), (c), (d), (e) and (f) of this Section 3.01.

(b) (i) The Series 2019A Bonds maturing after June 1, 2029, are subject to redemption by the Issuer, at the option of the Institution exercised upon the School’s written consent, on or after June 1, 2029, in whole or in part at any time, at the Redemption Prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the Redemption Date:

Redemption Dates

Redemption Prices

June 1, 2029 through May 31, 2030	102%
June 1, 2030 through May 31, 2031	101%
June 1, 2031 and thereafter	100%

The Institution may direct such prepayment only if it shall prepay an amount under the Loan Agreement equal to the amount of the prepayment price described above.

(ii) The Series 2019B Bonds are not subject to optional redemption.

(c) The Series 2019 Bonds are subject to redemption in whole or in part on any Debt Service Payment Date, without premium or penalty, at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be prepaid plus interest accrued thereon to the Redemption Date, upon the occurrence of the following events:

(i) The Facility shall have been damaged or destroyed to such extent that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after such damage or destruction), (A) the Facility cannot be reasonably restored within a period of eighteen (18) consecutive months after such damage or destruction to the condition thereof immediately preceding such damage or destruction, or (B) the Institution is thereby prevented or is reasonably expected to be thereby prevented from carrying on its normal operations within the Facility for a period of eighteen (18) consecutive months after such damage or destruction, or (C) the cost of restoration of the Facility would exceed the sum of the Net Proceeds of insurance carried thereon and the amount the School has made available or committed for such restoration and therefore the Institution has elected not to replace, repair, rebuild, restore or relocate the Facility or such portion of the Facility pursuant to Section 7.1 of the Loan Agreement; or

(ii) Title to, or the use of, all or any material part of the Facility shall have been taken by Condemnation such that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after the date of such taking), the Institution is thereby prevented from carrying on its normal operations therein for a period of eighteen (18) consecutive months after such taking and therefore the Institution has elected not to replace, repair, rebuild, restore or relocate the Facility or such portion of the Facility or acquire a Substitute Facility pursuant to Section 7.2 of the Loan Agreement.

(d) The Series 2019 Bonds are subject to mandatory redemption, without premium or penalty, in whole or in part, and shall be prepaid or redeemed prior to maturity with moneys deposited into the Bond Fund as a result of the unused balance in the Project Fund and Renewal Fund deposited in the Bond Fund pursuant to Sections 4.04, 4.05 and 4.07 of this Indenture.

(e) The Series 2019 Bonds shall be redeemed in whole as soon as practicable after receipt by the Trustee of written notice from any Owner or the Institution of the occurrence of an Event of Taxability with respect to the Series 2019A Bonds (but in no event later than one hundred twenty (120) days following an Event of Taxability with respect to the Series 2019A Bonds), at a Redemption Price equal to 105% of the principal amount of the Series 2019A Bonds plus accrued interest thereon to the Redemption Date and 100% of the principal amount of the Series 2019B Bonds plus accrued interest thereon to the Redemption Date.

(f) (i) The Series 2019A-1 Bonds maturing on December 1, 2029 are subject to mandatory redemption in part semi-annually in June 1 and December 1 of each year, commencing on June 1, 2023, by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019A-1 Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019A-1 Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
June 1, 2023	\$145,000
December 1, 2023	150,000
June 1, 2024	155,000
December 1, 2024	155,000
June 1, 2025	160,000
December 1, 2025	170,000
June 1, 2026	170,000
December 1, 2026	180,000
June 1, 2027	185,000
December 1, 2027	185,000
June 1, 2028	195,000
December 1, 2028	200,000
June 1, 2029	210,000
December 1, 2029*	210,000
	<u>\$2,470,000</u>

*Final Maturity

(ii) The Series 2019A-2 Bonds maturing on December 1, 2044 are subject to mandatory redemption in part semi-annually on June 1 and December 1 of each year, commencing on June 1, 2030, by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019A-2 Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019A-2 Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
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June 1, 2030	\$220,000
December 1, 2030	225,000
June 1, 2031	240,000
December 1, 2031	240,000
June 1, 2032	255,000
December 1, 2032	255,000
June 1, 2033	270,000
December 1, 2033	275,000
June 1, 2034	290,000
December 1, 2034	295,000
June 1, 2035	310,000
December 1, 2035	315,000
June 1, 2036	335,000
December 1, 2036	335,000
June 1, 2037	360,000
December 1, 2037	355,000
June 1, 2038	385,000
December 1, 2038	380,000
June 1, 2039	405,000
December 1, 2039	410,000
June 1, 2040	440,000
December 1, 2040	435,000
June 1, 2041	470,000
December 1, 2041	465,000
June 1, 2042	500,000
December 1, 2042	500,000
June 1, 2043	530,000
December 1, 2043	535,000
June 1, 2044	570,000
December 1, 2044*	570,000
	<u>\$11,170,000</u>

*Final Maturity

(iii) The Series 2019B Bonds maturing on December 1, 2022 are subject to mandatory redemption in part semi-annually on June 1 and December 1 of each year, commencing on December 1, 2019, by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019B Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019B Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
December 1, 2019	\$130,000
June 1, 2020	120,000

December 1, 2020	125,000
June 1, 2021	125,000
December 1, 2021	130,000
June 1, 2022	135,000
December 1, 2022*	135,000
	\$900,000
*Final Maturity	

Section 3.02. Notice of Redemption.

(a) The Trustee shall call Series 2019 Bonds for redemption as provided in subsections (b) and (c) of Section 3.01 hereof upon receipt of notice from the Issuer or the Institution directing such redemption, which notice shall be sent to the Trustee at least forty-five (45) days prior to the Redemption Date specified in such notice and shall identify the Series 2019 Bonds to be redeemed (including CUSIP number(s)) and shall specify (i) the principal amount of Series 2019 Bonds and their maturities so to be called for redemption, (ii) the applicable Redemption Price, and (iii) the provision or provisions of Section 3.01 hereof pursuant to which such Series 2019 Bonds are to be called for redemption. The Trustee shall call the Series 2019 Bonds for redemption as provided in subsections (d) and (e) as soon as practicable (but in no event more than one hundred twenty (120) days following the date a Responsible Officer of the Trustee is notified of an Event of Taxability pursuant to subsection (e) of Section 3.01 hereof) without the need for further direction from the Issuer or the Institution. The Trustee shall call the Series 2019 Bonds for redemption as provided in subsection (f) for the applicable Sinking Fund Payment dates without need for direction from the Institution or Issuer.

(b) When Series 2019 Bonds are to be redeemed pursuant to Section 3.01 hereof (except Section 3.01(f)), the Trustee shall give notice of the redemption of the Series 2019 Bonds in the name of the Issuer stating: (i) the Series 2019 Bonds to be redeemed; (ii) the Redemption Date; (iii) that such Series 2019 Bonds will be redeemed (including CUSIP number(s)) at the Office of the Trustee; (iv) that on the Redemption Date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the Redemption Date; and (v) that from and after the Redemption Date interest thereon shall cease to accrue. Any notice of redemption may be conditioned on sufficient funds being on deposit with the Trustee on the Redemption Date to effect such redemption and if sufficient funds are not on deposit, the redemption shall be rescinded and be of no further force and effect.

(c) Notice required by subsection (b) of this Section 3.02 shall be given by mail at least thirty (30) days and not more than sixty (60) days prior to the Redemption Date to the Owner of each Series 2019 Bond to be redeemed at the address shown on the registration books; but failure to give such notice by mail, or any defect therein, shall not affect the validity of any proceeding for the redemption of Series 2019 Bonds.

Section 3.03. Payment of Redeemed Series 2019 Bonds.

(a) After notice shall have been given in the manner provided in Section 3.02 hereof, Series 2019 Bonds or portions thereof called for redemption shall become due and payable on the Redemption Date so designated. Upon presentation and surrender of such Series 2019 Bonds at the Office of the Trustee, such Series 2019 Bonds shall be paid at the Redemption Price, plus accrued interest to the Redemption Date.

(b) If, on the Redemption Date, moneys for the redemption of all Series 2019 Bonds or portions thereof to be redeemed, together with interest thereon to the Redemption Date, shall be held by the Trustee so as to be available therefor on such date, the Series 2019 Bonds or portions thereof so called for redemption shall cease to bear interest, and such Series 2019 Bonds or portions thereof shall no longer be Outstanding hereunder or be secured by or be entitled to the benefits of this Indenture except with respect to payment of the Redemption Price thereof and accrued interest thereon to the Redemption Date. If such moneys shall not be so available on the Redemption Date, such Series 2019 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 and shall continue to be secured by and be entitled to the benefits of this Indenture.

(c) In the event that redemption of the Series 2019 Bonds is made in an amount less than the amount of all Series 2019 Bonds having the same maturity, all Series 2019 Bonds having the same maturity shall be redeemed pro rata. Any such partial redemption processed through DTC shall be treated by DTC, in accordance with its rules and procedures, as a "Pro Rata Pass-Through Distribution of Principal."

ARTICLE IV

FUNDS, REVENUES, BOND PROCEEDS AND APPLICATION THEREOF

Section 4.01. Establishment of Funds. The following trust funds are hereby established with the Trustee and shall be held, maintained and administered by the Trustee on behalf of the Issuer in accordance with this Indenture:

(a) Town of Hempstead Local Development Corporation Bond Fund – Circulo Real Property Holding Corporation (the "**Bond Fund**"), and within such Bond Fund, an "Interest Account" and a "Principal Account" and within such Interest Account and Principal Account, Subaccounts for the Series 2019A-1 Bonds, the Series 2019A-2 Bonds and the Series 2019B Bonds.

(b) Town of Hempstead Local Development Corporation Project Fund – Circulo Real Property Holding Corporation (the "**Project Fund**"), and within such Project Fund, a "Series 2007 Bonds Redemption Account" and a "Series 2019 Bonds Cost of Issuance Account".

(c) Town of Hempstead Local Development Corporation Rebate Fund – Circulo Real Property Holding Corporation (the “**Rebate Fund**”) and within such Rebate Fund, Accounts for the Series 2019A-1 Bonds and the Series 2019A-2 Bonds.

(d) Town of Hempstead Local Development Corporation Renewal Fund – Circulo Real Property Holding Corporation (the “**Renewal Fund**”).

(e) Town of Hempstead Local Development Corporation Debt Service Reserve Fund – Circulo Real Property Holding Corporation (the “**Debt Service Reserve Fund**”) with within such Debt Service Reserve Fund, Accounts for the Series 2019A Bonds and the Series 2019B Bonds.

(f) Town of Hempstead Local Development Corporation Repair and Replacement Fund – Circulo Real Property Holding Corporation (the “**Repair and Replacement Fund**”).

Section 4.02. Application of Bond Proceeds and Allocation Thereof. Upon the receipt of (A) the net Bond Proceeds of \$13,558,142.80 equal to the Bond Proceeds of the (i) Series 2019A-1 Bonds in the amount of \$2,470,000 and the Series 2019A-2 Bonds in the amount of \$11,170,000, which is equal to the par amount of the Series 2019A-1 Bonds and the Series 2019A-2 Bonds of \$13,640,000 less the Underwriter’s discount in the amount of \$81,857.20, and (iii) Series 2019B Bonds in the amount of \$662,319.70, which is equal to the par amount of the Series 2019B Bonds of \$900,000 less the Underwriter’s discount in the amount of \$237,680.30, and (B) the \$1,195,025.96 on deposit in the Bond Fund under the Series 2007 Indenture, the Issuer shall pay the Trustee the Bond Proceeds for deposit as follows:

(a) In the Debt Service Reserve Fund: (i) the amount of \$1,136,771.26 shall be deposited in the Series 2019A Bonds Account of the Debt Service Reserve Fund, and (ii) the amount of \$65,235.00 shall be deposited in the Series 2019B Bonds Account of the Debt Service Reserve Fund. The aggregate amounts on deposit in the Series 2019A Account and the Series 2019B Account of the Debt Service Reserve Fund equal the Debt Service Reserve Fund Requirements; and

(b) In the Project Fund: (i) \$13,427,501.94 of Bond Proceeds of the Series 2019A-1 Bonds and the Series 2019A-2 Bonds, shall be deposited in the Series 2007 Bonds Redemption Account and used to pay the Series 2007 Bonds in accordance with the Series 2007 Bondholder Payment Direction Letter; and (ii) \$760,980.26 shall be deposited in the Costs of Issuance Account to pay the costs of issuance.

(c) In the Repair and Replacement Fund: the amount of \$25,000 of Proceeds of the Series 2019B Bonds shall be deposited in the Repair and Replacement Fund.

Section 4.03. Moneys to Be Held in Trust. All moneys deposited with, paid to or received by the Trustee for the accounts of the Issuer (other than amounts deposited in the Rebate Fund) shall be held by the Trustee in trust, and shall be subject to the lien of this Indenture and held for the security of the Owners of the Series 2019 Bonds until paid in full; provided, however, that moneys which have been deposited with, paid to or

received by the Trustee (i) for the redemption of a portion of the Series 2019 Bonds, notice of the redemption of which has been given, or (ii) for the payment of Series 2019 Bonds or interest thereon due and payable otherwise than upon acceleration by declaration, shall be held in trust for and subject to a Lien in favor of only the Owners of such Series 2019 Bonds so called for redemption or so due and payable.

Section 4.04. Use of the Moneys in Project Fund.

(a) Moneys in the Project Fund shall be applied and expended by the Trustee in accordance with the provisions of this Section and of the Loan Agreement and particularly Section 4.3 thereof. The Trustee is directed on the Closing Date to transfer the amounts on deposit in the Series 2007 Bonds Redemption Account of the Project Fund to the Series 2007 Trustee to be used to redeem the Series 2007 Bonds.

(b) Except as otherwise provided in paragraph (a) immediately above, the Trustee is hereby directed to issue its checks or send its wires for each disbursement from the Series 2019 Bonds Cost of Issuance Account of the Project Fund upon being furnished with a written requisition therefor certified by an Authorized Representative of the Institution and substantially in the form of Exhibit B annexed hereto to pay the Costs of the Series 2019 Project.

(c) Any balance remaining in the Project Fund, except amounts the Institution shall have directed the Trustee, in writing, to retain for any Cost of the Series 2019 Project not then due and payable, and after the making of any transfer to the Rebate Fund that the Institution shall have directed the Trustee, in writing, to make as required by the Tax Regulatory Agreement and Section 4.09 hereof, shall without further authorization be transferred to the Bond Fund and thereafter applied as provided in Section 4.06(d) hereof.

(d) Within sixty (60) days after transfer of the balance in the Project Fund to the Bond Fund, the Trustee shall file an accounting thereof with the Issuer and the Institution and the Trustee shall apply such transferred amounts as provided in Section 4.06(d) hereof.

(e) Any transfers by the Trustee of amounts to the Rebate Fund (only at the direction of the Institution) shall be drawn by the Trustee from the Project Fund.

(f) If an Event of Default hereunder shall have occurred and the outstanding principal amount of the Series 2019 Bonds shall have been declared due and payable, the entire balance remaining in the Project Fund, after making any transfer to the Rebate Fund directed to be made by the Institution pursuant to the Tax Regulatory Agreement and Section 4.09 hereof, shall be transferred to the Bond Fund for the redemption of the Series 2019 Bonds.

Section 4.05. Payments into Bond Fund. There shall be deposited in the Bond Fund, as and when received (a) all payments received by the Trustee under Section 5.3(a) of the Loan Agreement and Section 4 of the Lease Agreement; (b) the balance in the Project Fund and the Renewal Fund to the extent specified in Article IV of this Indenture;

(c) amounts transferred from the Debt Service Reserve Fund pursuant to Section 4.10 hereof with respect to the Series 2019 Bonds; (d) the amount of net income or gain received from the investments of moneys in the Bond Fund and all Funds and Accounts (other than the Rebate Fund, and the Debt Service Reserve Fund and Repair and Replacement Fund until each such Fund is fully funded to its maximum requirement) held under this Indenture; (e) moneys transferred from the Repair and Replacement Fund pursuant to Section 4.11(e); and (f) all other moneys received by the Trustee pursuant to any of the provisions of the Loan Agreement or this Indenture and designated for deposit in the Bond Fund.

Section 4.06. Use of Moneys in Bond Fund.

(a) Except as otherwise expressly provided in this Indenture, moneys in the Bond Fund shall be used solely for the payment, when due, of the Debt Service Payments on the Series 2019 Bonds or for the purchase or redemption of Series 2019 Bonds as hereinafter provided. Moneys deposited in the Bond Fund in accordance with the provisions of Sections 4.04(c), 4.07(b) and 4.07(c) of this Indenture, however, may not be used for the payment of interest on the Series 2019 Bonds.

(b) The Trustee shall, on or before each Debt Service Payment Date of the Series 2019 Bonds, pay out of the monies then held for the credit of the respective Subaccounts of the Interest Account the amounts required for the payment of interest becoming due on the Series 2019 Bonds on such Debt Service Payment Date, and such amounts so withdrawn are hereby irrevocably dedicated for and shall be applied to the payment of interest.

(c) The Trustee shall, on or before each Debt Service Payment Date, when principal of the Series 2019 Bonds or Sinking Fund Payments are due, pay out of the monies then held for the credit of the respective Subaccounts of the Principal Account the amounts required for the payment of principal or Sinking Fund Payments becoming due at maturity on a Sinking Fund Payment date, or upon redemption of the Series 2019 Bonds on such Debt Service Payment Date or Sinking Fund Payment date and such amounts so withdrawn are hereby irrevocably dedicated for and shall be applied to the payment of principal or Sinking Fund Payments.

(d) Except as provided in the Tax Regulatory Agreement, moneys transferred to the Subaccounts of the Bond Fund from the Project Fund pursuant to Section 4.04(c) hereof or from the Renewal Fund pursuant to Section 4.07(b) hereof shall be invested, at the written direction of the Institution, with yield not in excess of the yield on the applicable Series of Tax-Exempt Bonds, or in investments that are tax-exempt obligations as described in Section 148(b)(3) of the Code, and such moneys and earnings thereon shall be applied only to pay the principal for the Series 2019A Bonds as they become due and payable or the Redemption Price of Series 2019 Bonds subject to redemption pursuant to Section 3.01 hereof (including by operation of Sinking Fund Payments).

(e) In the event there shall be on any Debt Service Payment Date, a deficiency in the Bond Fund (a "**Payment Deficiency**"), with respect to any Bond or Series of

Bonds, the Trustee shall make up any such deficiency from the Debt Service Reserve Fund to the extent of the amounts in the Debt Service Reserve Fund, by the withdrawal of monies from the Debt Service Reserve Fund, to the extent available and by the sale or redemption of securities held in the Debt Service Reserve Fund sufficient to make up any deficiency.

(f) The Trustee shall call Series 2019 Bonds for redemption according to Article III hereof, upon written direction of the Issuer or the Institution to the Trustee, on or after the date the Series 2019 Bonds are subject to optional redemption pursuant to Section 3.01(b) hereof, whenever the assets of the Bond Fund shall be sufficient in the aggregate to provide monies to pay, redeem or retire all Series 2019 Bonds then Outstanding or to redeem Series 2019 Bonds in part pursuant to Section 3.01(b) hereof, including accrued interest thereon to the Redemption Date.

(g) Moneys in the Bond Fund shall be used by the Trustee, upon request of an Authorized Representative of the Institution, to purchase Series 2019 Bonds on the most advantageous terms obtainable with reasonable diligence, provided that no such purchase shall be made:

- (i) if an Event of Default under the Loan Agreement has occurred;
- (ii) within forty-five (45) days prior to any date on which Series 2019 Bonds are subject to redemption pursuant to Section 3.01 of this Indenture;
- (iii) if the amount remaining in the Bond Fund, after giving effect to such purchase, is less than the amount required for the payment of the principal or Redemption Price of Series 2019 Bonds theretofore matured or called for redemption, plus interest to the date of maturity or the Redemption Date, as the case may be, in all cases where such Series 2019 Bonds have not been presented for payment; or
- (iv) at a price in excess of that specified by the Institution in its request to the Trustee, plus accrued interest to the date of purchase.

The Trustee shall promptly notify the Issuer and the Institution of the principal amount and the maturity of each Series 2019 Bond so purchased and the balance held in the Bond Fund after such purchase.

(h) In connection with the purchase of Series 2019 Bonds with moneys on deposit in the Bond Fund as provided in Section 4.06(f) of this Indenture, the Trustee shall negotiate or arrange for such purchases in such manner (through brokers or otherwise and with or without receiving tenders) as it shall be instructed in writing by the Institution.

(i) If the balance in the Bond Fund, not otherwise required for scheduled payments of principal of, Sinking Fund Payments for, Redemption Price or interest on the Series 2019 Bonds, forty-five (45) days prior to any date on which Series 2019 Bonds are

subject to redemption pursuant to Section 3.01(b) of this Indenture equals or exceeds \$50,000, the Trustee shall, upon request of an Authorized Representative of the Institution, apply as much of such balance as can be so applied to the redemption of Series 2019 Bonds on such next succeeding Redemption Date in the manner provided in Section 3.01 hereof. The Trustee shall promptly notify the Issuer and the Institution of the principal amount and maturity of each Series 2019 Bond so redeemed and the balance held in the Bond Fund after such redemption.

(j) Whenever the amount in the Bond Fund is sufficient to redeem all of the Outstanding Series 2019 Bonds and to pay accrued interest to maturity or the date of redemption, the Trustee shall, upon request of an Authorized Representative of the Institution, take and cause to be taken the necessary steps to redeem all such Series 2019 Bonds on the next succeeding Redemption Date for which the required redemption notice may be given or on such later Redemption Date as may be specified by the Institution.

Section 4.07. Payments into Renewal Fund; Application of Renewal Fund.

(a) The Net Proceeds resulting from any insurance award, condemnation award or recovery from any contractor or subcontractor with respect to the Facility shall be deposited in the Renewal Fund. The amounts in the Renewal Fund shall be subject to a security interest, lien and charge in favor of the Trustee until disbursed as provided herein.

(b) In the event the Series 2019 Bonds shall then be subject to redemption in whole (either by reason of such damage, destruction or condemnation or otherwise) pursuant to the terms thereof or of this Indenture, the Trustee shall, after making any transfer to the Rebate Fund, at the written direction of the Institution, as required by the Tax Regulatory Agreement and the Indenture, transfer the amounts deposited in the Renewal Fund to the Bond Fund. If, on the other hand, the Institution is permitted to replace, repair, rebuild, restore or relocate the Facility pursuant to Article VII of the Loan Agreement, the Trustee shall, at the written direction of the Institution substantially in the form of Exhibit B annexed hereto, apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund, at the written direction of the Institution, as required by the Tax Regulatory Agreement and the Indenture, to such replacement, repair, rebuilding, restoration or relocation. Upon the completion of such replacement, repair, rebuilding, restoration or relocation, and after making any transfer to the Rebate Fund, at the written direction of the Institution, as required by the Tax Regulatory Agreement and Section 4.09 hereof, any balance remaining in the Renewal Fund shall without further authorization be transferred to the Bond Fund and thereafter applied as provided in Section 4.06(d) hereof.

(c) If any Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund and be continuing, the Trustee, unless it exercises the remedy provided by Section 10.2(a)(iii) of the Loan Agreement, shall, after making any transfer to the Rebate Fund, at the written direction of the Institution, as required by the Tax Regulatory Agreement and the Indenture, transfer the amounts

deposited in the Renewal Fund to the Bond Fund to be applied in accordance with Section 8.05 hereof.

(d) If the Institution elects to replace, repair, rebuild, restore or relocate the Facility pursuant to Article VII of the Loan Agreement, the Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same shall have been paid by or on behalf of the Institution or the Issuer) of the costs required for the replacement, repair, rebuilding, restoration or relocation of the Facility. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution and consented to (unless such consent right is waived) by the Majority Bondholder or the Construction Monitor substantially in the form of Exhibit B annexed hereto.

Section 4.08. Investment Earnings on Funds; Application of Investment Earnings on Funds.

(a) All investment income or earnings on amounts held in the Project Fund, the Renewal Fund, the Subaccounts of the Accounts of the Bond Fund or any other special fund held under any of the Bond Documents (other than the Rebate Fund) shall be deposited upon receipt by the Trustee into the Subaccounts of the Interest Account of the Bond Fund and used to pay the interest component of the next upcoming Debt Service Payment. Investment income or earnings from the Debt Service Reserve Fund and Repair and Replacement Fund shall be held in each such Fund until each such Fund is fully funded to its maximum requirement. The Trustee shall keep separate accounts of all investment earnings from each fund and account hereunder to indicate the source of the income or earnings.

(b) Within thirty (30) days after the end of each Computation Period, the Trustee, at the written direction of an Authorized Representative of the Institution, shall transfer to the Rebate Fund instead of the Project Fund or the Interest Account of the Bond Fund an amount of the investment earnings on the funds and accounts hereunder, such that the amount transferred to the Rebate Fund is equal to that amount as is set forth as the Rebate Amount in a written certificate delivered by the Institution to the Trustee pursuant to the Tax Regulatory Agreement and the Indenture.

Section 4.09. Payments into Rebate Fund; Application of Rebate Fund.

(a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Owner of any Series 2019 Bond or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the Institution, shall transfer, from moneys in the Project Fund or the Renewal Fund, or from any other moneys paid by the Institution under the Tax Regulatory Agreement, into the Rebate Fund, within thirty (30) days after the end of each Bond Year, 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 immediately preceding Bond Year. The amount deposited in the Rebate Fund pursuant to this paragraph shall be paid by the Institution pursuant to the Tax Regulatory Agreement.

(c) In the event that on the first day of any Bond Year the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the Student Center Project, or, after the Completion Date, deposit it in the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States Treasury Department, out of amounts in the Rebate Fund, (i) not later than thirty (30) days after the last day of the fifth Bond Year and after every fifth Bond Year thereafter, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to the Series 2019A Bonds as of the date of such payment, and (ii) notwithstanding the provisions of Section 7.02 hereof, not later than thirty (30) days after the date on which all Series 2019A Bonds have been paid in full, one hundred (100%) percent of the Rebate Amount as of the date of payment.

(e) 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 the Institution to make such transfer.

Section 4.10. Payments into Debt Service Reserve Fund; Application of Debt Service Reserve Fund.

(a) Upon the issuance, sale and delivery of the Series 2019 Bonds, the Issuer shall transfer to the Trustee for deposit into the applicable Account of the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement to the extent such moneys are available for such purpose from the proceeds of the sale of the Series 2019 Bonds. The Trustee shall deposit into the Debt Service Reserve Fund all payments made by the Institution pursuant to Section 5.3(d) of the Loan Agreement.

(b) Reserved.

(c) Moneys and securities held for credit in the Accounts of the Debt Service Reserve Fund shall be transferred by the Trustee to the respective Subaccounts of the Interest Account and the Principal Account of the Bond Fund at the times and in the amounts required pursuant to Section 4.06 hereof.

(d) Whenever the Trustee shall determine that the moneys and securities in the Debt Service Reserve Fund with respect to the Series 2019 Bonds, will be equal to or in excess of the Redemption Price of all of the Outstanding Bonds of such Series 2019 Bonds plus accrued interest to the Redemption Date, the Trustee shall use and apply the amounts on deposit in the Debt Service Reserve Fund to the redemption of all

Outstanding Bonds of such Series 2019 Bonds on the first date thereafter that such Series 2019 Bonds are subject to optional redemption pursuant to Section 3.01(b)(i) hereof.

(e) Any income or interest earned by, or increment to, the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund or any account of the Debt Service Reserve Fund is below the Debt Service Reserve Fund Requirement and if the Debt Service Reserve Fund or any account of the Debt Service Reserve Fund shall be fully funded to the Debt Service Reserve Fund Requirement then any such income earned by or increment to the Debt Service Reserve Fund shall be transferred by the Trustee and deposited to the respective Subaccount of the Interest Account of the Bond Fund with respect to such Series of Bonds and applied to the payment of the interest component of the next upcoming Debt Service Payments with respect to such Series of Bonds, and the Institution's obligations under Section 5.3 of the Loan Agreement shall be adjusted accordingly.

(f) In order to ensure the maintenance of the Debt Service Reserve Fund Requirement with respect to the Series 2019 Bonds, the Trustee, upon the determination of any deficiency in the Debt Service Reserve Fund, shall make and deliver to the Issuer and the Institution at the intervals required pursuant to Section 4.13(d) hereof, a certificate stating the amount required to restore the amount of the Debt Service Reserve Fund to the amount of the Debt Service Reserve Fund Requirement, and the Trustee shall collect such deficiency from the Institution as a special rental payment, as provided in Section 5.3 of the Loan Agreement.

(g) (i) The money on deposit in the Series 2019A Bonds Account of the Debt Service Reserve Fund is held first for the benefit of the Series 2019A Bond holders to pay Debt Service Payments on the Series 2019A Bonds and second for the benefit of the Series 2019B Bond holders to pay Debt Service Payments on the Series 2019B Bonds, and, (ii) the money on deposit in the Series 2019B Bonds Account of the Debt Service Reserve Fund is first for the benefit of the Series 2019B Bond holders to pay Debt Service Payments on the Series 2019B Bonds and second for the benefit of the Series 2019A Bonds to pay Debt Service Payments on the Series 2019A Bonds.

(h) Upon the redemption or defeasance of all of the Series 2019B Bonds, all amounts on deposit in the Series 2019B Bonds Account of the Debt Service Reserve Fund shall be transferred to the Series 2019A Bonds Account of the Debt Service Reserve Fund.

Section 4.11. Payments into Repair and Replacement Fund; Application of Repair and Replacement Fund.

(a) There shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Institution pursuant to Section 5.3(e) of the Loan Agreement and all payments by the School pursuant to Section 22 of the Lease Agreement, (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Loan Agreement or this Indenture, and (c) all other moneys received by

the Trustee when accompanied by directions not inconsistent with the Loan Agreement or this Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in this Section 4.11. Any amounts on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement shall be transferred by the Trustee to the Subaccounts of the Interest Account of the Bond Fund and applied to the payment of the interest on the Series 2019 Bonds on a pro rata basis; provided, however, that the amount remaining in the Repair and Replacement Fund immediately after such transfer shall not be less than the Repair and Replacement Fund Requirement.

(b) The Repair and Replacement Fund shall be held by and in the custody of the Trustee, and, absent an Event of Default hereunder, the Trustee is hereby authorized and directed to make each disbursement authorized or required by the provisions of this Section 4.11 and to issue its checks therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Issuer and the Institution.

(c) Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Institution substantially in the form of Exhibit B annexed hereto, setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements, capital improvements and renovations and capital projects which may be required to keep the Facility in sound condition, including, but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment.

(d) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund if the amount therein is less than the Repair and Replacement Fund Requirement. If the amount in the Repair and Replacement Fund is greater than the Repair and Replacement Fund Requirement, such amount in excess of the Repair and Replacement Fund Requirement shall be paid monthly into the Interest Account of the Bond Fund.

(e) Upon the occurrence and continuation of an Event of Default and at the written direction of the Majority Bondholder, the Trustee shall transfer all amounts or such amounts as may be directed by the Majority Bondholder to the Bond Fund to pay Debt Service Payments on the Bonds or fees and expenses of the Trustee.

Section 4.12. Investment of Moneys.

(a) Moneys held in any Fund established pursuant to Section 4.01 hereof shall be invested and reinvested by the Trustee in Authorized Investments, pursuant to specific written direction by an Authorized Representative of the Institution. In the absence of such direction, such moneys shall be invested in Authorized Investments described in

Paragraph A-2 of Authorized Investments. Such investments shall mature in such amounts and have maturity dates or be subject to redemption at the option of the owners thereof on or prior to the date on which the amounts invested therein will be needed for the purposes of such Fund or accounts. The Trustee may at any time sell or otherwise reduce to cash a sufficient amount of such investments whenever the cash balance in such Fund or Accounts is insufficient for the purposes thereof. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Fund or the respective Account within a Fund or special trust account for which such moneys are invested, and the interest accruing thereon and any profit realized from such investment shall be credited to and held in and any loss shall be charged to the applicable Fund.

(b) The Trustee may make any investment permitted by this Section through its own bond department. The Trustee shall not be liable for any depreciation in the value of any investment made pursuant to this Section or for any loss, fee, tax or other charge arising from any such investment, reinvestment or liquidation of an investment hereunder.

(c) Any investment herein authorized is subject to the condition that no use of the proceeds of any Series 2019A Bonds or of any other moneys shall be made which, if such use had been reasonably expected on the date of issue of such Series 2019A Bonds, would cause such Series 2019A Bonds to be "arbitrage bonds" within the meaning of such quoted term in Section 148 of the Code. The Trustee shall not be liable if such use shall cause the Series 2019A Bonds to be "arbitrage bonds", provided only that the Trustee shall have made such investment pursuant to the written direction or confirmation by an Authorized Representative of the Institution as provided in this Section.

(d) The Trustee shall compute the amount in the Debt Service Reserve Fund on the third Business Day preceding each Debt Service Payment Date. In computing the amount in the Debt Service Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at the lower of cost or market value, or, if applicable, par. Notwithstanding anything to the contrary contained herein or any other Bond Document, the weighted average maturity of investments in the Debt Service Reserve Fund at any time may not exceed one (1) year as of the date of any purchase of an investment. Upon the occurrence of a deficiency in the Debt Service Reserve Fund, such deficiency shall be restored to the extent required under Section 5.3 of the Loan Agreement, and investments of the moneys in the Debt Service Reserve Fund throughout shall be valued monthly until the deficiency has been fully restored as provided in the Loan Agreement. If, as a result of a valuation, moneys and investments on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Fund Requirement, such excess shall be transferred by the Trustee to the respective Subaccounts of Principal Account of the Bond Fund and shall be applied to the principal component of the next upcoming Debt Service Payment, and the Institution's obligations under Section 5.3 of the Loan Agreement shall be adjusted accordingly.

(e) The Trustee shall, at the written direction of the Institution, sell at the best price obtainable by the Trustee, or present for redemption, any obligation purchased by it

as an investment whenever it shall be necessary in order to provide monies to meet any payment or transfer from the Fund or Account for which such investment was made.

Section 4.13. Payment to Institution upon Payment of Series 2019 Bonds. Except as otherwise specifically provided herein, after payment in full of the principal or Redemption Price of and interest on all Series 2019 Bonds (or after provision for the payment thereof has been made in accordance with Article VII of this Indenture) and after payment in full of the fees, charges and expenses of the Trustee and any Paying Agent and all other amounts required to be paid hereunder, and the fees, charges and expenses of the Issuer and all other amounts required to be paid under the Loan Agreement, all amounts remaining in any Fund established pursuant to Section 4.01 hereof (except the Rebate Fund and the Repair and Replacement Fund) or otherwise held by the Trustee and by any additional Paying Agent for the account of the Issuer or the Institution hereunder or under the Loan Agreement shall be paid to the Institution. After payment in full of all amounts provided in the preceding sentence, all amounts remaining in the Repair and Replacement Fund shall be paid to the Tenant.

ARTICLE V

GENERAL COVENANTS AND PROVISIONS

Section 5.01. Authority of Issuer; Validity of Indenture and Series 2019 Bonds. The Issuer hereby covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Series 2019 Bonds authorized hereby, to execute this Indenture and to pledge the revenues and receipts in the manner and to the extent herein set forth; that all action on its part for the issuance of the Series 2019 Bonds authorized hereby and the execution and delivery of this Indenture has been duly and effectively taken; and that such Series 2019 Bonds in the hands of the Owners thereof are and will be valid and enforceable special obligations of the Issuer according to the import thereof.

Section 5.02. Performance of Covenants. The Issuer hereby covenants, and the Trustee, by executing this Indenture covenants, that each will faithfully observe and perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be observed or performed contained in (a) any Series 2019 Bond executed, authenticated and delivered hereunder, and (b) the Issuer Documents.

Section 5.03. Payment of Principal and Interest. Subject to the limitations contained in Section 2.04(b) and (c) hereof, the Issuer hereby covenants that it will promptly pay or cause to be paid the Debt Service Payments on every Series 2019 Bond issued under this Indenture at the place, on the dates and in the manner provided herein. All Debt Service Payments on the Series 2019 Bonds shall be payable solely from the sources described in Section 2.04(b) and (c). Nothing in the Series 2019 Bonds or in this Indenture shall be construed as pledging any funds or assets of the Issuer other than those pledged or mortgaged hereby.

Section 5.04. Series 2019 Project Revenues. The Issuer hereby covenants that so long as any of the Series 2019 Bonds are Outstanding it will deposit or cause to be deposited with the Trustee for its account all revenues and receipts derived pursuant to the Issuer Documents (except moneys attributable to Unassigned Rights) or otherwise to pay the Debt Service Payments on the Series 2019 Bonds as the same become due and payable.

Section 5.05. Priority of Lien of Indenture. The Issuer hereby covenants that the Indenture is a first lien, subject only to Permitted Encumbrances, upon the Trust Estate, and the Issuer agrees not to create or suffer to be created any Lien having priority or preference over the Lien of this Indenture upon the Trust Estate or any part thereof, except as otherwise specifically provided in Article IX hereof.

Section 5.06. Enforcement of Duties and Obligations of Institution. The Issuer hereby covenants that, at the request of the Trustee, it shall take all legally available action to cause the Institution fully to perform all duties and acts and fully to comply with the covenants of the Institution required by the Loan Agreement in the manner and at the times provided in the Loan Agreement, provided that, the Issuer shall be furnished with satisfactory security or indemnity for the reimbursement of all expenses and to protect it against all liability in connection with any such action.

Section 5.07. Filing of Financing Statements.

(a) The Issuer hereby covenants that it will cause all Uniform Commercial Code financing statements, to be recorded and filed, as the case may be, as required by law in order to create the Lien of the Trustee and the security interests created in the Trust Estate.

(b) The Trustee hereby covenants that it will cause to be filed all continuation statements under the Uniform Commercial Code of the State in such manner and in such places as may be required by law in order to protect and maintain in force the Lien of the Trustee and the security interest created in the Trust Estate. The Institution shall be responsible for the reasonable costs incurred by the Trustee in filing all continuation statements hereunder.

Section 5.08. Inspection of Series 2019 Project Books. The Issuer hereby covenants that all books and documents in its possession relating to the Series 2019 Project and the revenues derived under the Loan Agreement shall at all reasonable times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

Section 5.09. Rights Under Bond Documents. The Bond Documents, duly executed counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the parties thereto. Reference is hereby made thereto for a detailed statement of the covenants, obligations and rights of the Institution, the Issuer and the other parties thereunder. The Issuer agrees that the Trustee, in its name or in the name of the Issuer, may enforce all rights of the Issuer and all obligations of the Institution under

the Bond Documents for and on behalf of the Owners, whether or not an Event of Default exists hereunder. Nothing in this Section 5.09 shall permit any reduction in the payments required to be made by the Institution under or pursuant to the Bond Documents or any alteration in the terms of payment thereof. All covenants and agreements on the part of the Issuer shall be for the benefit of the holders from time to time of the Series 2019 Bonds and may be enforced in the manner provided by Article VIII hereof on behalf of such holders by the Trustee.

Section 5.10. List of Owners.

(a) The Trustee, as Bond Registrar, shall keep on file at the Office of the Trustee a list of the names and addresses of the Beneficial Owners of all Series 2019 Bonds which, from time to time, may be registered on the registration books kept by the Trustee. The Trustee may, in its discretion, rely on such list whenever sharing reports or records, or in connection with obtaining consents or directions from the Owners. The Issuer shall have no responsibility with regard to the accuracy of said list and the Trustee shall not be liable in connection with any such inaccuracies. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Institution or by the Owners (or a designated representative thereof) of twenty-five percent (25%) or more in aggregate principal amount of Series 2019 Bonds Outstanding.

(b) Each Owner and Beneficial Owner, by the purchase and acceptance of such Series 2019 Bonds, consents to the disclosure of his name, address and the principal amount of Series 2019 Bonds held by him and agrees that the Trustee shall not be held accountable for the disclosure of any such information.

Section 5.11. Failure to Present Series 2019 Bonds. Subject to the provisions of Section 2.09 hereof, in the event any Series 2019 Bond shall not be presented for payment when the principal or Redemption Price thereof becomes due, either at maturity or at the date fixed for prior redemption thereof or otherwise, if moneys sufficient to pay such Series 2019 Bond shall be held by the Trustee for the benefit of the Owner thereof, all liability of the Issuer to the Owner thereof for the payment of such Series 2019 Bond shall forthwith cease, determine and be completely discharged. Thereupon, the Trustee shall hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Series 2019 Bonds, who shall thereafter be restricted exclusively to such moneys for any claim under this Indenture or on, or with respect to, said Series 2019 Bond. If any Series 2019 Bond shall not be presented for payment within the period of two (2) years following the date when such Series 2019 Bond becomes due, whether by maturity or call for prior redemption or otherwise, the Trustee shall return to the Issuer the funds theretofore held by it for payment of such Series 2019 Bond, and such Series 2019 Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the Issuer. The Trustee shall, at least sixty (60) days prior to the expiration of such two (2) year period, give notice to any Owner who has not presented any Series 2019 Bond for payment that any moneys held for the payment of any such Series 2019 Bond will be returned as provided in this Section 5.11 at the expiration of

such two (2) year period. The failure of the Trustee to give any such notice shall not affect the validity of any return of funds pursuant to this Section 5.11.

Section 5.12. Cancellation. All Series 2019 Bonds which have been paid, redeemed, purchased or surrendered shall be canceled and delivered by the Trustee to the Issuer. A copy of the canceled Series 2019 Bonds or other form of notice of such cancellation shall be delivered to the Institution upon its written request.

Section 5.13. Payments Due on Days Other Than Business Days. In any case where the date that any payment on the Series 2019 Bonds or hereunder of maturity of interest or principal of, Sinking Fund Payments for, Redemption Price of the Series 2019 Bonds or the date fixed for redemption of any Series 2019 Bonds shall be a day other than a Business Day, then such payment shall be made on the next succeeding Business Day with the same force and effect as if made on the date due, and no interest shall accrue for the period after such date.

Section 5.14. Agreement to Provide Information. The Trustee agrees, whenever requested in writing by the Issuer or the Institution, to provide such information that is known to the Trustee relating to the Series 2019 Bonds as the Issuer or the Institution, from time to time, may reasonably request, including, but not limited to, such information as may be necessary to enable the Issuer or the Institution to make any reports required by any federal, state or local law or regulation.

Section 5.15. Continuing Disclosure Agreement. Pursuant to Section 8.15 of the Loan Agreement, the Institution, the School and the Trustee have undertaken responsibility for compliance with, and the Issuer shall have no liability to the holders of the Series 2019 Bonds or any other person with respect to, any reports, notices or disclosures required by or provided pursuant to the Continuing Disclosure Agreement authorized by said Section 8.15. The Trustee hereby covenants and agrees with the holders from time to time of the Series 2019 Bonds that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and Section 8.15 of the Loan Agreement. Notwithstanding any other provision of the Indenture, failure of the Institution or the Trustee to perform in accordance with the Continuing Disclosure Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of such a default or an Event of Default shall not apply to any such failure, but the Continuing Disclosure Agreement may be enforced only as provided therein.

ARTICLE VI

PRIORITY RIGHTS OF TRUSTEE

Section 6.01. Priority Rights of Trustee. The rights and privileges of the Institution set forth in the Loan Agreement are specifically made subject and subordinate to the rights and privileges under the Bond Documents of the Trustee and the Owners of the Series 2019 Bonds.

ARTICLE VII

DISCHARGE OF LIEN; DEFEASANCE OF SERIES 2019 BONDS

Section 7.01. Discharge of Lien.

(a) If the Issuer shall pay or cause to be paid to the Owners of any series of Series 2019 Bonds or of all Outstanding Series 2019 Bonds the principal or Redemption Price thereof, and interest thereon, at the times and in the manner stipulated therein and in this Indenture, and if there shall have been paid all fees, charges and expenses required to be paid under Section 9.02 hereof, then the Lien on the Trust Estate hereby created for the benefit of the Owners of the Series 2019 Bonds so paid shall be released, discharged and satisfied. In such event, except as otherwise specifically provided herein, the Trustee and any additional Paying Agent shall pay or deliver to the Institution all moneys or securities held by it pursuant to this Indenture which are not required for the payment of such Series 2019 Bonds. If the Issuer does not pay or cause to be paid, at the same time, all Outstanding Bonds, then the Trustee and any additional Paying Agent shall not return those moneys and securities held under this Indenture as security for the benefit of the Owners of Series 2019 Bonds not so paid or caused to be paid.

(b) When all of the Outstanding Series 2019 Bonds shall have been paid in full, or provisions for such full payment of all Outstanding Series 2019 Bonds shall have been made in accordance with this Section 7.01 and Section 7.02, the Trustee and the Issuer shall promptly execute and deliver to the Institution such written certificates, instruments and documents as the Institution shall provide to cause the Lien of this Indenture upon the Trust Estate to be discharged and canceled.

(c) Notwithstanding the fact that the Lien of this Indenture upon the Trust Estate may have been discharged and canceled in accordance with this Section, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the Lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal or Redemption Price of and interest on all of the Series 2019 Bonds shall have been fully paid or the Trustee shall have returned to the Issuer pursuant to Section 5.11 hereof all funds theretofore held by the Trustee for payment of any Series 2019 Bonds not theretofore presented for payment.

Section 7.02. Discharge of the Indenture.

(a) Any Outstanding Series 2019 Bond or installments of interest with respect thereto shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, subsection (a) of Section 7.01 if: (i) there shall have been deposited with the Trustee sufficient cash and/or Government Obligations, in accordance with subsection (b) of Section 7.02, which will, without further investment, be sufficient, together with the other amounts held for such payment, to pay the principal of the Series 2019 Bond when due or to redeem the Series 2019 Bond on the earliest possible redemption date thereof at the Redemption Price specified in Section 3.01 hereof, (ii) in the event such Series 2019 Bonds are to be

redeemed prior to maturity in accordance with Section 3.01 hereof, all action required by the provisions of this Indenture to redeem the Series 2019 Bonds shall have been taken or provided for to the satisfaction of the Trustee and notice thereof in accordance with Section 3.02 hereof shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) provision shall have been made for the payment of all fees and expenses of the Trustee and of any additional Paying Agent with respect to the Series 2019 Bonds, (iv) the Issuer shall have been reimbursed for all of its expenses under the Loan Agreement with respect to the Series 2019 Bonds, and (v) all other payments required to be made under the Loan Agreement and this Indenture with respect to the Series 2019 Bonds shall have been made or provided for.

(b) For the purpose of this Section 7.02, the Trustee shall be deemed to hold sufficient moneys to pay the principal of an Outstanding Series 2019 Bond not then due or to redeem an Outstanding Series 2019 Bond prior to the maturity thereof only if there shall be on deposit with the Trustee and available for such purpose an amount of cash and/or a principal amount of Government Obligations, maturing or redeemable at the option of the owner thereof not later than (i) the maturity date of such Series 2019 Bond, or (ii) the first date following the date of computation on which such Series 2019 Bond may be redeemed pursuant to Article III hereof (whichever may first occur), which, together with income to be earned on such Government Obligations prior to such maturity date or Redemption Date, equals the principal or Redemption Price of, such Series 2019 Bond, together with all interest thereon (at the maximum applicable rate) which has accrued and which will accrue to such maturity or Redemption Date and prior to any defeasance becoming effective as provided above, there shall have been delivered to the Issuer and to the Trustee (i) a verification from a verification agent (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Government Obligations are sufficient, together with any income to be earned thereon, without reinvestment, to pay the principal or Redemption Price of and interest due on the Series 2019 Bonds to be defeased and (ii) written evidence that the Series 2019 Bonds in question will, upon deposit of cash and/or Government Obligations as described in subsection (a) above, be rated by one Rating Agency at the same rating at which United States Government Obligations are rated.

(c) Upon the defeasance of the Series 2019 Bonds in accordance with Section 7.01 and this Section 7.02, the Trustee shall hold in trust, for the benefit of the Owners of such Series 2019 Bonds, all such cash and/or Government Obligations, shall make no other or different investment of such cash and/or Government Obligations and shall apply the proceeds thereof and the income therefrom only to the payment of such Series 2019 Bonds.

ARTICLE VIII

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 8.01. Events of Default. The following shall be "Events of Default" under this Indenture:

(a) A default in the due and punctual payment of any interest or any principal of, Sinking Fund Payments for, or Redemption Price of any Series 2019 Bond, whether at the stated maturity thereof, upon proceedings for redemption thereof or upon the maturity thereof by declaration, or any other amounts due under this Indenture or the other Bond Documents; or

(b) A default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in this Indenture or in the Series 2019 Bonds and the continuance thereof for a period of thirty (30) days after written notice given by the Trustee or by the Owners of not less than fifty percent (50%) of the principal amount of the Series 2019 Bonds then Outstanding; or if such default cannot be cured within thirty (30) days, but the Issuer is proceeding diligently to cure such default, then the Issuer shall be permitted an additional ninety (90) days within which to remedy the default; or

(c) The occurrence and continuation of an Event of Default under the Loan Agreement; or

(d) The occurrence and continuation of an Event of Default under the Lease Agreement and the Mortgage.

Section 8.02. Acceleration; Annulment of Acceleration; Default Rate.

(a) Upon the occurrence of an Event of Default under Section 10.1(a)(v) of the Loan Agreement, all Series 2019 Bonds Outstanding shall, at the direction of the Majority Bondholder, become due and payable without action or notice of any kind on the part of the Trustee or the Issuer. Upon the occurrence and continuance of any other Event of Default, the Trustee shall, by notice in writing delivered to the Issuer and the Institution, with a copy to the School and upon written consent of the Majority Bondholder (except with respect to an Event of Default in connection with Section 8.6 of the Loan Agreement) declare all Series 2019 Bonds Outstanding immediately due and payable, and such Series 2019 Bonds shall become and be immediately due and payable, anything in the Series 2019 Bonds or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Series 2019 Bonds an amount equal to the total principal amount of all such Series 2019 Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment. If all of the Series 2019 Bonds Outstanding shall become so immediately due and payable, the Issuer and the Trustee shall as soon as possible declare by written notice to the Institution all unpaid installments payable by the Institution under Section 5.3(a) of the Loan Agreement to be immediately due and payable. Upon such declaration the same shall become and be immediately due and payable, and the Trustee shall immediately first apply any moneys on deposit in the Principal Account and Interest Account, as appropriate, of the Bond Fund, and second, apply any moneys on deposit in the Debt Service Reserve Fund therein.

(b) At any time after the principal of the Series 2019 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any

suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee may annul such declaration and its consequences with respect to any Series 2019 Bonds not then due by their terms upon the written direction of the Majority Bondholder or if (i) moneys shall have been deposited in the Bond Fund sufficient to pay all matured installments of interest and principal of, Sinking Fund Payments for, or the Redemption Price (other than principal then due only because of such declaration) of all Outstanding Series 2019 Bonds; (ii) sufficient moneys shall be available to pay the amounts described in Section 9.02 of this Indenture; (iii) all other amounts then payable by the Issuer hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other Event of Default known to the Trustee (other than a default in the payment of the principal of such Series 2019 Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

(c) Upon the occurrence and continuation of an Event of Default, the Series 2019 Bonds shall bear interest at the Default Rate from the date of the occurrence of such Event of Default until the Series 2019 Bonds have been paid pursuant to Section 8.02(a) hereof or such Event of Default has been cured.

Section 8.03. Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, and upon being provided with security or indemnity reasonably satisfactory to the Trustee against any liability or expense which might thereby be incurred, the Trustee shall proceed forthwith to protect and enforce its rights and the rights of the Owners under the Act, the Series 2019 Bonds and the Loan Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

(b) The Trustee acting directly may sue for, enforce payment of and receive any amounts due or becoming due from the Issuer or the Institution for principal, Redemption Price, interest or otherwise under any of the provisions of the Series 2019 Bonds and the Bond Documents, without prejudice to any other right or remedy of the Trustee or of the Owners.

(c) Regardless of the happening of an Event of Default, the Trustee shall have the right to institute and maintain such suits and proceedings as it may be advised by such Owners shall be necessary or expedient (i) to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture or of any resolution authorizing the Series 2019 Bonds, or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of this Indenture and is not unduly prejudicial to the interests of the Owners not making such request.

(d) In addition to the Lien on the Trust Estate established by Section 9.02 of this Indenture, for Ordinary Services and Extraordinary Services, the Trustee shall have

the right upon the occurrence and continuance of an Event of Default under this Indenture: (i) to use any amounts on deposit in the Renewal Fund or the Repair and Replacement Fund to undertake any action it is authorized to take under this Section 8.03; and (ii) to use any amounts on deposit in the Debt Service Reserve Fund to undertake any action it is authorized to take under this Section 8.03 only to the extent such action is permitted by the Code, and only upon the delivery and receipt of an opinion of Bond Counsel that such action shall not result in the inclusion of interest on the Series 2019A Bonds to gross income for federal income tax purposes

Section 8.04. Appointment of Receivers. Upon the occurrence of an Event of Default and upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the Trustee or the Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues and receipts thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.05. Application of Moneys.

(a) The Net Proceeds received by the Trustee pursuant to any right given or action taken under the provisions of this Article VIII shall be, after paying the fees and expenses of the Trustee, deposited in the Bond Fund.

(b) Unless otherwise directed by the Majority Bondholder, all moneys in the Bond Fund, the Repair and Replacement Fund and the Debt Service Reserve Fund during the continuance of an Event of Default shall be applied as follows:

(i) Unless the principal of all Series 2019 Bonds shall have become due or shall have been declared due and payable,

FIRST - To the payment of all installments of the interest then due, 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 of interest, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or preference; and

SECOND - To the payment of the unpaid principal or Redemption Price, if any, of any of the Series 2019 Bonds or principal installments which shall have become due (other than Series 2019 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in order of their due dates, with interest on such Series 2019 Bonds, at the rate or rates expressed thereon, from the respective dates upon which such Series 2019 Bonds became due and, if the amount available shall not be sufficient to pay in full Series 2019 Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on

such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD - To the payment of the principal or Redemption Price of and interest on the Series 2019 Bonds as the same become due and payable; and

(ii) If the principal of all Series 2019 Bonds shall have become due or shall have been declared due and payable, to the payment of the principal and interest (at the rate or rates expressed thereon) then due and unpaid upon all of the Series 2019 Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Series 2019 Bond over any other Series 2019 Bond, ratably according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference; and

(iii) If the principal of all Series 2019 Bonds shall have been declared due and payable and if such declaration shall thereafter have been annulled pursuant to provisions of Section 8.02(b) hereof, the moneys shall be applied in accordance with the provisions of paragraph (i) of this Section 8.05(b).

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section 8.05, such moneys shall be applied at such time or times as the Trustee in its sole discretion 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. On the date fixed by the Trustee for application of such moneys, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the application of any such moneys and of the fixing of any such date.

Section 8.06. Remedies Vested in Trustee. Except as otherwise provided in Section 8.08(c) hereof, all rights of action (including the right to file proof of claim) under this Indenture or under any of the Series 2019 Bonds may be enforced by the Trustee without possession of any of the Series 2019 Bonds or the production thereof in any trial or other proceedings relating thereto. 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 Owners of the Series 2019 Bonds. Subject to the provisions of Section 8.05 hereof, any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Series 2019 Bonds.

Section 8.07. Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or to the Owners by this Indenture is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

Section 8.08. Individual Bondholder Action Restricted.

(a) No Owner of any Series 2019 Bond shall have any right to institute any suit, action or proceedings in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for any remedy under the Indenture unless:

(i) an Event of Default has occurred of which the Trustee has been notified as provided in Section 9.01(b)(viii) hereof or of which by said Section the Trustee is deemed to have notice; and

(ii) the Owners of at least fifty-one percent (51%) in aggregate principal amount of Series 2019 Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Indenture or to institute such action, suit or proceeding in its own name; and

(iii) such Owners shall have offered the Trustee indemnity as provided in Section 9.01 hereof; and

(iv) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

(b) No one or more Owners of Series 2019 Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the interests of the Trustee in the Trust Estate or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Owners of all Series 2019 Bonds Outstanding.

(c) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, (i) the right of the Owner of any Series 2019 Bond to receive payment of the principal of or interest on such Series 2019 Bond, as the case may be, on or after the due date thereof, or (ii) the rights of the holders of at least seventy-five percent (75%) of the aggregate principal amount of the Series 2019 Bonds then Outstanding to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Owner of any Series 2019 Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture on the Trust Estate for the equal and ratable benefit of all Owners of Series 2019 Bonds.

Section 8.09. Termination of Proceedings. In case any proceeding 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 or the Owners, the Issuer, the Institution, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Owners shall continue as if no such proceeding had been taken.

Section 8.10. Waiver and Non-Waiver of Event of Default. No delay or omission of the Trustee to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VIII to the Trustee may be exercised from time to time and as often as may be deemed expedient.

Section 8.11. Notice of Defaults.

(a) Within ninety (90) days after (i) the receipt of notice of an Event of Default as provided in Section 9.01(b)(viii) hereof, or (ii) the occurrence of an Event of Default of which the Trustee is deemed to have notice by such Section, the Trustee shall, unless such Default shall have theretofore been cured, give written notice thereof by first class mail to each Owner of Series 2019 Bonds then Outstanding, provided that, except in the case of a default in the payment of the principal of, Sinking Fund Payments for, Redemption Price of, or interest on any of the Series 2019 Bonds, the Trustee may withhold such notice to the Owners if, in the Trustee's sole judgment, it determines that the withholding of such notice is in the best interests of the Owners.

(b) The Trustee shall promptly notify the Issuer, the Institution and the School of any Event of Default known to a Responsible Officer of the Trustee.

ARTICLE IX

TRUSTEE AND PAYING AGENT

Section 9.01. Appointment of Trustee and Acceptance of Duties.

(a) UMB Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, having a corporate trust office at 2 South Broadway, Suite 600, St. Louis, Missouri 63102, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee, subject to the terms and conditions set forth in subsection (b) of this Section 9.01, by executing this Indenture.

(b) The acceptance by the Trustee of the trusts imposed upon it by this Indenture and its agreement to perform said trusts are subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(i) Prior to the occurrence of an Event of Default, the Trustee 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 and 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 reasonable and prudent person would use, under the circumstances, in the conduct of his or her own affairs.

(ii) The Trustee may execute any of the trusts or powers conferred upon it in this Indenture and perform any of its duties hereunder by or through attorneys, agents or employees, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters with respect to the trust and its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys and agents as may reasonably be employed in connection with the trust hereunder. The Trustee may act upon an opinion of Independent Counsel or Counsel to the Trustee and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon such opinion of Independent Counsel or counsel to the Trustee.

(iii) The Trustee shall not be responsible for any recital herein or in the offering statement or in the Series 2019 Bonds (except in respect to the Certificate of Authentication of the Trustee endorsed on the Series 2019 Bonds), nor for the recording or re-recording or filing or re-filing of this Indenture or any other Bond Documents, except for filing Uniform Commercial Code continuation statements, nor for insuring any Property securing the Series 2019 Bonds, or for collecting any insurance moneys, nor for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or any instruments of further assurance, nor for the sufficiency of the security for the Series 2019 Bonds, nor for any value of or title to any Property securing the Series 2019 Bonds, nor for the performance or observance of any covenants, conditions or agreements on the part of the Institution under the Institution Documents.

(iv) The Trustee may become the Owner of Series 2019 Bonds secured hereby with the same rights which it would have if it were not Trustee.

(v) The Trustee shall be protected in acting in good faith upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper Person or Persons.

(vi) The Trustee may rely upon:

(A) a certificate, signed by an Authorized Representative of the Issuer:

(1) as to the existence or non-existence of any fact or facts stated therein;

(2) as to the sufficiency or validity of any instrument, paper or proceeding, other than a resolution of the Issuer; and

(3) prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in Section 9.01(b)(viii) hereof or of which by said Section the Trustee is deemed to have

notice, as to the necessity or appropriateness of any particular dealing, transaction or action; and

(B) a certificate, signed by the Secretary of the Issuer, as to the due adoption and validity of a resolution of the Issuer.

(vii) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence, willful misconduct or willful default, subject to the limitation of paragraph (i) of this subsection (b).

(viii) The Trustee shall not be deemed to have notice of any Event of Default hereunder except a Default in the payment of the principal or Redemption Price of or interest on any of the Series 2019 Bonds, whether at maturity or upon prior redemption, unless the Trustee shall be specifically notified in writing of such Event of Default.

(ix) All moneys received by the Trustee shall be held in trust in the manner and for the purpose for which they were received but need not be segregated from other moneys held by the Trustee, except to the extent required by this Indenture or by law. The Trustee shall not be liable for interest on any moneys received hereunder except such as may be agreed upon in writing.

(x) At any reasonable time, the Trustee and its duly authorized agents, experts and representatives may (but shall not be obligated to) inspect any of the security for the Series 2019 Bonds and any books, papers and records of the Issuer pertaining to the Series 2019 Project and the Series 2019 Bonds.

(xi) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers intended to be conferred upon it in this Indenture or otherwise in respect of the premises.

(xii) The Trustee may (but shall not be obligated to) demand, as a condition of the authentication of any Series 2019 Bonds, the withdrawal of any moneys, the release of any Property or the taking of any other action contemplated by this Indenture, any certificates, opinions, appraisals or other information, or corporate action or evidence thereof (in addition to any other prerequisites required in any other Section of this Indenture), which the Trustee may reasonably deem desirable for the purpose of establishing the right of the Issuer to the authentication of the Series 2019 Bonds, the withdrawal of the moneys, the release of the Property or the taking of the other action.

(xiii) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal

financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable ground for believing that the prompt repayment of such funds or adequate indemnity against such liability is not reasonably assured to it. Before taking any action under this Indenture, the Trustee may require that satisfactory security or indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which may be adjudicated to have resulted from its own gross negligence, willful misconduct or willful default, by reason of any action so taken.

(xiv) The Trustee shall not be personally liable for any debts contracted, nor for damages arising from injury to Persons or damage to Property, nor for salaries, nor for non-fulfillment of contracts during any period when it may be in the possession of or managing any Property as in this Indenture provided.

(xv) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(xvi) In no event shall the Trustee be responsible for special or consequential damages, unless such special or consequential damages were caused by the malfeasance or gross negligence of the Trustee.

Section 9.02. Fees, Charges and Expenses of Trustee and Paying Agents. The Issuer shall pay or reimburse the Trustee and any Paying Agent, or cause the Trustee and any Paying Agent to be paid or reimbursed, for such fees as shall be agreed upon in writing for their Ordinary Services rendered hereunder and all Ordinary Expenses (including attorneys' fees and expenses) reasonably and necessarily paid or incurred in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee or any Paying Agent perform Extraordinary Services, reasonable extra compensation therefor, and for reasonable and necessary Extraordinary Expenses in connection therewith (including attorneys' fees and expenses), provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the gross negligence, willful misconduct or willful default of the Trustee or any Paying Agent, it shall not be entitled to compensation or reimbursement therefor. The Issuer shall pay or reimburse the Trustee, or cause the Trustee to be paid or reimbursed, for the reasonable fees and expenses of the Trustee as Paying Agent and Bond Registrar for the Series 2019 Bonds as hereinabove provided. The obligation of the Issuer under this Section 9.02 to compensate, reimburse and indemnify the Trustee and any Paying Agent shall constitute additional indebtedness secured hereunder which, in the absence of an Event of Default hereunder, shall be subordinate to the Lien in favor of Owners. Upon the occurrence of any Event of Default hereunder, the Trustee and any Paying Agent shall have a first lien upon the Trust Estate for the foregoing compensation, reimbursement and

indemnification rights, with right of payment prior to payment on account of interest on, or principal or Redemption Price of, the Series 2019 Bonds. The rights of the Trustee and each Paying Agent shall survive the resignation or removal of such Trustee or Paying Agent and the payment of the Series 2019 Bonds and discharge of the Indenture.

Section 9.03. Intervention by Trustee. Subject to Section 9.01(b)(v), in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee, has a substantial bearing on the interests of Owners of the Series 2019 Bonds, the Trustee may, and if so requested in writing by the Majority Bondholder shall, intervene on behalf of Owners.

Section 9.04. Right of Trustee to Pay Taxes, Insurance Premiums and Other Charges.

(a) If any tax, assessment, payment in lieu of tax, governmental or other charge upon any part of the Trust Estate is not paid, or if any insurance is not maintained as required herein, or if an Event of Default under the Loan Agreement occurs and the Trustee incurs costs and expenses in accordance with Section 10.2(b) of the Loan Agreement, the Trustee may pay such tax, assessment, payment in lieu of tax, governmental or other charge or insurance premium or cost or expense, without prejudice, however, to any rights of the Trustee or the Owners hereunder arising in consequence of such failure. Any amount so paid under this Section 9.04 shall become additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any Series 2019 Bonds and interest thereon, and shall be paid out of the proceeds of revenues collected from the Trust Estate, if not otherwise caused to be paid.

(b) The Trustee shall be under no obligation to make any payment described in subsection (a) of this Section 9.04 unless it shall have been requested in writing to do so by the Majority Bondholder and shall have been provided with adequate funds to make such payment.

Section 9.05. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and be vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto.

Section 9.06. Resignation by Trustee. The Trustee and any successor Trustee may, at any time, resign from the trusts hereby created and be discharged of their duties and obligations under this Indenture by giving not less than sixty (60) days written notice to the Issuer and, by first class mail, to each Owner of Series 2019 Bonds then Outstanding. Such resignation shall take effect upon the date specified in such notice.

provided, however, that in no event shall such a resignation take effect until a successor Trustee has been appointed pursuant to Section 9.08 of this Indenture.

Section 9.07. Removal of Trustee. The Trustee may be removed at any time without cause by an instrument which (i) is signed by the Majority Bondholder in aggregate principal amount of the Series 2019 Bonds then Outstanding, (ii) specifies the date on which such removal shall take effect and the name and address of the successor Trustee, and (iii) is delivered to the Trustee, the Issuer and the Institution. Notice of any such removal shall be given, by first class mail, to each Owner of Series 2019 Bonds then Outstanding not less than sixty (60) days before such removal is to take effect as stated in such instrument. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Indenture or the Loan Agreement, by any court of competent jurisdiction upon the application by the Issuer, the Institution or the Majority Bondholder.

Section 9.08. Appointment of Successor Trustee by Bondholders; Temporary Trustee.

(a) In case the Trustee hereunder shall resign, or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Trustee may be appointed by the Majority Bondholder by an instrument signed by such Owners and delivered to such successor Trustee, the predecessor Trustee, the Issuer and the Institution. Notice of any such appointment shall be given, by first class mail, to each Owner of Series 2019 Bonds then Outstanding within thirty (30) days after delivery to the Issuer of the instrument appointing such successor Trustee.

(b) In case of the occurrence of any event affecting the Trustee hereunder described in subsection (a) of this Section 9.08, the Issuer, by an instrument signed by the Executive Director and Chief Executive Director and attested by the Secretary, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Majority Bondholder in the manner provided in subsection (a) of this Section 9.08. Such instrument appointing such successor Trustee by the Issuer shall be delivered to the successor Trustee so appointed, to the predecessor Trustee and to the Institution. Notice of any such appointment shall be given, by first class mail, to each Owner of Series 2019 Bonds then Outstanding within thirty (30) days after delivery to the successor Trustee of the instrument appointing such successor Trustee. Any such temporary Trustee appointed by the Issuer shall immediately and without further act be superseded by any successor Trustee appointed by the Owners.

(c) Any Trustee appointed pursuant to the provisions of this Section 9.08 shall be a national banking association, trust company or bank which is authorized to exercise the corporate trust powers intended to be conferred upon it by this Indenture and has combined capital and surplus of at least \$25,000,000, or any other corporate or individual trustee duly authorized and empowered to act as Trustee hereunder and reasonably acceptable to the Issuer and approved by all Owners.

(d) 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 Series 2019 Bond then Outstanding, the Issuer or any retiring Trustee or the Institution may apply, at the expense of the Institution, 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.

Section 9.09. Concerning Successor Trustees.

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor Trustee and the Issuer an instrument accepting such appointment hereunder. Thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Property, rights, powers, trusts, duties and obligations, with respect to this Indenture, of its predecessor Trustee.

(b) Every predecessor Trustee shall, on the written request of the Issuer or the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the Property, rights, powers and trusts of such predecessor hereunder. Every predecessor Trustee shall deliver to its successor Trustee all securities and moneys held by it as Trustee hereunder. If any instrument from the Issuer shall be requested by any successor Trustee, acknowledging the transfer to such successor Trustee of the Property, rights, powers and duties hereby vested or intended to be vested hereunder, any and all such instruments shall be executed, acknowledged and delivered by the Issuer.

(c) The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article IX, shall be filed and/or recorded by the successor Trustee with the Issuer.

Section 9.10. Successor Trustee as Custodian of Funds and Paying Agent. In the event of a change of Trustees, the predecessor Trustee shall cease to be (a) custodian of the Funds created pursuant to Section 4.01 hereof and of all other moneys, Property, rights and assets of the Issuer, and (b) Bond Registrar and Paying Agent for principal or Redemption Price of and interest on the Series 2019 Bonds, and the successor Trustee shall become such custodian, Bond Registrar and Paying Agent. Every predecessor Trustee shall deliver to its successor Trustee all books of account, the registration books, the list of Bondholders and all other records, documents and instruments relating to its duties as such custodian, Bond Registrar and Paying Agent.

Section 9.11. Trust Estate May Be Vested in Co-Trustee.

(a) In the event the Trustee determines that it may be necessary or desirable to appoint one or more co-trustees to exercise any of the rights, powers or remedies granted to the Trustee hereunder, the Trustee may appoint an additional Person or Persons to act as co-trustee or co-trustees hereunder by executing an instrument of appointment for each such co-trustee and by delivering such instrument of appointment to the co-trustee, the

Issuer and the Institution. Any such instrument of appointment shall confer such rights, powers, duties and obligations hereunder as the Trustee may deem necessary or desirable upon the co-trustee as joint tenant (or, if required by applicable law, as tenant-in-common) with the Trustee, except to the extent that, under applicable law, the Trustee is incompetent or unqualified to exercise any of such rights or powers or to discharge any of such duties or obligations. To such extent, such rights, powers, duties and obligations may be conferred upon and exercised and performed solely by the co-trustee. If any written instrument shall be requested from the Issuer by the co-trustee more fully and certainly to vest in it such rights, powers, duties and obligations, such instrument or instruments shall be executed, acknowledged and delivered by the Issuer.

(b) The Trustee, at any time by an instrument in writing delivered to any co-trustee, the Issuer and the Institution, may remove such co-trustee. In case any co-trustee shall become incapable of acting, resign or be removed, all the Property, rights, powers, duties and obligations of such co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment by the Trustee of a successor to such co-trustee.

(c) No Trustee hereunder shall be liable for the acts or omissions of any other Trustee hereunder.

Section 9.12. Appointment, Resignation or Removal of Paying Agent; Successors.

(a) The Trustee is hereby designated and, by executing this Indenture, agrees to act as Paying Agent for and in respect to the Series 2019 Bonds.

(b) The Issuer, from time to time, may appoint one or more additional Paying Agents and, in the event of the resignation or removal of any Paying Agent, successor Paying Agents by an instrument signed by the Chairman of the Issuer and attested by the Secretary of the Issuer and delivered to such Paying Agent and the Trustee. Any such additional Paying Agent or successor Paying Agent shall be a national banking association, trust company or bank which is authorized by law to perform all the duties imposed upon a Paying Agent by this Indenture and has a combined capital and surplus of at least \$25,000,000. Any such additional Paying Agent or successor Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Issuer and the Trustee a written acceptance thereof.

(c) The designated office of each Paying Agent is hereby designated as the respective office or agency of the Issuer for the payment of the principal or Redemption Price of and interest on the Series 2019 Bonds. Any additional Paying Agent shall hold all moneys received by it for the payment of the principal of, Sinking Fund Payments for, or Redemption Price of and interest on the Series 2019 Bonds in trust for the benefit of the Owners of such Series 2019 Bonds. Any additional Paying Agent, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Series 2019 Bonds, and may join in any action which any Owner may be entitled to

take with like effect as if such association, bank or trust company were not such Paying Agent.

(d) A 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 written notice to the Issuer and the Trustee. A Paying Agent may be removed at any time by an instrument signed by the Chairman, the Chief Executive Officer or the Chief Financial Officer of the Issuer and attested by the Secretary of the Issuer and delivered to such Paying Agent and the Trustee.

(e) In the event of the resignation or removal of a 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.

Section 9.13. Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and is hereby vested with all of the rights, powers and duties of a trustee under this Indenture appointed by Owners, and the right of Owners to appoint a trustee is hereby abrogated.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Not Requiring Consent of Owners.

(a) Without the consent of or notice to any of the Owners, the Issuer and the Trustee may enter into one or more Supplemental Indentures, not inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (i) To cure any ambiguity or formal defect or omission in this Indenture;
- (ii) To cure, correct or supplement any defective provision of this Indenture in such manner as shall not be inconsistent with this Indenture and shall not impair the security hereof nor adversely affect the Owners;
- (iii) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee, but only with the prior written consent of the Institution not unreasonably to be withheld;
- (iv) To add to the covenants and agreements of the Issuer in this Indenture, other covenants and agreements to be observed by the Issuer;
- (v) To identify more precisely the Trust Estate;

(vi) To subject to the lien of this Indenture additional revenues, receipts, Property or collateral, but only with the prior written consent of the Institution not unreasonably to be withheld;

(vii) To release Property from the lien of the Indenture or to grant or release easements to the extent permitted by the Indenture;

(viii) To make any other changes in the Indenture which, do not prejudice the interests of the Trustee, the Issuer, the Institution or the Owners in the Mortgaged Property or any other collateral securing the Series 2019 Bonds, or with respect to the payment of the principal of, premium, if any, Sinking Fund Payments of and interest on the Series 2019 Bonds; and

(ix) To make any change which, in the opinion of Bond Counsel, is necessary or desirable in order to preserve the exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes.

(b) In connection with the execution and delivery of any Supplemental Indenture to be entered into under the provisions of Article X of this Indenture, the Trustee shall receive and may rely upon an opinion of Independent Counsel stating that and as conclusive evidence that any such Supplemental Indenture complies with the foregoing conditions and provisions.

Section 10.02. Supplemental Indentures Requiring Consent of Owners.

(a) Except as provided in Section 10.01 hereof, the Majority Bondholder shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such Supplemental Indentures as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Indenture or in any Supplemental Indenture or in the Series 2019 Bonds; provided, however, that nothing contained in this Section 10.02 shall permit:

(i) A change in the terms of redemption or maturity of the principal of or the time of payment of interest on any Outstanding Bond or a reduction in the principal amount or Redemption Price of any Outstanding Bond or the rate of interest thereon, without the consent of the Owner of such Series 2019 Bond; or

(ii) The creation of a lien upon the Trust Estate ranking prior to or on a parity with the lien created by this Indenture, without the consent of the Owners of all Outstanding Series 2019 Bonds; or

(iii) A preference or priority of any Series 2019 Bond or Series 2019 Bonds over any other bond or bonds, without the consent of the Owners of all Outstanding Series 2019 Bonds; or

(iv) A reduction in the aggregate principal amount of the Series 2019 Bonds required for consent to such Supplemental Indenture, without the consent of the Owners of all Outstanding Series 2019 Bonds.

(b) If at any time the Issuer shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of Section 10.02(a) hereof, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the proposed execution of such Supplemental Indenture to be given, by first class mail, to each Owner of Series 2019 Bonds then Outstanding at their addresses as they appear on the registration books kept by the Trustee. Such notice shall be prepared by the Institution and shall briefly summarize the contents of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Office of the Trustee for inspection by all Owners.

(c) The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by Section 10.02(b) hereof.

(d) If, within such period after the mailing of the notice required by Section 10.02(b) hereof as the Issuer shall prescribe with the approval of the Trustee, the Issuer shall deliver to the Trustee an instrument or instruments executed by the Majority Bondholder, referring to the proposed Supplemental Indenture as described in such notice and consenting to and approving the execution thereof, the Trustee shall execute such Supplemental Indenture.

(e) If the Owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Series 2019 Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Series 2019 Bond shall have any right to object to any of the terms and provisions contained therein or in any manner to question the propriety of the execution thereof or enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(f) The Trustee shall receive and may rely upon an opinion of Independent Counsel stating that and as conclusive evidence that (i) any Supplemental Indenture entered into by the Issuer and the Trustee, and (ii) the evidence of requisite Owner consent thereto comply with the provisions of this Section 10.02.

Section 10.03. Consent of Institution to Supplemental Indentures. Notwithstanding anything contained in this Indenture to the contrary, no Supplemental Indenture which affects any rights or obligations of the Institution shall become effective unless and until the Institution shall have consented in writing (upon the Institution having first received the School's written consent) to the execution and delivery of such Supplemental Indenture. The Trustee shall receive and may rely upon the opinion of Independent Counsel as conclusive evidence of whether or not a Supplemental Indenture affects any rights of the Institution within the meaning of, and for the purposes of, this

Section 10.03. The Trustee shall deliver to the Institution and the School a copy of all executed Supplemental Indentures.

Section 10.04. Effect of Supplemental Indentures. Any Supplemental Indenture executed in accordance with the provisions of this Article X shall thereafter form a part of this Indenture. All the terms and conditions contained in any such Supplemental Indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

ARTICLE XI

AMENDMENTS AND MODIFICATIONS TO THE LOAN AGREEMENT AND TAX REGULATORY AGREEMENT

Section 11.01. Amendments to the Loan Agreement Not Requiring Consent of Owners. Without the consent of or notice to any of the Owners, the Issuer and the Institution (upon the School's written consent) may enter into, and the Trustee may consent to, any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions thereof or of this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, (c) in connection with the description of the Series 2019 Project and the substitution, addition or removal of a portion of the Facility as provided in the Loan Agreement and this Indenture, (d) in connection with additional real estate which is to become part of the Facility, or (e) in connection with any other change therein which, in the sole judgment of the Trustee, does not adversely affect the interests of the Trustee or the Owners of the Series 2019 Bonds. The Trustee shall receive and may rely upon an opinion of Independent Counsel stating that and as conclusive evidence that any such amendment, change or modification complies with the provisions of this Section.

Section 11.02. Amendments to the Loan Agreement Requiring Consent of Owners. Except for amendments, changes or modifications as provided in Section 11.01 hereof, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement without mailing of notice and the written approval or consent of the Majority Bondholder procured and given in the manner set forth in Section 10.02 hereof; provided, however, that no such amendment shall be permitted which changes the terms of payment thereunder without the consent of the Owners of all Series 2019 Bonds then Outstanding. The Trustee shall receive and may rely on an opinion of Independent Counsel as conclusive evidence that any such amendment, change or modification and the evidence of requisite Owner consent comply with the requirements of this Section.

Section 11.03. Amendments of Tax Regulatory Agreement Not Requiring Consent of Owners. Without the consent of or notice to any of the Owners, the Issuer and the Trustee may consent to any amendment, change or modification of the Tax Regulatory Agreement as may be required (a) for the purpose of curing any ambiguity or formal defect or omission, or (b) in connection with any other change therein which, in

either case, in the sole judgment of the Trustee does not adversely affect the interests of the Trustee or the Owners of the Series 2019 Bonds. The Trustee shall receive and may rely upon an opinion of Independent Counsel stating that and as conclusive evidence that any such amendment, change or modification complies with the provisions of the Section.

Section 11.04. Amendments of Tax Regulatory Agreement Requiring Consent of Owners. Except for amendments, changes or modifications as provided in Section 10.01(c)(ix) hereof, neither the Issuer nor the Trustee shall enter into any amendment, change or modification of the Tax Regulatory Agreement without mailing of notice and the written approval or consent of the Majority Bondholder procured and given in the manner set forth in Section 10.02 hereof. The Trustee shall receive and may rely upon an opinion of Independent Counsel stating that and as conclusive evidence that any such amendment, change or modification and the evidence of requisite Owner consent comply with the provisions of this Section.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Consent of Owners.

(a) Any consent, request, direction, approval, objection or other instrument required or permitted by this Indenture to be signed and executed by the Owners may be in any number of writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Series 2019 Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture and may be conclusively relied on by the Trustee with regard to any action taken thereunder:

(i) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by (A) the certificate (which need not be acknowledged or verified) of an officer of a bank or trust company or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such instrument acknowledged to him the execution thereof on such date, or (B) by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Owner may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation.

(ii) The ownership of the Series 2019 Bonds and the amount, numbers and other identification, and the date of holding the same, shall be proved by the registration books kept by the Trustee as bond registrar.

(b) Any request, consent or vote of the Owner of any Series 2019 Bond shall bind all future Owners of such Series 2019 Bond with respect to anything done or suffered to be done or omitted to be done by the Issuer or the Trustee in accordance therewith, unless and until such request, consent or vote is revoked by the filing with the Trustee of a writing, signed and executed by the Owner of such Series 2019 Bond, in form and substance and within such time as shall be satisfactory to the Trustee.

Section 12.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Series 2019 Bonds is intended or shall be construed to give to any Person, other than the parties hereto and the Owners of the Series 2019 Bonds, any right, remedy or claim under or with respect to this Indenture or any covenants, conditions or provisions herein contained. This Indenture and all of the covenants, conditions, and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and the Owners of the Series 2019 Bonds as herein provided.

Section 12.03. Severability.

(a) If any provision of this Indenture shall, for any reason, be held or shall, in fact, be inoperative or unenforceable in any particular case, such circumstance shall not render the provision in question inoperative or unenforceable in any other case or circumstance or render any other provision herein contained inoperative or unenforceable.

(b) The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections in this Indenture shall not affect the remaining portions of this Indenture or any part thereof.

Section 12.04. Notices. All notices, certificates or other communications hereunder shall be in writing and shall be either delivered personally or sent by certified mail, postage prepaid, return receipt requested, addressed as follows or to such other addresses as any party may specify in writing to the others:

To the Issuer:

Town of Hempstead Local Development Corporation
350 Front Street, 2nd Floor
Hempstead, New York 11550-4037
Attention: Executive Director and Chief Executive Officer

To the Trustee:

UMB Bank, N.A.
2 South Broadway, Suite 600

St. Louis, Missouri 63102
Attention: Corporate Trust Services

To the Institution:

Circulo Real Property Holding Corporation
20 West Park Avenue
Long Beach, New York 11561
Attention: Executive Director

Such notices shall be deemed to have been given upon receipt or upon the refusal of the party being notified to accept delivery of such notice. A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Trustee to the other shall also be given to the Institution.

Whenever a notice to or consent or approval from the School is required, such notice to or consent or approval from the School shall only be required if the Lease is in effect and the School is not in default thereunder.

Section 12.05. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.06. Applicable Law. This Indenture shall be governed and construed exclusively by the applicable laws of the State of New York without regard or reference to its conflict of laws principles.

Section 12.07. Lien Law. This Indenture shall be subject to the provisions of Section 13 of the Lien Law of the State.

Section 12.08. No Recourse on Series 2019 Bonds. No recourse shall be had for the payment of the principal of or the interest on the Series 2019 Bonds or for any claim based thereon or on this Indenture against any member or officer of the Issuer or any person executing the Series 2019 Bonds.

Section 12.09. Electronic Transactions. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents will be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12.10. Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

Section 12.11. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out

of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 12.12. U.S.A. Patriot Act. The parties hereto acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and on its behalf by its Executive Director and Chief Executive Officer, and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and on its behalf as of August 1, 2019.

**TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION**

By: _____
Name: Frederick E. Parola
Title: Executive Director and
Chief Executive Officer

UMB BANK, N.A., as Trustee

By: _____
Name: Laura Roberson
Title: Senior Vice President

Signature Page
Indenture of Trust

EXHIBIT A-1

(FORM OF SERIES 2019[A-1][A-2] BOND)

NOTICE:

THIS BOND HAS NOT BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933 AND
MAY NOT BE SOLD OR TRANSFERRED
WITHOUT REGISTRATION UNDER SAID ACT
OR EXEMPTION THEREFROM.

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
(TOWN OF HEMPSTEAD, NEW YORK)

TAX-EXEMPT REVENUE BONDS, SERIES 2019[A-1][A-2]
(CIRCULO REAL PROPERTY HOLDING CORPORATION)

No. [AR-1] [AR-2]
Registered Owner: Cede & Co.
Interest Rate [6.150][6.800]%

Principal Amount: \$[2,470,000][11,170,000]
CUSIP No. [424682 KM3][424682 KN1]
Maturity Date December 1 [2029][2044]

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION, a not-for-profit local development corporation duly existing under the laws of the State of New York, having its principal office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the “Issuer”), acknowledges itself indebted and for value received promises to pay, solely from the source and as hereinafter provided, to the Registered Owner set forth above at the address set forth on the registration books of UMB Bank, N.A., as trustee (said trustee and any successor thereto under the Indenture being herein collectively called the “Trustee”) as of its applicable Record Date, the principal amount set forth above on the Maturity Date set forth above or sooner as provided herein. The outstanding principal hereof shall bear interest from the date hereof at the per annum interest rate set forth above calculated on the basis of a three-hundred sixty (360) day year of twelve (12) thirty (30) day months (the “Bond Rate”) (except as otherwise provided herein), payable quarterly on the first day of each March 1, June 1, September 1, and December 1, commencing on September 1, 2019, and continuing thereafter until said principal is paid in full. All capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in Schedule A to the Indenture (as hereinafter defined), which Schedule A is hereby incorporated by reference in this Bond and made a part hereof. Payment of the principal of this Bond, and, if this Bond shall be redeemed prior to maturity, payment of the principal Redemption Price of and interest accrued to the redemption date, shall be made upon presentation and surrender hereof at the designated corporate trust office of UMB Bank, N.A., as Paying Agent of the Issuer, at 2 South Broadway, Suite 600, St. Louis, Missouri 63102 (the “Paying Agent”), or at the office designated for such payment by any successor paying agent or at such other place as may be agreed upon in advance by the

Paying Agent and the registered Owner of this Bond. Interest (other than interest which is included in the Redemption Price) on this Bond due on any Debt Service Payment Date shall be payable to the Owner in whose name this Bond is registered at the close of business on the Record Date with respect to such Debt Service Payment Date (i) by check mailed on the Debt Service Payment Date to the Registered Owner, (ii) by wire to DTC as the Owner of the Bonds as described in Section 2.13 of the Indenture or (iii) by wire transfer on the Debt Service Payment to any Owner of at least \$1,000,000 in aggregate principal amount of the Series 2019 Bonds, upon written notice provided by the Owner to the Trustee not later than five (5) days prior to the Record Date for such Debt Service Payment Date; provided, however that payment of interest on redemption of any Bond shall be made only upon presentation and surrender of such Bond as provided in the Indenture; provided, further, that if and to the extent there shall be a default in the payment of the interest due on any Debt Service Payment Date, the defaulted interest shall be paid to the Owner in whose name this Bond is registered at the close of business on a special record date established by notice mailed by or on behalf of the Issuer to the Owners of the Bonds not less than fifteen (15) days preceding such special record date. Wire transfer payments of interest shall be made at such wire transfer address as the Owner shall specify in his notice requesting payment by wire transfer, provided that the Trustee has received sufficient information to make such wire transfer, including, but not limited to, ABA routing and account numbers. The principal, Redemption Price of, and interest on this Bond are payable in lawful money of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

Any payment of interest or principal which is due on a day other than a Business Day shall be due and payable on the next succeeding Business Day with the same effect as if paid on the date due. "Business Day" means a day other than a Saturday, Sunday or legal holiday or day on which banking institutions in New York, New York or any city in which the principal office of the Trustee or any Paying Agent is located are authorized by law or executive order to remain closed.

Upon the occurrence of an Event of Default (as defined in the Indenture, as hereinafter defined) the rate of interest on this Bond shall be adjusted so that at all times on and after the occurrence and continuation of the Event of Default, this Bond shall bear interest at a rate equal to the current interest rate on the Bond plus four percent (4%) (the "Default Rate") until such Event of Default has been cured or the Bonds have been accelerated pursuant to Section 8.02 of the Indenture.

This Bond is one of a duly authorized series of the Issuer's Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) issued in the aggregate principal amount of FOURTEEN MILLION FIVE HUNDRED FORTY THOUSAND AND 00/100 DOLLARS (\$14,540,000) (hereinafter called the "Series 2019 Bonds"), consisting of the Issuer's (i) \$2,470,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-1 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the "**Series 2019A-1 Bonds**"), (ii) its \$11,170,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-2 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the "**Series 2019A-2**

Bonds"; and, together with the Series 2019A-1 Bonds, the "**Series 2019A Bonds**") and (iii) its \$900,000 Taxable Revenue Refunding Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the "**Series 2019B Bonds**"; and together with the Series 2019A Bonds, the "**Series 2019 Bonds**" or "**Bonds**"), under Section 145 of the Internal Revenue Code of 1986, as amended (the "**Code**"), issued and authorized for the benefit of Circulo Real Property Holding Corporation, a not-for-profit corporation organized and existing under the laws of the State and an Exempt Organization (the "**Institution**"), for the purposes of, along with other available monies of the Institution: (A) paying all costs in connection with refunding the outstanding Civic Facility Revenue Bonds, Series 2007 (Circulo de la Hispanidad, Inc. Civic Facility) issued by the Town of Hempstead Industrial Development Agency (the "**IDA**"), in the amount of \$15,000,000 (the "**Series 2007 Bonds**"), for the benefit of Circulo de la Hispanidad, Inc., a not-for-profit corporation, organized and existing under the laws of the State, and an Exempt Organization (the "**Organization**"), the proceeds of which Series 2007 Bonds were used to finance the costs of (i) the issuance of the Series 2007 Bonds, and (ii) the acquisition of an approximately 0.895 acre parcel of land located at 605 Peninsula Boulevard and the construction and equipping of an approximately 35,000 square foot two-story commercial building located thereon, and an adjacent approximately 0.1147 acre parcel of land located at 134 Linden Avenue, consisting of parking facilities, all located in the Village of Hempstead, Town of Hempstead, Nassau County, New York (collectively, the "**Facility**") (clauses (i) and (ii) are collectively, the "**Series 2007 Project**"), which Facility has been conveyed by the Organization to the Institution and leased by the Institution to Evergreen Charter School, a not-for-profit education corporation, organized and existing under the laws of the State of New York and an Exempt Organization (the "**School**"), to be used as a charter school serving students in kindergarten through grade 8; (B) fund a debt service reserve fund and a repair and replacement fund, and (C) pay certain costs of issuance of the Series 2019 Bonds (subsections (A), (B) and (C) are collectively, the "**Series 2019 Project**").

The Series 2019 Bonds are all issued under and are equally and ratably secured by and entitled to the protection of an Indenture of Trust, dated as of August 1, 2019 (which Indenture as from time to time amended and supplemented is herein referred to as the "Indenture"), duly executed and delivered by the Issuer to the Trustee. In order to evidence the Institution's obligation to repay the Series 2019 Bonds the proceeds of which were loaned by the Issuer to the Institution under the Loan Agreement, the Institution will issue to the Issuer (i) a certain Series 2019A-1 Promissory Note, in the principal amount of the Series 2019A-1 Bond, (ii) a certain Series 2019A-2 Promissory Note, in the principal amount of the Series 2019A-2 Bond, and (iii) a certain Series 2019B Promissory Note, in the principal amount of the Series 2019B Bond, each dated August 8, 2019 (collectively, the "**Notes**") and each from the Institution to the Issuer. Reference is hereby made to the Loan Agreement, the Indenture, the Note, and to all amendments and supplements thereto (copies of which are and will be on file at the principal corporate trust office of the Trustee), for a description of the property pledged and assigned, 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 Owners of the Series 2019 Bonds and the terms upon which the Series 2019 Bonds are issued and secured.

Redemption of Series 2019 Bonds; Redemption Dates and Prices.

(a) The Series 2019 Bonds shall be subject to redemption prior to the respective maturities thereof on the terms and at the prices set forth in subsections (b), (c), (d), (e) and (f) of the Indenture under this heading.

(b) The Series 2019A Bonds maturing after June 1, 2029, are subject to redemption by the Issuer, at the option of the Institution exercised upon the School's written consent, on or after June 1, 2029, in whole or in part at any time, at the Redemption Prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the Redemption Date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
June 1, 2029 through May 31, 2030	102%
June 1, 2030 through May 31, 2031	101%
June 1, 2031 and thereafter	100%

The Institution may direct such prepayment only if it shall prepay an amount under the Loan Agreement equal to the amount of the prepayment price described above.

(c) The Series 2019 Bonds are subject to redemption in whole or in part on any Debt Service Payment Date, without premium or penalty, at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be prepaid plus interest accrued thereon to the Redemption Date, upon the occurrence of the following events:

(i) The Facility shall have been damaged or destroyed to such extent that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after such damage or destruction), (A) the Facility cannot be reasonably restored within a period of eighteen (18) consecutive months after such damage or destruction to the condition thereof immediately preceding such damage or destruction, or (B) the Institution is thereby prevented or is reasonably expected to be thereby prevented from carrying on its normal operations within the Facility for a period of eighteen (18) consecutive months after such damage or destruction, or (C) the cost of restoration of the Facility would exceed the Net Proceeds of insurance carried thereon; or

(ii) Title to, or the use of, all or any material part of the Facility shall have been taken by Condemnation such that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after the date of such taking), the Institution is thereby prevented from carrying on its normal operations therein for a period of eighteen (18) consecutive months after such taking.

(d) The Series 2019 Bonds are subject to mandatory redemption, without premium or penalty, in whole or in part, and shall be prepaid or redeemed prior to maturity with moneys deposited into the Bond Fund as a result of the unused balance in the Project Fund and Renewal Fund deposited in the Bond Fund pursuant to Sections 4.04, 4.05 and 4.07 of this Indenture.

(e) The Series 2019 Bonds shall be redeemed in whole as soon as practicable after receipt by the Trustee of written notice from any Owner or the Institution of the occurrence of an Event of Taxability with respect to the Series 2019A Bonds (but in no event later than one hundred twenty (120) days following an Event of Taxability with respect to the Series 2019A Bonds), at a Redemption Price equal to 105% of the principal amount of the Series 2019A Bonds plus accrued interest thereon to the Redemption Date and 100% of the principal amount of the Series 2019B Bonds plus accrued interest thereon to the Redemption Date..

(f) The Series 2019A-1 Bonds maturing on December 1, 2029 are subject to mandatory redemption in part semi-annually June 1 and December 1 commencing on June 1, 2023 by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019A-1 Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019A-1 Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
June 1, 2023	\$145,000
December 1, 2023	150,000
June 1, 2024	155,000
December 1, 2024	155,000
June 1, 2025	160,000
December 1, 2025	170,000
June 1, 2026	170,000
December 1, 2026	180,000
June 1, 2027	185,000
December 1, 2027	185,000
June 1, 2028	195,000
December 1, 2028	200,000
June 1, 2029	210,000
December 1, 2029*	210,000
	<u>\$2,470,000</u>

*Final Maturity

The Series 2019A-2 Bonds maturing on December 1, 2044 are subject to mandatory redemption in part semi-annually June 1 and December 1 commencing on June 1, 2030 by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019A-2 Bonds to be redeemed plus accrued interest

to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019A-2 Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
June 1, 2030	\$220,000
December 1, 2030	225,000
June 1, 2031	240,000
December 1, 2031	240,000
June 1, 2032	255,000
December 1, 2032	255,000
June 1, 2033	270,000
December 1, 2033	275,000
June 1, 2034	290,000
December 1, 2034	295,000
June 1, 2035	310,000
December 1, 2035	315,000
June 1, 2036	335,000
December 1, 2036	335,000
June 1, 2037	360,000
December 1, 2037	355,000
June 1, 2038	385,000
December 1, 2038	380,000
June 1, 2039	405,000
December 1, 2039	410,000
June 1, 2040	440,000
December 1, 2040	435,000
June 1, 2041	470,000
December 1, 2041	465,000
June 1, 2042	500,000
December 1, 2042	500,000
June 1, 2043	530,000
December 1, 2043	535,000
June 1, 2044	570,000
December 1, 2044*	570,000
	<u>\$11,170,000</u>

*Final Maturity

Notice of Redemption.

The Trustee shall call Series 2019 Bonds for redemption as provided in subsections (b) and (c) of Section 3.01 of the Indenture upon receipt of notice from the Issuer or the Institution directing such redemption, which notice shall be sent to the Trustee at least forty-five (45) days prior to the Redemption Date specified in such notice and shall identify the Series 2019 Bonds to be redeemed (including CUSIP number(s)) and shall specify (i) the principal amount of Series 2019 Bonds and their maturities so to

be called for redemption, (ii) the applicable Redemption Price, and (iii) the provision or provisions of Section 3.01 of the Indenture pursuant to which such Series 2019 Bonds are to be called for redemption. The Trustee shall call the Series 2019 Bonds for redemption as provided in subsections (d) and (e) of Section 3.01 of the Indenture as soon as practicable (but in no event more than one hundred twenty (120) days following the date a Responsible Officer of the Trustee is notified of an Event of Taxability pursuant to subsection (e) of Section 3.01 of the Indenture) without the need for further direction from the Issuer or the Institution. The Trustee shall call Series 2019 Bonds for redemption as provided in subsection (f) of Section 3.01 of the Indenture for the applicable Sinking Fund Payment dates without need for direction from the Institution or Issuer.

When Series 2019 Bonds are to be redeemed pursuant to Section 3.01 of the Indenture (except Section 3.01(f)), the Trustee shall give notice of the redemption of the Series 2019 Bonds in the name of the Issuer stating: (i) the Series 2019 Bonds to be redeemed (including CUSIP number(s)); (ii) the Redemption Date; (iii) that such Series 2019 Bonds will be redeemed at the Office of the Trustee; (iv) that on the Redemption Date there shall become due and payable upon each Series 2019 Bond to be redeemed the Redemption Price thereof, together with interest accrued to the Redemption Date; and (v) that from and after the Redemption Date interest thereon shall cease to accrue. Any notice of redemption may be conditioned on sufficient funds being on deposit with the Trustee on the Redemption Date to effect such redemption and if sufficient funds are not on deposit, the redemption shall be rescinded and be of no further force and effect.

Notice required by subsection (b) of Section 3.02 of the Indenture shall be given by mail at least thirty (30) days and not more than sixty (60) days prior to the Redemption Date to the Owner of each Series 2019 Bond to be redeemed at the address shown on the registration books; but failure to give such notice by mail, or any defect therein, shall not affect the validity of any proceeding for the redemption of the Series 2019A Bonds.

As used in this 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 Institution shall consent or from which no timely appeal shall be taken to the effect that interest on this Bond is includible in the gross income of the owner thereof under Section 61 of the Code; or

(B) the delivery to the Institution and to the Issuer of an opinion of Bond Counsel (reasonably satisfactory to the Institution and the School) to the effect that interest on this Bond is includible in the gross income of the owner thereof for Federal income tax purposes.

- (2) “Tax Incidence Date” means the date from which the interest on this Bond is deemed to be includible in the gross income of the owner of this Bond by virtue of an Event of Taxability.

Reference to any article or section of any statute in this Bond shall be deemed to be reference to any similar, corresponding or replacement article or section of any future statute.

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 registered owners of the Series 2019 Bonds at any time by the Issuer with the consent of the Institution and of the registered owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Series 2019 Bonds at the time outstanding thereunder. Any such consent shall be conclusive and binding upon each such registered owner and upon all future owners of each Series 2019 Bond and of any such Series 2019 Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

The Series 2019 Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments paid by the Institution under the Loan Agreement and as otherwise provided in the Loan Agreement, the Note and the Indenture. Payments pursuant to the Loan Agreement are required to be made by the Institution directly to the Trustee and to be deposited in a separate Bond Fund held by the Trustee for the payment of the principal of, Sinking Fund Payments for, Redemption Price of, and interest on the Series 2019 Bonds

THIS BOND IS NOT AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR ANY MUNICIPALITY OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION THE TOWN OF HEMPSTEAD), AND NEITHER THE STATE OF NEW YORK NOR ANY MUNICIPALITY OF THE STATE (INCLUDING WITHOUT LIMITATION THE TOWN OF HEMPSTEAD) SHALL BE LIABLE HEREON. NEITHER THE MEMBERS, OFFICERS, AGENTS OR EMPLOYEES OF THE ISSUER NOR ANY PERSON EXECUTING THIS SERIES 2019A BOND SHALL BE LIABLE PERSONALLY OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE HEREOF.

Upon initial issuance, except as otherwise provided in the Indenture, the ownership of this Bond shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). So long as the Series 2019 Bonds are held in book-entry form, the nominee of the securities depository shall be considered the registered holder for all purposes. So long as DTC or Cede & Co. as nominee for DTC is the registered holder of the Series 2019 Bonds, DTC shall be considered the only holder of the Series 2019 Bonds for all purposes under the Indenture. Ownership interests and transfers of ownership interests in the Series 2019 Bonds will be accomplished by book entries made by DTC as provided in the Indenture.

This Bond is fully negotiable and transferable, as provided in the Indenture, only upon compliance with the restrictions set forth in the legend to this Bond and only upon the books of the Issuer kept by the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Trustee. Thereupon a new bond or bonds, in registered form, in the same aggregate principal amount and of the same maturity and rate of interest shall be issued to the transferee in exchange therefor, subject to the conditions and upon payment of the charges provided in the Indenture.

The Issuer, the Trustee and any additional paying agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond shall be overdue or not, for the purpose of receiving payment of the principal of, Sinking Fund Payments for, Redemption Price of, and interest on this Bond and for all other purposes. All such payments so made to the registered owner shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee nor any additional paying agent shall be affected by any notice to the contrary.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as otherwise expressly provided in the Indenture. In addition, the right of the owner of this Bond to institute or prosecute a suit for the enforcement of payment hereof or to enter a judgment in any such suit is limited to the extent that such action would result in the surrender, impairment, waiver or loss of the lien of the Indenture for the equal and ratable benefit of all owners of Series 2019 Bonds.

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 manually signed by the Trustee.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional, statutory or corporate limitations.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION has caused this Series 2019A[-1][-2] Bond to be executed in its name by the manual or facsimile signature of its Executive Director and Chief Executive Officer or other authorized officer as of the 8th day of August, 2019.

**TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION**

By: _____

Name: Frederick E. Parola

Title: Executive Director and
Chief Executive Officer

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This Series 2019[A-1][A-2] Bond is one of Series 2019A[-1][-2] Bonds described in the within mentioned Indenture.

UMB BANK, N.A.
as Trustee

Dated: August 8, 2019

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____

Attorney to transfer such bond on the books kept for the registration thereof, with full
power of substitution in the premises.

Dated: _____

NOTICE: The signature to this
assignment must correspond with
the name as it appears on the face of
the within bond in every particular,
without alteration or enlargement or
any change whatever.

**SIGNATURE GUARANTEED
MEDALLION GUARANTEED**

Authorized Signature

(Signature Guarantee Program Name)
Signature Guarantee by (must be
by a member of the Stock
Exchange Medallion Program or
the New York Stock Exchange,
Inc. Signature Program in
accordance with Securities and
Exchange Commission Rule
17Ad-15)

(END OF FORM OF SERIES 2019A[-1][-2] BOND)

EXHIBIT A-2

(FORM OF SERIES 2019B BOND)

NOTICE:

THIS BOND HAS NOT BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933 AND
MAY NOT BE SOLD OR TRANSFERRED
WITHOUT REGISTRATION UNDER SAID ACT
OR EXEMPTION THEREFROM.

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION
(TOWN OF HEMPSTEAD, NEW YORK)

TAXABLE REVENUE BONDS, SERIES 2019B
(CIRCULO REAL PROPERTY HOLDING CORPORATION)

No. BR-1

Registered Owner: Cede & Co.

Interest Rate 6.250%

Principal Amount: \$900,000

CUSIP No. 424682 KP6

Maturity Date December 1, 2022

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION, a not-for-profit local development corporation duly existing under the laws of the State of New York, having its principal office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the "Issuer"), acknowledges itself indebted and for value received promises to pay, solely from the source and as hereinafter provided, to the Registered Owner set forth above at the address set forth on the registration books of UMB Bank, N.A., as trustee (said trustee and any successor thereto under the Indenture being herein collectively called the "Trustee") as of its applicable Record Date, the principal amount set forth above on the Maturity Date set forth above or sooner as provided herein. The outstanding principal hereof shall bear interest from the date hereof at the per annum interest rate set forth above calculated on the basis of a three-hundred sixty (360) day year of twelve (12) thirty (30) day months (the "Bond Rate") (except as otherwise provided herein), payable quarterly on the first day of each March 1, June 1, September 1, and December 1, commencing on September 1, 2019, and continuing thereafter until said principal is paid in full. All capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in Schedule A to the Indenture (as hereinafter defined), which Schedule A is hereby incorporated by reference in this Bond and made a part hereof. Payment of the principal of this Bond, and, if this Bond shall be redeemed prior to maturity, payment of the principal Redemption Price of and interest accrued to the redemption date, shall be made upon presentation and surrender hereof at the designated corporate trust office of UMB Bank, N.A., as Paying Agent of the Issuer, at 2 South Broadway, Suite 600, St. Louis, Missouri 63102 (the "Paying Agent"), or at the office designated for such payment by any successor paying agent or at such other place as may be agreed upon in advance by the

Paying Agent and the registered Owner of this Bond. Interest (other than interest which is included in the Redemption Price) on this Bond due on any Debt Service Payment Date shall be payable to the Owner in whose name this Bond is registered at the close of business on the Record Date with respect to such Debt Service Payment Date (i) by check mailed on the Debt Service Payment Date to the Registered Owner, (ii) by wire to DTC as the Owner of the Bonds as described in Section 2.13 of the Indenture, or (iii) by wire transfer on the Debt Service Payment to any Owner of at least \$1,000,000 in aggregate principal amount of the Series 2019 Bonds, upon written notice provided by the Owner to the Trustee not later than five (5) days prior to the Record Date for such Debt Service Payment Date; provided, however that payment of interest on redemption of any Series 2019A Bond shall be made only upon presentation and surrender of such Bond as provided in the Indenture; provided, further, that if and to the extent there shall be a default in the payment of the interest due on any Debt Service Payment Date, the defaulted interest shall be paid to the Owner in whose name this Bond is registered at the close of business on a special record date established by notice mailed by or on behalf of the Issuer to the Owners of the Bonds not less than fifteen (15) days preceding such special record date. Wire transfer payments of interest shall be made at such wire transfer address as the Owner shall specify in his notice requesting payment by wire transfer, provided that the Trustee has received sufficient information to make such wire transfer, including, but not limited to, ABA routing and account numbers. The principal, Redemption Price of, and interest on this Bond are payable in lawful money of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

Any payment of interest or principal which is due on a day other than a Business Day shall be due and payable on the next succeeding Business Day with the same effect as if paid on the date due. "Business Day" means a day other than a Saturday, Sunday or legal holiday or day on which banking institutions in New York, New York or any city in which the principal office of the Trustee or any Paying Agent is located are authorized by law or executive order to remain closed.

Upon the occurrence of an Event of Default (as defined in the Indenture, as hereinafter defined) the rate of interest on this Bond shall be adjusted so that at all times on and after the occurrence and continuation of the Event of Default, this Bond shall bear interest at a rate equal to the current interest rate on the Bond plus four percent (4%) (the "Default Rate") until such Event of Default has been cured or the Series 2019A Bonds have been accelerated pursuant to Section 8.02 of the Indenture.

This Bond is one of a duly authorized series of the Issuer's Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) issued in the aggregate principal amount of FOURTEEN MILLION FIVE HUNDRED FORTY THOUSAND AND 00/100 DOLLARS (\$14,540,000) (hereinafter called the "Series 2019 Bonds"), consisting of the Issuer's (i) \$2,470,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-1 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the "**Series 2019A-1 Bonds**"), (ii) its \$11,170,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-2 (Circulo Real

Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019A-2 Bonds**”; and, together with the Series 2019A-1 Bonds, the “**Series 2019A Bonds**”) and (iii) its \$900,000 Taxable Revenue Refunding Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019B Bonds**”; and together with the Series 2019A Bonds, the “**Series 2019 Bonds**” or “**Bonds**”), under Section 145 of the Internal Revenue Code of 1986, as amended (the “**Code**”), issued and authorized for the benefit of Circulo Real Property Holding Corporation, a not-for-profit corporation organized and existing under the laws of the State and an Exempt Organization (the “**Institution**”), for the purposes of, along with other available monies of the Institution: (A) paying all costs in connection with refunding the outstanding Civic Facility Revenue Bonds, Series 2007 (Circulo de la Hispanidad, Inc. Civic Facility) issued by the Town of Hempstead Industrial Development Agency (the “**IDA**”), in the amount of \$15,000,000 (the “**Series 2007 Bonds**”), for the benefit of Circulo de la Hispanidad, Inc., a not-for-profit corporation, organized and existing under the laws of the State, and an Exempt Organization (the “**Organization**”), the proceeds of which Series 2007 Bonds were used to finance the costs of (i) the issuance of the Series 2007 Bonds, and (ii) the acquisition of an approximately 0.895 acre parcel of land located at 605 Peninsula Boulevard and the construction and equipping of an approximately 35,000 square foot two-story commercial building located thereon, and an adjacent approximately 0.1147 acre parcel of land located at 134 Linden Avenue, consisting of parking facilities, all located in the Village of Hempstead, Town of Hempstead, Nassau County, New York (collectively, the “**Facility**”) (clauses (i) and (ii) are collectively, the “**Series 2007 Project**”), which Facility has been conveyed by the Organization to the Institution and leased by the Institution to Evergreen Charter School, a not-for-profit education corporation, organized and existing under the laws of the State and an Exempt Organization (the “**School**”), to be used as a charter school serving students in kindergarten through grade 8; (B) fund a debt service reserve fund and a repair and replacement fund, and (C) pay certain costs of issuance of the Series 2019 Bonds (subsections (A), (B) and (C) are collectively, the “**Series 2019 Project**”).

The Series 2019 Bonds are all issued under and are equally and ratably secured by and entitled to the protection of an Indenture of Trust, dated as of August 1, 2019 (which Indenture as from time to time amended and supplemented is herein referred to as the “Indenture”), duly executed and delivered by the Issuer to the Trustee. In order to evidence the Institution’s obligation to repay the Series 2019 Bonds the proceeds of which were loaned by the Issuer to the Institution under the Loan Agreement, the Institution will issue to the Issuer (i) a certain Series 2019A-1 Promissory Note, in the principal amount of the Series 2019A-1 Bond, (ii) a certain Series 2019A-2 Promissory Note, in the principal amount of the Series 2019A-2 Bond, and (iii) a certain Series 2019B Promissory Note, in the principal amount of the Series 2019B Bond, each dated August 8, 2019 (collectively, the “**Notes**”) and each from the Institution to the Issuer. Reference is hereby made to the Loan Agreement, the Indenture, the Note, and to all amendments and supplements thereto (copies of which are and will be on file at the designated corporate trust office of the Trustee), for a description of the property pledged and assigned, 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 Owners of the

Series 2019 Bonds and the terms upon which the Series 2019 Bonds are issued and secured.

Redemption of Series 2019 Bonds; Redemption Dates and Prices.

(a) The Series 2019 Bonds shall be subject to redemption prior to the respective maturities thereof on the terms and at the prices set forth in subsections (b), (c), (d), (e) and (f) of the Indenture under this heading.

(b) The Series 2019B Bonds are not subject to optional redemption.

(c) The Series 2019 Bonds are subject to redemption in whole or in part on any Debt Service Payment Date, without premium or penalty, at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be prepaid plus interest accrued thereon to the Redemption Date, upon the occurrence of the following events:

(i) The Facility shall have been damaged or destroyed to such extent that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after such damage or destruction), (A) the Facility cannot be reasonably restored within a period of eighteen (18) consecutive months after such damage or destruction to the condition thereof immediately preceding such damage or destruction, or (B) the Institution is thereby prevented or is reasonably expected to be thereby prevented from carrying on its normal operations within the Facility for a period of eighteen (18) consecutive months after such damage or destruction, or (C) the cost of restoration of the Facility would exceed the Net Proceeds of insurance carried thereon; or

(ii) Title to, or the use of, all or any material part of the Facility shall have been taken by Condemnation such that, in the opinion of an Authorized Representative of the Institution (expressed in a certificate filed with the Issuer and the Trustee within sixty (60) days after the date of such taking), the Institution is thereby prevented from carrying on its normal operations.

(d) The Series 2019 Bonds are subject to mandatory redemption, without premium or penalty, in whole or in part, and shall be prepaid or redeemed prior to maturity with moneys deposited into the Bond Fund as a result of the unused balance in the Project Fund and Renewal Fund deposited in the Bond Fund pursuant to Sections 4.04, 4.05 and 4.07 of this Indenture.

(e) The Series 2019 Bonds shall be redeemed in whole as soon as practicable after receipt by the Trustee of written notice from any Owner or the Institution of the occurrence of an Event of Taxability with respect to the Series 2019A Bonds (but in no event later than one hundred twenty (120) days following an Event of Taxability with respect to the Series 2019A Bonds), at a Redemption Price equal to 105% of the principal

amount of the Series 2019A Bonds plus accrued interest thereon to the Redemption Date and 100% of the principal amount of the Series 2019B Bonds plus accrued interest thereon to the Redemption Date.

(f) The Series 2019B Bonds maturing on December 1, 2022 are subject to mandatory redemption in part semi-annually June 1 and December 1 commencing on December 1, 2019 by lot by operation of Sinking Fund Payments at a Redemption Price equal to the principal amount of the Series 2019B Bonds to be redeemed plus accrued interest to the Redemption Date. The amounts and due dates of the Sinking Fund Payments for the Series 2019B Bonds are set forth in the following table:

<u>Sinking Fund Payment Date</u>	<u>Amount</u>
December 1, 2019	\$130,000
June 1, 2020	120,000
December 1, 2020	125,000
June 1, 2021	125,000
December 1, 2021	130,000
June 1, 2022	135,000
December 1, 2022*	135,000
	\$900,000

*Final Maturity

Notice of Redemption.

The Trustee shall call Series 2019 Bonds for redemption as provided in subsections (b) and (c) of Section 3.01 of the Indenture upon receipt of notice from the Issuer or the Institution directing such redemption, which notice shall be sent to the Trustee at least forty-five (45) days prior to the Redemption Date specified in such notice and shall identify the Series 2019 Bonds to be redeemed (including CUSIP number(s)) and shall specify (i) the principal amount of Series 2019 Bonds and their maturities so to be called for redemption, (ii) the applicable Redemption Price, and (iii) the provision or provisions of Section 3.01 of the Indenture pursuant to which such Series 2019 Bonds are to be called for redemption. The Trustee shall call the Series 2019 Bonds for redemption as provided in subsection (d) of Section 3.01 of the Indenture as soon as practicable without the need for further direction from the Issuer or the Institution. The Trustee shall call Series 2019 Bonds for redemption as provided in subsection (f) of Section 3.01 of the Indenture for the applicable Sinking Fund Payment dates without need for direction from the Institution or Issuer.

When Series 2019 Bonds are to be redeemed pursuant to Section 3.01 of the Indenture (except Section 3.01(f)), the Trustee shall give notice of the redemption of the Series 2019 Bonds in the name of the Issuer stating: (i) the Series 2019 Bonds to be redeemed (including CUSIP number(s)); (ii) the Redemption Date; (iii) that such Series 2019 Bonds will be redeemed at the Office of the Trustee; (iv) that on the Redemption Date there shall become due and payable upon each Series 2019 Bond to be redeemed the Redemption Price thereof, together with interest accrued to the Redemption Date; and

(v) that from and after the Redemption Date interest thereon shall cease to accrue. Any notice of redemption may be conditioned on sufficient funds being on deposit with the Trustee on the Redemption Date to effect such redemption and if sufficient funds are not on deposit, the redemption shall be rescinded and be of no further force and effect.

Notice required by subsection (b) of Section 3.02 of the Indenture shall be given by mail at least thirty (30) days and not more than sixty (60) days prior to the Redemption Date to the Owner of each Series 2019 Bond to be redeemed at the address shown on the registration books; but failure to give such notice by mail, or any defect therein, shall not affect the validity of any proceeding for the redemption of the Series 2019A Bonds.

THIS BOND IS NOT AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR ANY MUNICIPALITY OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION THE TOWN OF HEMPSTEAD), AND NEITHER THE STATE OF NEW YORK NOR ANY MUNICIPALITY OF THE STATE (INCLUDING WITHOUT LIMITATION THE TOWN OF HEMPSTEAD) SHALL BE LIABLE HEREON. NEITHER THE MEMBERS, OFFICERS, AGENTS OR EMPLOYEES OF THE ISSUER NOR ANY PERSON EXECUTING THIS SERIES 2019B BOND SHALL BE LIABLE PERSONALLY OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE HEREOF.

Upon initial issuance, except as otherwise provided in the Indenture, the ownership of this Bond shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). So long as the Series 2019 Bonds are held in book-entry form, the nominee of the securities depository shall be considered the registered holder for all purposes. So long as DTC or Cede & Co. as nominee for DTC is the registered holder of the Series 2019 Bonds, DTC shall be considered the only holder of the Series 2019 Bonds for all purposes under the Indenture. Ownership interests and transfers of ownership interests in the Series 2019 Bonds will be accomplished by book entries made by DTC as provided in the Indenture.

This Bond is fully negotiable and transferable, as provided in the Indenture, only upon compliance with the restrictions set forth in the legend to this Bond and only upon the books of the Issuer kept by the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Trustee. Thereupon a new bond or bonds, in registered form, in the same aggregate principal amount and of the same maturity and rate of interest shall be issued to the transferee in exchange therefor, subject to the conditions and upon payment of the charges provided in the Indenture.

The Issuer, the Trustee and any additional paying agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond shall be overdue or not, for the purpose of receiving payment of the principal of, Sinking Fund Payments for, Redemption Price of, and interest on this Bond and for all other purposes. All such payments so made to the registered owner shall be valid and

effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee nor any additional paying agent shall be affected by any notice to the contrary.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as otherwise expressly provided in the Indenture. In addition, the right of the owner of this Bond to institute or prosecute a suit for the enforcement of payment hereof or to enter a judgment in any such suit is limited to the extent that such action would result in the surrender, impairment, waiver or loss of the lien of the Indenture for the equal and ratable benefit of all owners of Series 2019 Bonds.

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 manually signed by the Trustee.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional, statutory or corporate limitations.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION has caused this Series 2019B Bond to be executed in its name by the manual or facsimile signature of its Executive Director and Chief Executive Officer or other authorized officer as of the 8th day of August, 2019.

**TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION**

By: _____

Name: Frederick E. Parola

Title: Executive Director and
Chief Executive Officer

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This Series 2019B Bond is one of Series 2019B Bonds described in the within mentioned Indenture.

UMB BANK, N.A.
as Trustee

Dated: August 8, 2019

By: _____
Authorized Signatory

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____

Attorney to transfer such bond on the books kept for the registration thereof, with full
power of substitution in the premises.

Dated: _____

NOTICE: The signature to this
assignment must correspond with
the name as it appears on the face of
the within bond in every particular,
without alteration or enlargement or
any change whatever.

**SIGNATURE GUARANTEED
MEDALLION GUARANTEED**

Authorized Signature

(Signature Guarantee Program Name)
Signature Guarantee by (must be
by a member of the Stock
Exchange Medallion Program or
the New York Stock Exchange,
Inc. Signature Program in
accordance with Securities and
Exchange Commission Rule
17Ad-15)

(END OF FORM OF SERIES 2019B BOND)

EXHIBIT B

(FORM OF REQUISITION - CIRCULO REAL PROPERTY HOLDING CORPORATION)

_____, 2019

UMB Bank, N.A., as Trustee
2 South Broadway, Suite 600
St. Louis, Missouri 63102
Attention: Corporate Trust Services

Re: Certificate of Requisition Number ____

Gentlemen:

This Certificate of Requisition is made pursuant to Section [4.04] [4.07] [4.11] of the Indenture of Trust, dated as of August 1, 2019 (the "Indenture"), between the Town of Hempstead Local Development Corporation (the "Issuer") and UMB Bank, N.A., as Trustee (the "Trustee"). All definitions in the Indenture are hereby incorporated by reference.

We hereby request that the sum of _____ Dollars (\$_____) be disbursed by you to us from the [[Series 2007 Bonds Redemption Account]/[Series 2019 Bonds Cost of Issuance Account] of the Project Fund]/[Renewal Fund]/[Repair and Replacement Fund] established and held by you under the Indenture.

Attached hereto as Schedule Number 1 is a general description of the Costs of the Series 2019 Project covered by this Certificate of Requisition and the manner in which such payment is to be made.

In respect of the Costs of the Series 2019 Project described in Schedule Number 1 hereto, we hereby certify that: (1) each obligation paid or payable in connection therewith has been properly recorded on our books, (2) each such obligation is a proper charge against the [Project/Renewal/Repair and Replacement] Fund, (3) no such obligation is the basis of any previous withdrawal from the [Project/Renewal/Repair and Replacement] Fund, (4) such obligations will not result in less than 95% of the Net Proceeds (including any investment earnings thereon) being used for land or depreciable property, (5) the cost to us of the portion of Improvements or Equipment covered by this Certificate of Requisition is not less than the amount to be paid to us hereunder, (6) none of the items for which requisition is made constitutes equipment (including fixtures) other than equipment listed on an accompanying schedule, (7) we are not in default under the Loan Agreement and nothing has occurred to our knowledge which prevents performance of our obligations under the Loan Agreement, and (8) the sums disbursed to us pursuant to this Certificate of Requisition will be used in accordance with the Tax Regulatory Agreement.

[IF USED FOR REQUISITION FROM THE RENEWAL FUND – The Institution hereby represents and warrants (a) that no liens or lien waivers exist on the Facility other than Permitted Encumbrances, (b) confirmation of consistency with applicable plans and specifications filed with the Trustee, and (c) that the remaining moneys on deposit in the

Renewal Fund are adequate to complete the replacement, repair, rebuilding, restoration, or relocation of the Facility.]

CIRCULO REAL PROPERTY HOLDING
CORPORATION

By: _____
Authorized Representative

[IF USED FOR REQUISITION FROM THE RENEWAL FUND OR REPAIR AND
REPLACEMENT FUND]

APPROVED BY:

[Name of Construction Manager or Majority Bondholder [unless Majority Bondholder waives
the requirement]

[_____]

By: _____
Name:
Title:

SCHEDULE NUMBER 1

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SCHEDULE A

SCHEDULE OF DEFINITIONS

“Account” means any Account within a Fund created or maintained pursuant to Section 4.01 of the Indenture.

“Act” means, collectively, the New York Membership Corporation Law as in effect in 1966, as amended and supplemented by Section 1411 of the New York Not-For-Profit Corporation Law.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Institution or the Issuer under any applicable bankruptcy, reorganization, insolvency or similar law as is now or hereafter in effect.

“Additional Indebtedness” means any Indebtedness incurred by the Institution, the Organization or the School subsequent to the Closing Date.

“Affiliate” shall mean a corporation, partnership, association, limited liability company, joint venture, business trust or similar entity organized under the laws of any state that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common contract with, the Institution.

“Annual Compliance Fee” means the \$1,500 Annual Compliance Fee to be paid by the Institution to the Issuer on or before January 1 of each year pursuant to Section 5.3(a) of the Loan Agreement.

“Applicable Elected Representative” means any Person constituting an “applicable elected representative” within the meaning given to the term in Section 147(f)(2)(E) of the Code.

“Assignment” means the Assignment of Mortgage and Security Agreement, dated as of August 8, 2019, given by the Issuer to the Trustee, as the same may be amended, modified or assigned thereto from time to time.

“Assignment of Leases and Rents” means the Assignment of Leases and Rents, dated as of August 1, 2019, from the Institution to the Trustee, as the same may be amended, modified or assigned thereto from time to time.

“Authorized Investments” means:

- A-1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

- A-2. Fidelity Treasury - Class IV #2016 and Morgan Stanley Government #9352.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
1. U.S. Export-Import Bank (Eximbank)
Direct obligations are fully guaranteed certificates of beneficial ownership
 2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 3. Federal Financing Bank
 4. Federal Housing Administration Debentures (FHA)
 5. General Services Administration
Participation Certificates
 6. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA – guaranteed mortgage-backed bonds
GNMA – guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues)
 7. U.S. Maritime Administration
Guaranteed Title XI financing
 8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
1. Federal Home Loan Bank System
Senior debt obligations
 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
 3. Federal National Mortgage Association (FNMA or "Fannie Mae")

4. Mortgage-backed securities and senior debt obligations
Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations
 5. Resolution Funding Corp. (REFCORP) obligations
 6. Farm Credit System
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.
 - E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.
 - F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
 - G. Investment agreements, including repurchase agreements and forward delivery agreements, that are obligations of an entity rated or whose obligations are rated, (at the time the investment is entered into) not lower than A3 by Moody's or its equivalent from another nationally recognized rating agency.
 - H. Commercial paper rated, at the time of purchase, Prime – 1 by Moody's and A-1 or better by S&P.
 - I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.
 - J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime – 1 or A3 or better by Moody's and A-1 or A or better by S&P.

"Authorized Representative" means, in the case of the Issuer, the Chairman, the Vice Chairman, the Executive Director and Chief Executive Officer, the Chief Financial Officer, the Secretary or the Assistant Secretary of the Issuer; in the case of the Institution, the Executive Director or any other person or officer who is authorized by the Institution; and, in the case of either of the Issuer and the Institution, such additional persons as, at the time, are designated to act on behalf of the Issuer or the Institution, as the case may be, by written certificate furnished to the Trustee, the Issuer or the

Institution, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Issuer by the Chairman, the Vice Chairman, the Executive Director and Chief Executive Officer, the Chief Financial Officer, the Secretary or the Assistant Secretary of the Issuer, or (ii) the Institution by the Executive Director or any other person or officer who is authorized by the Institution.

“Bankruptcy Code” means the United States Bankruptcy Code, as amended from time to time.

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

“Bond” or “Bonds” or “Series of Bonds” means, collectively, the Series 2019A Bonds and the Series 2019B Bonds.

“Bond Counsel” means the law firm of Nixon Peabody LLP or an attorney or other firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bond Documents” means the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Notes, the Mortgage, the Assignment, the Lease Agreement, the Guaranty, the Assignment of Leases and Rents, the Continuing Disclosure Agreement, and the Limited Offering Memorandum.

“Bond Fund” means the fund so designated which is established by Section 4.01 of the Indenture.

“Bond Proceeds” means the aggregate amount, including any accrued interest, paid to the Issuer by the Bondholders pursuant to the Indenture as the purchase price of the Series 2019 Bonds.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated August 8, 2019, among the Issuer, the Institution and the Underwriter, as the same may be amended from time to time.

“Bond Rate” means the rate of interest from time to time payable on any of the Series 2019 Bonds as defined therein.

“Bond Registrar” means the Trustee as bond registrar with respect to the Series 2019 Bonds and its successors and assigns in such capacity.

“Bond Year” means “Bond Year” as defined in the Tax Regulatory Agreement.

“Bondholder” means Owner.

“Business Day” means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in New York, New York or any city in which the designated corporate trust office of the Trustee or any Paying Agent is located are authorized by law or executive order to remain closed.

“Certificate of Authentication of the Trustee” and “Trustee’s Certificate of Authentication” means the certificate executed by an authorized signatory of the Trustee certifying the due authentication of each of the Series 2019 Bonds issued under the Indenture.

“Closing Date” means the date of sale and delivery of the Series 2019 Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and the final, temporary and proposed rules, regulations, rulings and interpretations of the Department of the Treasury promulgated thereunder.

“Computation Period” means “Computation Period” as defined in the Tax Regulatory Agreement.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under governmental authority.

“Construction Monitor” means an engineer or other qualified construction consultant retained by the Institution at the request of the Majority Bondholder to serve as a construction monitor for restoration, replacement or other work relating to the Series 2019 Project funded through the Renewal Fund.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of delivery of the Series 2019 Bonds, among the Institution, the School and the Trustee.

“Cost of the Series 2019 Project” or “Costs of the Series 2019 Project” means all those costs and items of expense listed in Section 4.3 of the Loan Agreement.

“Debt Service Payment” means, with respect to any Debt Service Payment Date, (i) the interest payable on such Debt Service Payment Date on all Series 2019 Bonds then Outstanding, plus (ii) the principal or Redemption Price, if any, payable on such Debt Service Payment Date on all such Series 2019 Bonds.

“Debt Service Payment Date” means any date on which each Debt Service Payment shall be payable on any of the Series 2019 Bonds so long as the Series 2019 Bonds shall be outstanding.

“Debt Service Reserve Fund” means the fund so designated with respect to the Series 2019 Bonds which is created by Section 4.01 of the Indenture.

“Debt Service Reserve Fund Requirement” means the Maximum Annual Debt Service on the Series 2019 Bonds;

“Default Rate” shall have the meaning assigned thereto in the Series 2019 Bonds.

“DTC” means The Depository Trust Company, New York, New York.

“DTC Letter of Representation” means the Letter of Representation from the Issuer to DTC.

“Environmental Complaint” shall mean any judgment, lien, order, complaint, notice, citation, action, proceeding or investigation pending before any Governmental Authority, including, without limitation, any environmental regulatory body, with respect to or threatened against or affecting the Institution or relating to its business, assets, property or facilities or the Facility, in connection with any Hazardous Substances or any Hazardous Discharge or any Environmental Law.

“Environmental Laws” shall mean any applicable federal, state or local laws, rules, regulations, resolutions, ordinances, directives or orders (whether now existing or hereafter enacted or promulgated) or any judicial or administrative interpretation of such laws, rules, regulations, resolutions, ordinances, directives or orders or any other applicable determination regarding land, water, air, health, safety or environment including, for example but not limited to, the Federal Statutes and the State Statute.

“Equipment” means all machinery, equipment and other personal property used and to be used in connection with the Series 2019 Project and financed or refinanced with Bond Proceeds.

“Event of Default” (i) when used with respect to the Indenture means any of those events defined as an Event of Default by Section 8.01 of the Indenture, and (ii) when used with respect to the Loan Agreement, means any of the events defined as Events of Default by Section 10.1 of the Loan Agreement.

“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 Institution shall consent or from which no timely appeal shall be taken to the effect that interest on the Series 2019A Bonds is includible in the gross income of the owner thereof under Section 61 of the Code; or

(ii) the delivery to the Institution and to the Issuer of an opinion of Bond Counsel (reasonably satisfactory to the Institution and the School) to the effect that interest on the Series 2019A Bonds is includible in the gross income of the owner thereof under Section 61 of the Code.

“Exempt Organization” means an organization described in Section 501(c)(3) of the Code and which is exempt from federal income taxation pursuant to Section 501(a) of the Code.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all fees and expenses incurred by or due to the Trustee or any Paying Agent under the Indenture other than Ordinary Services and Ordinary Expenses, including reasonable fees and disbursements of Trustee’s counsel.

“Facility” shall have the meaning ascribed thereto in the recitals of the Indenture.

“Fiscal Year” means the twelve (12) month period beginning on September 1 in any year or such other fiscal year as the Institution may select from time to time.

“Fitch” means Fitch Ratings and its successors and assigns.

“Fund” means any Fund created and maintained pursuant to Section 4.01 of the Indenture.

“Government Obligations” means:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGS”).
2. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
3. Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.
4. Pre-refunded municipal bonds rated Aaa by Moody’s and AAA by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations or AAA rated pre-refunded municipals to satisfy this condition.
5. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - a. U.S. Export-Import Bank (Eximbank)
Direct obligations are fully guaranteed certificates of beneficial ownership
 - b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - c. Federal Financing Bank
 - d. General Services Administration
Participation Certificates
 - e. U.S. Maritime Administration
Guaranteed Title XI financing
 - f. U.S. Department of Housing and Urban Development (HUD)
Project Notes

Local Authority Bonds

New Communities Debentures – U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

“Governmental Authority” shall mean any federal, state, or local government, governing body, agency, court, tribunal, authority, subdivision, bureau or other recognized body having jurisdiction to enact, promulgate, interpret, enforce, review or repeal any Environmental Law.

“Guaranty” means that certain Guaranty Agreement, dated as of August 1, 2019, from the Organization to the Trustee, as the same may be amended.

“Hazardous Discharge” shall mean any release of a Hazardous Substance caused by the seeping, spilling, leaking, pumping, pouring, emitting, using, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Substance into the environment, and any liability for the costs of any cleanup or other remedial action.

“Hazardous Substances” shall mean, without limitation, flammables, explosives, radioactive materials, radon, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls or related or similar materials, petroleum products, explosives, radioactive materials, or any other hazardous or toxic or harmful materials, wastes and substances or any other chemical, material, substance or element which is hereinafter defined, determined, identified, prohibited, limited or regulated by the Environmental Laws, or any other chemical, material, substance or element which is known to be harmful to the health or safety of occupants of property or which is hereinafter defined as a hazardous or toxic substance by any Federal, State, or local law, ordinance, rule or regulation, including, but not limited to the Toxic Substances Control Act (15 U.S.C. 2601 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C. 7401 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. 1801 et seq.), and/or the regulations promulgated in relation thereto, all as the same may be amended from time to time (collectively, the "Federal Statutes"); the New York State Environmental Conservation Law Article 27, Title 13 (the "State Statute"), and the regulations promulgated in relation thereto, all as the same may be amended from time to time.

“Holder” means Owner.

“IDA” means the Town of Hempstead Industrial Development Agency.

“Indebtedness” means, for any Person, (a) all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly by such Person, (b) all liabilities (exclusive of reserves such as those established for deferred taxes or litigation) recorded or required to

be recorded as such on the audited financial statements of such Person in accordance with generally accepted accounting principles, and (c) all obligations for the payment of money incurred or assumed by such Person (i) due and payable in all events or (ii) if incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise.

“Improvements” means all those buildings, improvements, structures and other related facilities financed as part of the Facility and (i) financed or refinanced with Bond Proceeds or of any payment by the Institution pursuant to the Loan Agreement, and (ii) not part of the Equipment, all as they may exist from time to time.

“Indebtedness” shall mean any obligation of the Institution for the payment of money, including without limitation (i) indebtedness for money borrowed, (ii) purchase money obligations, (iii) leases evidencing the acquisition of capital assets, (iv) reimbursement obligations, and (v) guarantees of any such obligation of a third party.

“Indenture” means the Indenture of Trust, dated as of August 1, 2019, by and between the Issuer and the Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 2019 Bonds and the security therefor as the same may be amended or supplemented from time to time.

“Independent Counsel” means an attorney or attorneys or firm or firms of attorneys duly admitted to practice law before the highest court of any state of the United States of America or in the District of Columbia and not a full time employee of the Issuer, the Institution or the Trustee.

“Independent Engineer” means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of the State selected by the Institution and not a full time employee of the Issuer, the Institution or the Trustee.

“Information Report” means Form 8038 used by the issuers of certain tax-exempt bonds to provide the Internal Revenue Service with the information required to monitor the State volume limitations.

“Initial Bondholder” means Cede & Co., as nominee for DTC, as the initial owner of the Series 2019 Bonds.

“Initial Compliance Fee” means the Initial Compliance Fee in the amount of \$3,000 paid by the Institution to the Issuer on the Closing Date pursuant to Section 5.3(a) of the Loan Agreement.

“Institution” means Circulo Real Property Holding Corporation, a not-for-profit corporation organized and existing under the laws of the State of New York 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.

“Institution Documents” means the Bond Purchase Agreement, the Loan Agreement, the Mortgage, the Tax Regulatory Agreement, the Notes, the Continuing Disclosure Agreement, the Lease Agreement, the Assignment of Leases and Rents, and the Limited Offering Memorandum.

“Issuer” means (i) the Town of Hempstead Local Development Corporation, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

“Issuer Documents” means the Bond Purchase Agreement, the Series 2019 Bonds, the Loan Agreement, the Indenture, the Notes, the Mortgage, the Assignment the Tax Regulatory Agreement, the Information Report, and the Limited Offering Memorandum.

“Lease Agreement” means that certain Lease Agreement, dated April 5, 2019, between the Institution and the School, as the same may be amended from time to time.

“Lease Payments” means any payments made by the School directly to the Trustee pursuant to the Lease Agreement.

“Lien” means any interest in Property securing an obligation owed to a Person whether such interest is based on the common law, statute or contract, and including but not limited to the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar encumbrances affecting real property. For the purposes of this definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Limited Offering Memorandum” means the Limited Offering Memorandum, dated August 8, 2019, distributed by the Underwriter in connection with the sale of the Series 2019 Bonds.

“Loan Agreement” means the Loan Agreement, dated as of August 1, 2019, by and between the Issuer and the Institution with respect to the Series 2019 Project, as the same may be amended from time to time.

“Loan Payment” means any payment required to be made pursuant to Section 5.3 of the Loan Agreement.

“Loan Term” means the duration of the loan term created in the Loan Agreement.

“Majority Bondholder” means the Owners of more than fifty percent (50%) in aggregate principal amount of the Series 2019 Bonds then Outstanding.

“Maximum Annual Debt Service” means the highest amount of principal and interest payable with respect to the Series 2019 Bonds during the then current or any succeeding Bond Year over the remaining term of any Series 2019 Bonds and shall initially be \$1,202,006.26.

“Moody’s” means Moody’s Investor Service.

“Mortgage” shall mean the Mortgage and Security Agreement, dated as of August, 1, 2019, from the Institution to the Issuer, and shall include any and all amendments thereof and supplements thereto and assignment of interests therein hereafter made in conformity therewith, and with the Indenture and the Loan Agreement.

“Mortgaged Property” has the meaning set forth in the Mortgages.

“Net Proceeds” means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such gross proceeds.

“Notes” or “Promissory Notes” means collectively, (i) with respect to the Series 2019A-1 Bonds, the Promissory Note, dated the Closing Date, from the Institution to the Issuer, substantially in the form of Exhibit C to the Loan Agreement, (ii) with respect to the Series 2019A-2 Bonds, the Promissory Note, dated the Closing Date, from the Institution to the Issuer, substantially in the form of Exhibit C to the Loan Agreement, and (iii) with respect to the Series 2019B Bonds, the Promissory Note, dated the Closing Date, from the Institution to the Issuer, substantially in the form of Exhibit C to the Loan Agreement evidencing the Institution’s obligations to make Loan Payments to the Issuer.

“Office of the Trustee” means the designated corporate trust office of the Trustee, as specified in Section 12.04 of the Indenture, or such other address as the Trustee shall designate.

“Ordinary Services” and “Ordinary Expenses” means those services normally rendered and those fees and expenses normally incurred by or due to a trustee or paying agent, as the case may be, under instruments similar to the Indenture, including reasonable fees and disbursements of counsel for the Trustee.

“Organization” means Circulo de la Hispanidad, Inc., a not-for-profit corporation, organized and existing under the laws of the State of New York, 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 (ii) its successors and/or assigns.

“Organization Documents” means the Guaranty, the Tax Regulatory Agreement, and the Continuing Disclosure Agreement.

“Outstanding” or “Series 2019 Bonds Outstanding” or “Outstanding Series 2019 Bonds” means all bonds which have been authenticated by the Trustee and delivered by the Issuer under the Indenture, or any supplement thereto, except: (i) any Series 2019 Bond cancelled by the Trustee because of payment or redemption prior to maturity; (ii) any bond deemed paid in accordance with the provisions of Section 7.01 of the Indenture, except that any such Series 2019 Bond shall be considered Outstanding until the maturity date thereof only for the purposes of being exchanged or registered; (iii) any Series 2019 Bond paid pursuant to Section 2.09(a) of the Indenture; and (iv) any Series 2019 Bond in lieu of or in substitution for which another Series 2019 Bond shall have been authenticated and delivered pursuant to Section 2.11 of the Indenture, unless proof satisfactory to the Trustee is presented that any Series 2019 Bond, for which a Series 2019 Bond in lieu of or in substitution therefor shall have been authenticated and delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Series 2019 Bond so substituted and replaced and the Series 2019 Bond or Series 2019 Bonds so authenticated and delivered in lieu thereof or in substitution therefor shall be deemed Outstanding.

“Owner” means the registered owner of any Series 2019 Bond as shown on the registration books maintained by the Bond Registrar pursuant to the Indenture.

“Participants” means 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” means the Trustee, acting as such, and any additional paying agent for the Series 2019 Bonds appointed pursuant to Article IX of the Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

“Permitted Encumbrances” means (i) the Loan Agreement, (ii) the Lease Agreement, (iii) the Mortgage, (iv) the Assignment of Leases and rents, (v) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (vi) mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar Liens which are approved in writing by the Issuer, (vii) Liens for taxes not yet delinquent, (viii) equipment leases of less than one (1) year, (ix) equipment leases in excess of one (1) year and/or purchase money security interests, in each case not in excess of the amounts set forth in Section 8.13 of the Loan Agreement and with respect to additional long term debt such greater amount as shall be approved by fifty percent (50%) or more of the Holders of the Series 2019 Bonds, (x) indebtedness in connection with the acquisition of real property secured solely by non-recourse purchase money mortgages on such real property, which indebtedness is not a general obligation of the Institution, and (xi) Liens which are in existence as of the Closing Date or described in the audited consolidated financial statements of the Institution.

“Person” or “Persons” means an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision or branch thereof.

“Pledged Revenues” has the meaning ascribed to such term in the Mortgage.

“Project Fund” means the fund so designated which is created by Section 4.01 of the Indenture.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Public Purposes” shall mean the Issuer’s objective to relieve and reduce unemployment, promote and provide for additional and maximum employment, bettering and maintaining job opportunities, instruct or train individuals to improve or develop the capabilities for such jobs, carrying on scientific research for the purpose of aiding the territory in which its operations are principally to be conducted by attracting new industry to such territory or by encouraging the development of, or retaining of an industry in said territory, and lessening the burdens of government and acting in the public interest.

“Rating Agency” means Moody’s, Fitch, S&P or such other nationally recognized rating agency which shall have issued and is maintaining a rating on the Series 2019 Bonds.

“Rating Agency Letter” means a rating letter, if any, from each Rating Agency assigning a rating on the Series 2019 Bonds.

“Rebate Amount” means, with respect to the Series 2019 Bonds, the amount computed as described in the Tax Regulatory Agreement.

“Rebate Fund” means the fund so designated pursuant to Section 4.01 of the Indenture.

“Record Date” means, with respect to any Debt Service Payment Date, the fifteenth (15th) day of the month next preceding such Debt Service Payment Date (whether or not a Business Day).

“Redemption Date” means, when used with respect to a Series 2019 Bond, the date of redemption thereof established pursuant to Section 3.01 of the Indenture.

“Redemption Price” means, when used with respect to a Series 2019 Bond, the principal amount thereof plus the applicable premium, if any, payable upon the prior redemption thereof pursuant to the Indenture.

“Renewal Fund” means the fund so designated and created pursuant to Section 4.01 of the Indenture.

“Repair and Replacement Fund” means the fund so designated and created pursuant to Section 4.01 of the Indenture.

“Repair and Replacement Fund Requirement” means a maximum amount equal to \$250,000.

“Resolution” means, collectively (i) the Inducement Resolution duly adopted by the Issuer on January 24, 2019, inducing the Series 2019 Project, and (ii) the Authorizing Resolution duly adopted by the Issuer on June 27, 2019, authorizing the issuance, execution, sale and delivery of the Series 2019 Bonds and the execution and delivery of Issuer Documents, as such resolution may be amended or supplemented from time to time.

“Responsible Officer” when used with respect to the Trustee, means any officer of the Trustee with responsibility for the administration of this Indenture and, when used with respect to a particular corporate trust matter, also means any other officer to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject.

“Schedule of Definitions” means the words and terms set forth in this Schedule of Definitions attached to the Indenture as the same may be amended from time to time.

“School” means Evergreen Charter School, not-for-profit education corporation, organized and existing under the laws of the State of New York 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 (ii) its successors and/or assigns.

“School Documents” means the Lease Agreement, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, and the Limited Offering Memorandum and the Letter of Representation attached to the Bond Purchase Agreement..

“Series 2007 Bonds” means the \$15,000,000 Civic Facility Revenue Bonds, Series 2007 (Circulo de la Hispanidad, Inc. Civic Facility) issued by the IDA on March 7, 2007.

“Series 2007 Bond Documents” means the Series 2007 Indenture, the Series 2007 Bonds, and the Installment Sale Agreement, the Tax Compliance Agreement, the Pledge and Assignment, the Mortgages, the Environmental Compliance and Indemnification Agreement and the Guaranty, each executed and delivered in connection with the Series 2007 Bonds and as defined in the Series 2007 Indenture.

“Series 2007 Bondholder Payment Direction Letter” means the Letter dated the Closing Date, from the Series 2007 Owner providing direction to the Series 2007 Trustee for the payment in full of the Series 2007 Bonds.

“Series 2007 Bonds Redemption Account” means the account within the Project Fund which is established by Section 4.01 of the Indenture.

“Series 2007 Indenture” means the Indenture of Trust, dated as of March 1, 2007, by and between the IDA and the Series 2007 Trustee, executed and delivered in connection with the Series 2007 Bonds.

“Series 2007 Owner” means Lapis Municipal Structured Management, LLC solely in its capacity as Portfolio Manager Non Profit Preferred Funding I, as the beneficial owner of 100% of the Series 2007 Bonds.

“Series 2007 Trustee” means UMB Bank, N.A. as successor trustee to The Bank of New York Mellon, formerly known as The Bank of New York, a banking corporation duly organized and validly existing under the laws of the United States of America.

“Series 2019 Bonds” means collectively, the Series 2019A Bonds and the Series 2019B Bonds.

“Series 2019A Bonds” means collectively, the Series 2019A-1 Bonds and the Series 2019A-2 Bonds.

“Series 2019A-1 Bonds” means the Tax-Exempt Revenue Refunding Bonds, Series 2019A-1 Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project) issued pursuant to the terms of the Indenture and delivered on August 8, 2019, in the aggregate principal amount of \$2,470,000 and substantially in the form of Exhibit A-1 of the Indenture.

“Series 2019A-2 Bonds” means the Tax-Exempt Revenue Refunding Bonds, Series 2019A-2 Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project) issued pursuant to the terms of the Indenture and delivered on August 8, 2019, in the aggregate principal amount of \$11,170,000 and substantially in the form of Exhibit A-1 of the Indenture.

“Series 2019B Bonds” means the Taxable Revenue Refunding Bonds, Series 2019B Bonds (Circulo Real Property Holding Corporation/Evergreen Charter School Project) issued pursuant to the terms of the Indenture and delivered on August 8, 2019, in the aggregate principal amount of \$900,000 and substantially in the form of Exhibit A-2 of the Indenture.

“Series 2019 Project” or “Project” shall have the meaning set forth in the recitals of the Indenture.

“Sinking Fund Payments” means payments made on a Debt Service Payment Date to pay the Redemption Price of bonds called for redemption pursuant to Section 3.01(f) of the Indenture.

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc.

“State” means the State of New York.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture adopted by the Issuer in accordance with Article X of the Indenture.

“Tax Incidence Date” means the date from which the interest on the Series 2019A Bonds is deemed to be includible in the gross income of the owner of a Series 2019A Bond by virtue of an Event of Taxability.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement, dated the Closing Date, between the Issuer and the Institution, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof and with the terms of the Indenture.

“Trust Estate” means the rights assigned pursuant to the Indenture and all Property which may from time to time be subject to the Lien of the Indenture.

“Trustee” means (i) UMB Bank, N.A. a national banking association duly organized and existing under the laws of the United States of America, having a corporate trust office at 2 South Broadway, Suite 600, St. Louis, Missouri 63102, (ii) its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

“Unassigned Rights” means the rights of the Issuer and moneys payable pursuant to and under Sections 5.3(b), 6.4(c) and (d), 6.7, 8.2, 8.3, 8.6, 8.8, 8.12, 9.1, 9.3, 10.2(a)(i)(A) and (B), 10.2(a)(iii), 10.4(a) and 11.2(b) of the Loan Agreement.

“Underwriter” means (i) Roosevelt & Cross Incorporated, having an office at 1 Exchange Plaza, 55 Broadway, 22nd Floor, New York, New York 10006, or (ii) its successors and assigns.

APPENDIX E

Lease Agreement

LEASE AGREEMENT

LEASE AGREEMENT (the "Lease"), made as of the 3 day of ^{April}~~March~~, 2019, by and between **CIRCULO REAL PROPERTY HOLDING CORPORATION**, a New York not-for-profit corporation ("Landlord") and **EVERGREEN CHARTER SCHOOL**, a New York not-for-profit corporation ("Tenant").

WHEREAS, Landlord owns the land known as 605 Peninsula Boulevard, Hempstead, New York (the "Land") upon which Landlord owns a 35,000 square foot building (the "Building") (the Building together with the Land, parking, fixtures, equipment and other improvements located on the Land, collectively, the "Premises"); and

WHEREAS, Landlord has agreed to lease to Tenant and Tenant has agreed to lease from Landlord, the Premises, upon the terms and conditions more particularly set forth herein.

NOW, THEREFORE, in consideration of the promises and covenants herein contained, it is mutually agreed by and between Landlord and Tenant as follows:

1. Premises.

Landlord hereby leases and demises to Tenant and Tenant hereby hires and rents from Landlord the Premises. The Premises shall include all fixtures, furnishings, building equipment and other equipment located in or on the Building.

2. Quiet Enjoyment.

If and so long as this Lease remains in full force and effect and no Event of Default (defined below) shall have occurred, Landlord covenants and agrees that Tenant may peaceably and quietly enjoy the Premises and Tenant's possession of the Premises will not be disturbed by Landlord, its successors and assigns.

3. Term.

The term (the "Term") of this Lease shall commence on the date of the closing (the "Closing of the Bonds") of the Town of Hempstead Local Development Corporation ("TOHLDC") Revenue Bonds Series 2019 (Circulo Real Property Holding Corporation Project) (the "Bonds") (the "Commencement Date") and shall terminate and expire on the date (i) none of the Bonds remain outstanding and (ii) no bonds or other debt issued to refund any of the Bonds ("Refunding Bonds") remain outstanding (the "Expiration Date"), unless extended or sooner terminated as provided herein. The Bonds are issued pursuant to an Indenture of Trust to be entered into between TOHLDC and UMB Bank, N.A., as Trustee (the "Bond Trustee") in connection with the Bonds (the "Indenture") and certain related documents (collectively, the "Bond Documents").

4. Rent.

(a) Commencing as of the date of the Closing of the Bonds and for the balance of the Term of this Lease, Tenant covenants and agrees to pay to the Bond Trustee or

Landlord, as applicable: (i) fixed rent in the amount set forth in Section 4(b) below ("Fixed Rent"); (ii) any amounts required to restore any debt service reserve fund for the Bonds or any Refunding Bonds to its required funding level under the applicable Bond Documents; (iii) any amounts required to restore the Repair Fund established pursuant to Section 22 hereof to its then required level; (iv) any Bond Trustee fees and expenses (including reasonable legal expenses) and any TOHLDC fees and expenses (including reasonable legal expenses) imposed under the Bond Documents; and (v) all other sums, costs, expenses, charges or other payments which Tenant assumes, agrees or is obligated to pay pursuant to any provision of this Lease or under the applicable Bond Documents (amounts payable under clauses (ii), (iii), (iv) and (v) being collectively referred to as "Additional Rent"). Fixed Rent and Additional Rent are hereinafter collectively referred to as the "Rent".

(b) Fixed Rent shall be equal to the principal and interest payments and redemption premium, if any, due on the Bonds and any principal and interest payments and redemption premium, if any, due on any Refunding Bonds in accordance (in the case of the Bonds) with the level debt service amortization and redemption premium schedule annexed hereto as Exhibit A and made part hereof and with any acceleration or redemption provisions in the Indenture. If the issuance of any Refunding Bonds results in a modification in the requirements for monthly debt service, Landlord has the unilateral right to adjust the Fixed Rent at any time during the Term of this Lease and provide Tenant a revised Exhibit A.

(c) Fixed Rent shall be payable in advance, without demand or offset, in monthly installments when the Landlord's loan payments are due as set forth in Bond Documents and in Exhibit A throughout the Term of this Lease directly to the Bond Trustee. Subject to the Bond Documents, the Tenant shall pay on the first day of each month, an amount equal to (i) 1/3 of the next upcoming quarterly interest payment on the Bonds due and owing on the next debt service payment date for the Bonds, and (ii) 1/6 of the next upcoming semi-annual principal payment or sinking fund payment of the Bonds due and owing on the next debt service payment date.

(d) Additional Rent to restore any debt service reserve fund to its required balance as a result of a decline in market value or a draw to meet payments due on the Bonds or Refunding Bonds shall be due within 30 days of notice of the decline or the occurrence of the draw or as otherwise set forth in the Bond Documents. Additional Rent to restore the Renewal and Replacement Fund to its then required level shall be due and payable at the rate of \$2,100 per month. All other Additional Rent shall be paid immediately when due and payable.

(e) The parties acknowledge and agree that the Rent shall be absolutely net to Landlord so that this Lease shall yield to Landlord the full amount of the installments or amounts of the Rent throughout the Term, subject to any other provisions of this Lease which expressly provide otherwise. It is agreed and intended that Rent payable hereunder by Tenant shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction and that Tenant's obligation to pay all such amounts, throughout the Term is absolute and unconditional and except to the extent otherwise expressly specified in this Lease, the respective obligations and liabilities of Tenant and Landlord hereunder shall in no way be released, discharged or otherwise affected for any

reason, including without limitation: (i) any defect in the condition, merchantability, design, quality or fitness for use of the Premises, the Building or any part thereof, or the failure of the Premises or the Building to comply with all applicable laws, including any inability to occupy or use the Premises by reason of such non-compliance; (ii) any damage to, removal, abandonment, salvage, loss, theft, scrapping or destruction of or any requisition or taking of the Premises, the Building or any part thereof, or any environmental conditions on the Premises or any property in the vicinity of the Premises; (iii) any restriction, prevention or curtailment of or interference with any use of the Premises, the Building, or any part thereof; (iv) any defect in title to or rights to the Premises or Building or any lien on such title or rights to the Premises or Building; (v) any change, waiver, extension, indulgence or other action or omission or breach in respect of any obligation or liability of or by any person; (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to Tenant or any other person, or any action taken with respect to this Lease by any trustee or receiver of Tenant or any other person, or by any court, in any such proceeding; (vii) any right or claim that Tenant has or might have against any person, including without limitation Landlord or any vendor, manufacturer, contractor of or for the Premises or the Building; (viii) any failure on the part of Landlord or any other person to perform or comply with any of the terms of this Lease, or of any other agreement; (ix) any invalidity, unenforceability, rejection or disaffirmance of this Lease by operation of law or otherwise against or by Tenant or any provision hereof; (x) the impossibility of performance by Tenant or Landlord, or both; (xi) any action by any court, administrative agency or other government agency; (xii) any interference, interruption or cessation in the use, possession or quiet enjoyment of the Premises or otherwise; or (xiii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether foreseeable or unforeseeable, and whether or not Tenant shall have notice or knowledge of any of the foregoing; provided, however, that the foregoing shall not apply or be construed to restrict Tenant's rights in the event of any act or omission by Landlord constituting gross negligence or willful misconduct for which the Tenant is not insured or required to be insured hereunder. This Lease shall be non-cancelable by Tenant for any reason whatsoever and, Tenant, to the extent now or hereafter permitted by applicable law, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or to any diminution, abatement or reduction of Rent payable hereunder. Under no circumstances or conditions shall Landlord be expected or required to make any payment of any kind hereunder or have any obligations with respect to the use, possession, control, maintenance, alteration, rebuilding, replacing, repair, restoration or operation of all or any part of the Premises or the Building, and Tenant expressly waives the right to require any such action at the expense of Landlord pursuant to any applicable law. Any present or future law to the contrary shall not alter this Lease of the parties.

(f) If Tenant shall fail to pay any installment of Rent within fifteen (15) days after the due date thereof, Tenant shall pay to the Bond Trustee a late charge equal to two percent (2%) percent of the amount of such installment in addition to being subject to an Event of Default under Section 21 hereof.

5. Real Estate Taxes.

(a) During the Term hereof, Tenant shall pay all real estate taxes, assessments, water and sewer rents and water and sewer charges and all other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind, including any fine, penalty or interest imposed thereon, which are assessed or imposed upon the Premises or any part thereof, or become payable in respect of the use or occupancy of the Premises as herein provided (collectively, "Taxes") directly to the applicable taxing authority. Tenant shall not be liable for the payment of any Taxes which accrue prior to the Commencement Date.

(b) If any Taxes may be paid in installments, Tenant may exercise such option to pay the same in installments. All Taxes that Tenant has agreed to pay pursuant to this Lease and which are not so paid by Tenant may be paid by Landlord on thirty (30) days prior written notice to Tenant. Repayment of any amount so paid by Landlord (with interest at the rate set forth in Section 16 hereof with regard to payments to discharge liens) shall be deemed Additional Rent and shall be due and payable to Landlord by Tenant on demand from Landlord.

(c) In the event Landlord receives a refund of any Taxes previously paid by Tenant, Tenant shall receive such refund, less Landlord's cost to collect such refund. Tenant shall have the right and option to contest or review by legal, administrative or other proceedings the amount or validity of any Taxes, upon condition that Landlord's interest in the Premises shall not, under any circumstances, be put at risk or forfeited by reason of such contest or review and Tenant shall make conditional payments as necessary to prevent any such risk. Landlord shall join in any such contest or review if and only to the extent necessary in order to properly prosecute such proceedings. The proceedings referred to herein shall include, but shall not be limited to, appropriate appeals from any judgment, decrees or orders made in any such proceedings.

(d) Nothing contained in this Lease shall require Tenant to pay any franchise, corporate, estate, inheritance, succession, capital levy, income, profits or revenue tax of Landlord or any other tax assessment, charge, or levy upon the rent payable by Tenant under this Lease, provided, however, that if at any time during the Term of this Lease, under the laws applicable to Landlord, a tax on rents is assessed against Landlord or the Rent, as a substitution in whole or in part for taxes assessed on the Premises, such tax shall be deemed to be included within the Taxes which Tenant is required to pay under this Article 5. Tenant shall furnish to Landlord for its inspection official receipts of the appropriate taxing authority or other proof satisfactory to Landlord evidencing payment.

(e) Notwithstanding the foregoing, the parties recognize that as of the date hereof the Tenant is not subject to pay real property taxes as a result of its use of the Premises.

6. Condition.

The Premises are hereby accepted by Tenant in their "as is" condition and state of repair.

7. Use.

Tenant shall use the Premises to operate a charter school and for all ancillary and administrative services thereto, and for no other purpose. Tenant shall not do or permit anything to be done upon the Premises or any part thereof which would: (i) make void or voidable any insurance in force upon the Premises; (ii) make it difficult or impossible to obtain fire or other insurance upon the Premises at commercially reasonable rates; (iii) cause or be likely to cause damage to the Premises or any part thereof; (iv) constitute a public or private nuisance; (v) violate applicable law or the Certificate of Occupancy for the Premises; (vi) could adversely affect the exclusion of interest on the Bonds or any Refunding Bonds from federal gross income pursuant to any provision of the Internal Revenue Code of 1986 (the "Code"); or (vii) could adversely affect the status of the Landlord or the Tenant as an organization described in Section 501 (c)(3) of the Code.

8. Insurance.

Tenant shall maintain and comply with all insurance coverages, terms and provisions as set forth on Exhibit B annexed hereto and such other and increased insurance requirements that may be requested by TOHLDC, or by Bond Trustee acting at the direction of the beneficial owners of a majority in principal amount of the Bonds and any Refunding Bonds outstanding (the "Majority Bondholder"). Upon request, Tenant shall deliver to Landlord, TOHLDC and Bond Trustee policies or insurance certificates as provided in Exhibit B annexed hereto.

9. Utilities.

(a) During the Term hereof, Tenant shall pay all costs and expenses for all utilities, including, without limitation, ventilation, air conditioning, lighting, mechanical, electrical and other systems, plumbing, water, heating oil, gas or other fuel, and cleaning services supplied to, servicing, or used in connection with the Premises and all mechanical systems therein, including, without limitation, the heating, air conditioning, ventilation and lighting equipment, directly to the utility company or vendor providing such utilities.

(b) Tenant shall not use or install any fixtures, equipment or machines the use of which in conjunction with other fixtures, equipment or machines would result in an overload of the mechanical, electrical or other systems and equipment supplying the Building. Tenant shall not permit its use of electric current to exceed the capacity of then existing risers, feeders, the electrical service panel or bus ducts to the Building.

10. Maintenance.

Tenant covenants to take good care of the Premises, which shall include without limitation the parking lots, sidewalks, curbs, docking areas and vaults, if any, adjoining the Premises, and to keep the same in good working order and repair and to make promptly all necessary repairs, repaving and restriping thereto, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen, and equal in

quality and class and does hereby expressly waive any right to make repairs at the expense of Landlord as provided for in any statute or law in effect at the time of the execution of this Lease or any amendment hereto, or any other statute or law which may hereafter be enacted during the term of this Lease. Such repairs shall be executed pursuant to the provisions of Section 11 below. Tenant covenants to keep the Premises and sidewalks in a clean and orderly condition and free of dirt, rubbish, snow and ice. Tenant shall be responsible for all repairs and maintenance of all appliances, building systems, heating, air conditioning and ventilation systems, and all generators located in and/or servicing the Premises, including without limitation, elevators. All of Tenant's maintenance obligations hereunder shall be at its sole cost and expense. Notwithstanding the foregoing, Landlord has the right to conduct inspections periodically, upon reasonable notice to Tenant to ensure and oversee that all required repairs and maintenance are being completed to the reasonable satisfaction of Landlord.

11. Alterations.

(a) Tenant may execute any alterations, additions or improvements (hereinafter called an "Alteration") to the Premises at any time and from time to time during the Term of this Lease with Landlord's and TOHLDC's prior written consent, subject to the terms and conditions of the Loan Agreement, executed and delivered between the Landlord and TOHLDC in connection with the Bonds (the "Loan Agreement").

(b) Title to each Alteration which is real property, fixtures (but not Tenant's Property, as defined below), improvements or replacement equipment installed in the Premises or any part thereof at any time, either by Tenant or by Landlord on Tenant's behalf, shall, upon installation be free and clear of all liens and shall immediately upon installation vest and become the property of Landlord and shall remain upon and be surrendered with the Premises. Upon completion of all Alterations, Tenant shall obtain a Certificate of Occupancy (or equivalent certificate) which may be required by any governmental authority to evidence completion of the Alteration and to authorize the use or occupancy of all or any part of the Premises.

(c) Tenant will not install or place any vaults or safes in the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) In connection with any Alterations, Tenant shall deliver to Landlord and TOHLDC such other reasonable requests of Landlord or TOHLDC, including additional insurance coverage as the case may be.

12. Tenant's Property & Equipment

Notwithstanding any contrary provision contained herein, Tenant shall have the right, at its own cost and expense, to install readily removable machinery, equipment and fixtures as Tenant may require from time to time ("Tenant's Property"). Tenant's Property shall remain personalty of the Tenant notwithstanding the fact that it may be affixed or attached temporarily to the Premises, and shall, during the term of this Lease or any extension or renewal thereof, belong to and be removable by Tenant.

13. Rights of Landlord, TOHLDC and Bond Trustee.

Upon reasonable advance notice (except in the case of an emergency), Landlord may enter the Premises at all reasonable times to examine the Premises to make repairs, alterations, improvements or additions. Landlord shall be permitted to take all material into and upon the Premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part. Entry upon the Premises by Landlord by any of said means or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into the Premises or a detainer or eviction of Tenant from the Premises. In the exercise of its rights under this Section 13, Landlord shall make reasonable efforts not to interfere with Tenant's use of the Premises. Nothing herein shall diminish Tenant's obligations to make and pay for all repairs under Paragraph 10 above. TOHLDC and the Bond Trustee and the duly authorized agents of either of them shall have the right at all reasonable times upon prior notice to the Tenant to inspect the Premises.

14. Assignments.

Tenant shall not assign, mortgage, pledge or encumber this Lease and shall not sublet, license or otherwise allow another person or entity to use all or any portion of the Premises without (i) Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld, conditioned or delayed and; (ii) the prior written consent of TOHLDC, subject to the terms and conditions of the Loan Agreement, which consent may be conditioned on the receipt of an opinion of nationally recognized bond counsel that any such action will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

15. Subordination.

(a) This Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate to all ground leases, overriding leases and underlying leases of the Land, the Building and the Premises now or hereafter existing and to all mortgages (including any and all modifications, replacements, extensions, spreaders and renewals thereof) which may now or hereafter affect the Land, the Building and/or the Premises or any such lease. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord may reasonably request to evidence such subordination. Any lease to which this Lease is subject and subordinate is herein referred to as a "Superior Lease" and the lessor of a Superior Lease is herein referred to as a "Superior Lessor," and any mortgage to which this Lease is subject and subordinate is herein referred to as a "Superior Mortgage," and the holder of a Superior Mortgage is herein referred to as a "Superior Mortgagee."

(b) In the event of any act or omission of Landlord that would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, or entitle Tenant to any abatement or offset against the payment of rent, Tenant shall not exercise such right (i) until it has given written notice of such act or omission or the accrual of such claim or right, to each Superior Mortgagee and each Superior

Lessor whose name and address shall previously have been furnished to Tenant, and (ii) unless such act or omission shall be one which is not capable of being remedied by Landlord or such Superior Mortgagee or Superior Lessor within a reasonable period of time, until a reasonable period for remedying such act or omission shall have elapsed following the giving of such notice (which reasonable period shall in no event be less than the period to which Landlord would be entitled under this Lease or otherwise, after similar notice, to effect such remedy but not to exceed sixty (60) days), provided such Superior Mortgagee or Superior Lessor shall with due diligence give Tenant written notice of intention to, and commence and continue to remedy such act or omission.

(c) If any Superior Lessor or Superior Mortgagee shall succeed to the rights of Landlord hereunder, whether through possession or foreclosure action or delivery of a new lease or deed or other equivalent action, then, at the request of such party (hereinafter referred to as a "Successor Landlord"), Successor Landlord shall agree to provide an SNDA (as defined below) to Tenant and upon execution by Tenant, Tenant shall attorn to and recognize each Successor Landlord as Tenant's landlord under this Lease and shall within ten (10) days after request by such Successor Landlord execute and deliver any instrument such Successor Landlord may reasonably request to confirm such recognition and attornment. Upon such recognition and attornment, this Lease shall continue in full force and effect as a direct lease between Successor Landlord and Tenant on all the terms, conditions, and covenants as set forth in this Lease except that the Successor Landlord shall not be:

- (i) liable for any previous act or omission of Landlord (or its predecessor in interest) under this Lease;
- (ii) subject to any credits, offsets, claims, counterclaims, demands or defenses (except to the extent that credits or offsets are expressly set forth in this Lease and available to Tenant because of events occurring after the date of attornment) which Tenant may have against Landlord (or its predecessors in interest);
- (iii) bound by any previous modification of this Lease or by any previous prepayment of more than one month's fixed rent, unless such modification or prepayment shall have been expressly approved in writing by the Superior Mortgagee or Superior Lessor through or by reason of which the Successor Landlord shall have succeeded to the rights of Landlord under this lease;
- (iv) bound by any covenant to undertake or complete any construction of the Premises or any portion thereof or pay for or reimburse Tenant for any costs incurred in connection with such construction;
- (v) required to account for any security deposit of Tenant except to the extent actually received by such Successor Landlord;
- (vi) liable for the obligations of Landlord under this Lease for any period of time other than such period as such Successor Landlord holds such interest;
- (vii) responsible for any monies owing by Landlord to the credit of Tenant;

(viii) bound by any obligation to make any payment to Tenant or grant or be subject to any credits, except to the extent the obligation to make such payment or to grant or be subject to such credit is expressly set forth in this Lease and first accrues after the date of attornment;

(ix) liable for any payment of rent that Tenant may have made to Landlord more than thirty (30) days before the date such rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

The foregoing provisions shall inure to the benefit of Tenant and any Successor Landlord, shall apply to the tenancy of Tenant and shall be self-operative, without requiring any further instrument to give effect to said provisions. Tenant, however, within thirty (30) days of demand of any Successor Landlord, agrees to execute, from time to time, an instrument reasonably acceptable to Tenant in confirmation of the foregoing provisions, satisfactory to such Successor Landlord, in which Tenant shall acknowledge such attornment. Nothing contained in this Section shall be construed to impair any right, privilege or option of any Successor Landlord or, except as otherwise provided in this Lease, to impair any right, privilege or option of Tenant.

(d) This Section shall be self-operative and no further instrument of subordination shall be required provided that the subordination provisions of this Section 15 shall not apply to the Superior Mortgagee or Superior Lessor unless the Superior Mortgagee or Superior Lessor shall deliver to Tenant an executed (by Landlord and such mortgage holder) Subordination, Non-Disturbance and Attornment Agreement (an "SNDA") in recordable form for the benefit of Tenant, which SNDA shall be in form and substance satisfactory to the Superior Mortgagee. Any such SNDA shall provide that such mortgage holder shall agree that if and so long as no Event of Default hereunder shall have occurred and be continuing, the leasehold estate granted to Tenant and all of the rights of Tenant pursuant to this Lease shall not be terminated, modified, affected or disturbed by any action which such mortgage holder may take to foreclose any such mortgage, and that any Successor Landlord shall recognize this Lease as being in full force and effect as if it were a direct lease between such Successor Landlord and Tenant upon all of the terms, covenants, conditions and options granted to Tenant under this Lease, subject to such other provisions in such mortgage holder's standard SNDA. In confirmation of such subordination, Tenant, within ten (10) days after request therefor, shall execute and deliver such SNDA and any other instrument that Landlord, the Superior Lessor or the Superior Mortgagee or any of their respective successors in interest may reasonably request to evidence such subordination. Notwithstanding the foregoing, whether or not Tenant executes, acknowledges and/or delivers such SNDA to Landlord or to such Superior Lessor or Superior Mortgagee, Landlord shall be deemed to have fulfilled all of its obligations under this Section 15 with respect to obtaining an SNDA from such Superior Lessor or Superior Mortgagee, and this Lease shall be subordinate to such mortgage or lease, if Landlord so delivers to Tenant an SNDA from such Superior Lessor or Superior Mortgagee for the benefit of Tenant, executed by Landlord and such Superior Lessor or Superior Mortgagee, as applicable (whether or not counter-executed by Tenant) in form and substance satisfactory to such Superior Lessor or such Superior Mortgagee, as applicable. The lien of any such lease or mortgage shall not cover Tenant's trade fixtures or personal property located in or on the Premises.

16. Liens.

Tenant has no authority to incur any debt or make any charge against Landlord or create any lien upon this Lease or the Premises, for work or materials furnished for the same. In the event that any labor, materials or equipment are furnished to Tenant with respect to which any mechanics' or materialmens' lien might be filed against the Premises, Tenant agrees to take appropriate action to assure that no such lien will be filed, and Tenant agrees to pay, when due, all sums of money that may become due for any such labor, materials or equipment and to cause any such lien to be fully discharged and released or bonded in accordance with the Lien Law of the State of New York promptly upon receiving notice thereof. If Tenant has not obtained the discharge of any such lien within thirty (30) days after notice given by Landlord in writing to Tenant, Landlord may pay the amount of such lien and the amount so paid, with interest thereon at the rate of twelve percent (12%) per annum, shall be deemed Additional Rent reserved under this Lease and shall be payable forthwith and with the same remedies to Landlord as in the case of default in the payment of Rent. In no event shall Landlord's interest under this Lease be subject to any liens for improvements made by Tenant.

17. Fire or Casualty Loss.

Except as otherwise expressly provided herein, damage to or destruction of the Premises by fire or other casualty shall not release or diminish Tenant's obligations hereunder, entitle Tenant to surrender possession of the Premises, terminate this Lease or violate any provisions hereof. Tenant covenants and agrees that in case of damage to or destruction of the Premises by fire or other casualty, Tenant, at Tenant's sole cost and expense, will promptly repair, restore, replace and rebuild the same to the condition existing immediately prior to such damage or destruction, in accordance with Section 11, above. All insurance proceeds received on account of such damage or destruction whether received by Landlord or Tenant, less the reasonable costs, if any, of such recovery (which costs shall be payable to the party incurring such costs) shall be deposited into a special account in the Renewal Fund held by the Bond Trustee under the Indenture and shall be applied as provided in the Loan Agreement.

18. Eminent Domain.

If any part of the Premises is taken or condemned for a public or quasi-public use (a sale in lieu of condemnation to be deemed a taking or condemnation) (each an "Appropriation"), this Lease shall, as to the part taken, terminate as of the date title shall vest in the condemnor and continue in full force as to the remainder and in the event of such a partial taking, Tenant shall restore, subject to unavoidable delays, the remaining portion of the Premises to a complete architectural unit. Such restoration, repairs, and/or reconstruction shall be performed in accordance with the terms of Section 11, above. Any condemnation proceeds received on account of such Appropriation by Landlord or Tenant, less the reasonable costs of collecting the same, if any, shall be deposited into a special account in the Renewal Fund and used for such restoration to restore the improvements located on the Premises and paid out as provided in the Loan Agreement. In the event of a total condemnation (a sale in lieu of condemnation to be deemed a taking or condemnation) and the Landlord and Tenant do not acquire, by construction or otherwise, facilities of substantially the same nature as the Premises, this Lease shall terminate as of the date title shall vest in the condemnor. In such event, the amounts deposited in the

Renewal Fund shall be applied towards the payment of the principal of, redemption price of, and interest to maturity or the earliest practicable redemption date for the Bonds and all expenses of redemption and the Bond Trustee's and TOHLDC's fees and expenses in connection therewith. If the amounts in the Renewal Fund, and any other fund held by the Bond Trustee under the Indenture, are insufficient for the payment of such amounts, Tenant shall be responsible for the payment of any remaining amounts owed. Landlord and Tenant each covenant and agree that promptly after receipt by either party of notice from the condemning authority of the pendency of any such condemnation, such party shall deliver to the other party a copy of such notice. Any termination hereunder shall be without prejudice to the rights of either Landlord or Tenant to recover compensation from the condemning authority for any loss or damage caused by such Appropriation, the parties hereto agreeing that both Landlord and Tenant shall have the right to make claims for any loss or damage it suffers and that all net proceeds of such claims shall be applied first to provide for redemption of the Bonds and any Refunding Bonds in accordance with the applicable Bond Documents.

19. No Broker.

Landlord and Tenant each represents that in connection with this Lease it dealt with no broker nor has either had any correspondence or other communication in connection with this Lease with any other person who is a broker, and that so far as each of Landlord and Tenant is aware there is no broker who negotiated this Lease. Landlord and Tenant each hereby indemnifies the other and agrees to hold the other harmless from any and all loss, cost, liability, claim, damage, or expense (including court costs and attorneys' fees) arising out of any inaccuracy of the above representation.

20. Surrender and Holding Over.

At the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to the Landlord. If Tenant shall hold over and remain in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such holding over shall not be deemed or construed to be an extension or renewal of this Lease, and Tenant shall be liable to Landlord for any loss or damage incurred by Landlord as a result thereof, including consequential damages. In addition, for each month or any part thereof that such holding over continues, Tenant shall pay to Landlord a monthly fee for the use and occupancy of the Premises equal to the Rent payable for the month immediately preceding such hold over, and there shall be no adjustment or abatement for any partial month; provided that if for any reason any Bonds or Refunding Bonds then remain outstanding, the Fixed Rent component of the Rent shall be one hundred fifty percent (150%) of the amount due in such preceding month. The provisions of this section shall not be deemed to limit or exclude any of Landlord's rights of re-entry or any other right granted to Landlord hereunder, at law or in equity.

21. Default and Termination.

(a) Any of the following events shall be deemed an "Event of Default" under this Lease:

(i) if Tenant fails to make any payment of Rent on the due date thereof and fails to cure such delinquency within ten (10) days after written notice from Landlord to Tenant; or

(ii) if Tenant fails to maintain its status as a 501(c)(3) charitable organization pursuant to the requirements of the Internal Revenue Service ("501(c)(3) Status"), and fails to restore its 501(c)(3) Status within thirty (30) days after written notice from the IRS;

(iii) if Tenant fails to maintain its charter with the State of New York of any time during the term of this Lease;

(iv) if Tenant breaches any covenant of this Lease (other than the covenant for the payment of Rent) and fails to cure such breach within thirty (30) days after written notice thereof has been sent by Landlord to Tenant; or

(v) if Tenant becomes involved in a legal proceeding which results in the levy of execution on or the acquisition of Tenant's leasehold interest created hereunder by a trustee in bankruptcy, receiver, assignee or other legal officer appointed in any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or creditors' proceedings and such default is not corrected or cured within forty-five (45) days after the commencement of such proceeding.

(b) Upon the occurrence of any one or more Events of Default, Landlord may serve a written three (3) day notice upon Tenant specifying the nature of said default and upon the expiration of said three (3) day period, if Tenant has failed to remedy such Event of Default, then Landlord may serve a written three (3) day notice of cancellation of this Lease upon Tenant, and upon the expiration of said three (3) day period, this Lease and the term hereunder shall end and expire as fully and completely as if the expiration of said three (3) day period were the day herein definitely fixed for the end and expiration of this Lease and the Term hereof and Tenant shall then quit and surrender the Premises to Landlord, but Tenant shall remain liable as hereinafter provided.

(c) If the cancellation notice provided for under Section 21(b) above, shall be given, and the Term hereof shall expire as aforesaid, then and in any such event, Landlord may, without notice, re-enter the Premises either by force or otherwise and dispossess Tenant by summary proceeding or otherwise, and may remove all persons, fixtures and chattels therefrom and Landlord shall not be liable for any damages resulting therefrom and Tenant hereby waives the service of notice of intention to re-enter, retake or commence legal proceeding to that end. Such re-entry and repossession shall not work a forfeiture of the Rent to be paid and the covenants to be performed by Tenant during the full Term of this Lease. Upon such repossession of the Premises, Landlord shall be entitled to recover, as liquidated damages and not as a penalty, a sum of money equal to the present value of the Rent payable for a twelve (12) month period. Upon the happening of any one or more of the Events of Default, Landlord may repossess the Premises by forcible entry or detainer suit, or otherwise, without demand or notice of any kind to Tenant (except as hereinabove expressly provided for) and without terminating this Lease.

(d) Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term of this Lease would have expired or limit or preclude recovery by Landlord against Tenant of any sums or damages 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. All the remedies hereinbefore given to Landlord and all rights and remedies given to it at law and in equity shall be cumulative and concurrent.

22. Repair Fund.

Commencing on the Commencement Date and then on the anniversary of the Commencement Date for the next nine (9) years, Tenant shall deposit \$25,000.00 annually with the Bond Trustee (for a total of \$250,000.00), as security for the full and faithful performance by Tenant of all repair, maintenance and replacement obligations under the Lease (the "Repair Fund"), which Repair Fund shall be returned to Tenant after the expiration hereof, provided Tenant has fully and faithfully carried out all of the terms, covenants and conditions on its part to be performed under this Lease. Upon any Event of Default by Tenant of any of Tenant's repair, maintenance or replacement obligations ("Tenant's Repair Obligations") under the Lease, Landlord shall have the right to request a draw from the Bond Trustee for any amounts needed to cure or complete such Tenant's Repair Obligations from the Repair Fund in accordance with the terms of the Indenture. If Landlord applies all or any part of the Repair Fund to cure any Event of Default of Tenant, Tenant shall, upon demand, replenish the amount so applied by Landlord as Additional Rent as set forth herein.

23. Estoppel Certificates.

Landlord or Tenant each shall, at any time and from time to time, within ten (10) business days after receipt of notice from the other, execute, acknowledge and deliver to the requesting party a statement in writing certifying (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified, and setting forth the modifications), (ii) the dates to which the Rent has been paid, (iii) to the best knowledge of party delivering the statement, if any party is in default in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Lease, and if in default, specifying each such default, and (iv) such other true statements as Landlord or Landlord's mortgagee or designee may require. It is intended that any such statement delivered pursuant to this section may be relied upon by the requesting party, or any prospective purchaser, assignee or mortgagee.

24. Hazardous Material.

(a) Tenant shall not (i) manufacture, generate, utilize, store, handle, treat, process, or Release any Hazardous Substances at, in, under, from or on the Premises or (ii) suffer or permit to occur any violation of Environmental Laws with respect to the Premises. Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord and at Tenant's sole cost) and hold harmless Landlord, the Bond Trustee and its partners, officers, directors, employees, agents, successors, grantees, assigns and mortgagees from any and all

claims, demands, liabilities, damages, expenses, fees, costs, fines, penalties, suits, proceedings, actions, causes of action and losses of any and every kind and nature, including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of the rentable or usable space or of any amenity, natural resource damages, damages arising from any adverse impact on leasing space on the Premises, and sums paid in settlement of claims and for attorney's fees, consultant's fees and expert's fees that may arise during or after the Term or any extension of the Term in connection with any breach by Tenant of the covenants contained in this section, the presence, Release or threatened Release of Hazardous Substances at, in, under, from, to or on the Premises, or any violation or alleged violation of any Environmental Laws. For purposes of this section, the term "costs" includes, without limitation, costs, expenses and consultant's fees, expert's fees and attorney's fees incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, restoration, monitoring or maintenance work. This covenant of indemnity shall survive the termination of this Lease. Notwithstanding the foregoing, the prohibition contained herein shall not apply to ordinary office products that may contain de minimis quantities of Hazardous Substances, provided such products are used in compliance with Environmental Laws; however, Tenant's indemnification obligations are not diminished with respect to the presence of such products. Tenant shall immediately notify Landlord and the Bond Trustee of any Release or threatened Release at, in, under, from, to or on the Premises.

(b) "Environment" shall mean all indoor and outdoor air, surface water, groundwater, surface or subsurface land, including, without limitation, all fish, wildlife, biota and all other natural resources. "Environmental Laws" shall mean all federal, state and local laws (including, without limitation, case and common law), statutes, regulations, rules, ordinances, guidance, permits, licenses, grants, orders, decrees and judgments relating to the Environment, human health and safety, preservation or reclamation of natural resources, or to the management, handling, use, generation, treatment, storage, transportation, disposal, manufacture, distribution, formulation, packaging, labeling, Release or threatened Release of or exposure to Hazardous Substances, whether now existing or subsequently amended or enacted, including, without limitation: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. ("CERCLA"); the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300(f) et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act 7 U.S.C. Section 136 et seq.; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq.; and the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq. "Hazardous Substances" shall mean all explosive materials, radioactive materials, hazardous or toxic materials, wastes, chemicals or substances, petroleum, petroleum by-products and petroleum products (including, without limitation, crude oil or any fraction thereof), asbestos and asbestos-containing materials, radon, lead, polychlorinated biphenyls, mold, urea-formaldehyde, and all materials, wastes, chemicals and substances that are regulated by any Environmental Law, including, without limitation, hazardous materials listed in 49 C.F.R. Section 172.101 and materials defined as hazardous substances pursuant to Section 101(14) of CERCLA. "Release" shall mean any spilling, leaking,

pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Substances into the Environment.

25. Landlord's Expenses.

(a) Tenant shall pay, on demand, all cost and expenses, including reasonable attorneys' fees, incurred either directly or indirectly by Landlord in enforcing any obligation (provided Landlord shall be the prevailing party) or curing any default by Tenant under this Lease or otherwise participating in any action or proceeding arising from the filing, imposition, contesting, discharging or satisfaction of any lien or claim of lien, in defending or otherwise participating in any legal proceedings initiated by or on behalf of Tenant. All such expenses shall be deemed to be Additional Rent and shall be payable on demand.

(b) Landlord shall pay, on demand, all cost and expenses, including reasonable attorneys' fees, incurred either directly or indirectly by Tenant in enforcing any obligation (provided Tenant shall be the prevailing party) or curing any default by Landlord under this Lease or otherwise participating in any action or proceeding arising from the filing, imposition, contesting, discharging or satisfaction of any lien or claim of lien, in defending or otherwise participating in any legal proceedings initiated by or on behalf of Landlord.

26. Signs.

Tenant may place or install such signs and/or awnings in, on or about the Premises (including, without limitation, both the interior and exterior surfaces of windows and doors), with Landlord's prior written approval, which shall not unreasonably be withheld, provided such signs and/or awnings do not violate any laws, ordinances, rules or regulations promulgated by any governmental body having jurisdiction, and are maintained at all times in good condition by Tenant at its own cost and expense in accordance with the aforesaid laws, ordinances, rules and regulations. Tenant shall not remove, alter or replace any of Landlord's existing signage in or annexed to the Premises without Landlord's prior written consent.

27. Bondholder Consent; Attorney General Approval and Bond Closing.

The Lease shall be conditioned on Landlord obtaining the consent of TOHLDC and the Majority Bondholder (which for the purposes this Section 27 prior to the issuance of the Bonds shall be any party which has agreed subject to conditions to become the Majority Bondholder) (collectively, the "Consents"), obtaining approval ("AG Approval") from the Attorney General of the State of New York ("AG") and the occurrence of the Closing of the Bonds on or before ninety (90) days from the date hereof. Tenant shall comply with all reasonable requests of TOHLDC, the Majority Bondholder and the AG, as the case may be, in connection with the Consents and AG Approval. Landlord shall use commercially reasonable efforts to obtain the Consents and AG Approval on or before ninety (90) days from the date hereof, provided, however, if the Consents or AG Approval are denied, or Landlord is unable to obtain the Consents and AG Approval within the stated time frame or if the Closing of the Bonds does not occur on or before ninety (90) days from the date hereof, then in any of such events, this Lease shall automatically terminate and be of no further force and effect (unless the parties agree to extend the stated time frame), and neither party shall have any further rights or obligations

hereunder, except for those which specifically state are to survive the expiration or earlier termination hereof.

28. General Provisions.

(a) Captions. The captions or titles to the various sections of this Lease are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content or intent of this Lease or of any parts thereof.

(b) Successors and Assigns. Each and every covenant and condition of this Lease shall be binding upon and shall inure to the benefit of the heirs, successors, personal representatives and permitted assigns of Landlord and Tenant; but this section shall in no way validate an assignment of all or any part of this Lease which is invalid under other provisions hereof.

(c) Severability. The invalidity or illegality of any provisions of this Lease shall not affect the remaining provisions thereof.

(d) Number and Gender. When used in this Lease, the singular number includes the plural, and the plural the singular, unless the context otherwise requires; the neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the masculine and neuter, and each includes a corporation, partnership, or other legal entity when the context so requires; and the word "person" means an individual or individuals, a partnership or partnerships, a corporation or corporations, or any combination thereof, when the context so requires.

(e) Joint and Several Obligations. If Tenant consists of more than one person, the obligation of all such persons is joint and several.

(f) Notices. Any notice or demand provided for in this Lease shall be in writing and shall be deemed delivered either: (i) when delivered in person to the recipient thereof; or (ii) on the date shown on the return receipt after deposit, or should the recipient thereof fail to sign the return receipt, then three days after deposit in the United States mail in a sealed envelope or container, registered and certified and postage prepaid; or (iii) sent overnight by nationally recognized courier, and addressed in each case to the party to whom notice is hereby given at the address listed above, or to such other address as may be supplied by such party in writing.

(g) Situs. The Lease shall be construed and interpreted according to the laws of the State of New York.

(h) Recording of Lease. This Lease shall not be recorded.

(i) Force Majeure. If circumstances beyond the control of Landlord (such as acts of God, fires, strikes, power shortages, etc., - financial inability excepted) shall temporarily make it impossible for Landlord to perform under this Lease, then the principles of force majeure will apply and the rights and obligations of the parties will be temporarily suspended during the force majeure period.

(j) No Recourse. Notwithstanding anything to the contrary in this Lease, Tenant shall look solely to the interest of the Landlord in the Premises, as the case may be, for satisfaction of any remedy it may have hereunder or in connection herewith and shall not look to any other assets of the other or of any other person, firm or corporation. There shall be absolutely no personal liability on the part of any present or future stockholder, or any officer, director, trustee, member or affiliate of Landlord or any partners of such partnership or any of its successors or assigns with respect to any obligation hereunder or in connection herewith.

(k) 501(c)(3) Status. The Tenant (i) is 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 (an "Exempt Organization") 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 Revenue Service to that effect, and such letter or other notification has not been modified, limited or revoked, (iii) is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification, and 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 (iv) is exempt from federal income taxes under Section 501(a) of the Code.

29. Special Covenants of Tenant. In connection with and in consideration of the issuance and sale of the Bonds, the Landlord and Tenant make the following representations, warranties and covenants to TOHLDC, the Bond Trustee and the Bondholders (as defined in the Bond Documents) as third party beneficiaries:

(i) Landlord and Tenant agree that they 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 Lease, the Loan Agreement and the Bonds, including without limitation any reports or information requested by the TOHLDC, the Majority Bondholder or the Bond Trustee.

(ii) Tenant agrees that it will have its books and records audited as of the end of each Fiscal Year of the Tenant, such Fiscal Year being each 12 month period beginning of July 1 and ending on June 30 (the "Fiscal Year"), commencing with the Fiscal Year ending June 30, 2019, in accordance with New York state law, and shall furnish in accordance with the requirements set forth below to Landlord and the Bond Trustee and at its request, to any Bondholder (as defined in the Bond Documents), a copy of the audited report accompanied by a certificate signed by an authorized representative of Tenant setting forth, to the best of the authorized representative's knowledge, whether or not Tenant currently is, or has been during such Fiscal Year, in default of the performance of any covenant contained herein. Tenant will notify Landlord, the Bond Trustee and any requesting Bondholder in writing of any change in its accountant and stating the reasons for such change.

(iii) (A) While any Bonds are outstanding, the Tenant will, or by written direction cause, the Annual Report (as defined below) to be delivered to Bond Trustee and any requesting Bondholder, as well as to the Landlord for inclusion in its continuing disclosure filings relative to the Bonds and any Refunding Bonds, on or before one hundred eighty (180) days of each Fiscal Year end (the "Report Date"), beginning on or before December 31, 2019.

(B) The term "Annual Report" will include the Tenant's audited financial statements and the financial and operating data of the Tenant, including without limitation, application, enrollment and wait list data, academic results and rates and charges. The Tenant will also provide an auditor's certificate showing calculations of and compliance (or lack thereof) with the Fixed Rent Coverage Ratio and Days Cash on Hand requirements set forth below.

(C) The Annual Report will contain or incorporate by reference an officer's certificate or other form of annual certification to the effect that as of June 30 of the prior Fiscal Year, no events of default have occurred and/or are continuing, and the Tenant is in compliance with all covenants, insurance and other requirements under this Lease, or, if applicable, detailed information as to all actions being taken to correct any events of default or lack of compliance.

(D) In addition to the Annual Report, the Tenant will also provide to the same parties receiving the Annual Report and for the same purposes quarterly reports ("Quarterly Reports") within forty-five (45) days of the end of each quarter presenting such financial and operating data as may be reasonably required by TOHLDC, Landlord or the Majority Bondholder in connection with the issuance of the Bonds or any Refunding Bonds. Further, the Tenant will participate in at least one informational call each year with the Landlord, the Majority Bondholder and all other requesting Bondholders on such dates and at such times as the Landlord may arrange and Tenant shall respond to such reasonable questions and additional information requests as any such Bondholder may present.

(iv) Days Cash on Hand Requirement. Tenant covenants and agrees to maintain at least (x) 30 Days Cash on Hand as of the last day of Fiscal Year 2019, (y) 40 Days Cash on Hand as of the last day of Fiscal Year 2020, and (z) 50 Days Cash on Hand as of the last day of Fiscal Year 2021 and as of the last day of each Fiscal Year thereafter.

The Days Cash on Hand requirement will be tested as of June 30 in each Fiscal Year, commencing June 30, 2019. The Tenant may spend its cash, cash equivalents, liquid investments and unrestricted marketable securities between annual testing dates without any other restriction other than to be in compliance with the Days Cash on Hand requirement by the next annual testing date.

Tenant will employ its auditor to provide to the Bond Trustee, any requesting Bondholder and Landlord, by no later than December 15 of each year, commencing December 15, 2019, with a certification of the Days Cash on Hand as of the preceding June 30 test date.

If the Days Cash on Hand is less than (x) 30 Days Cash on Hand as of the last day of Fiscal Year 2019, (y) 40 Days Cash on Hand as of the last day of Fiscal Year 2020, and (z) 50 Days Cash on Hand as of the last day of Fiscal Year 2021 and as of the last day of each Fiscal Year thereafter, then Tenant will promptly employ an Independent Consultant to review and analyze the operations and administration of Tenant within 60 days, promptly submit written reports and make such recommendations (a copy of each such report and recommendations shall be delivered to Landlord, TOHLDC, the Bond Trustee, the Majority Bondholder and any requesting Bondholder) as to the operation and administration of Tenant as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of

operation of Tenant. Tenant agrees to implement any recommendations by the Independent Consultant and, to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, to fully adopt and carry out such recommendations.

(v) Fixed Rent Coverage Ratio. Tenant covenants and agrees to maintain a Fixed Rent Coverage Ratio (as hereinafter defined) of at least 1.10:1.00, tested annually at the end of each Fiscal Year. Tenant will employ its auditor to provide to the Bond Trustee, any requesting Bondholder and Landlord, by no later than December 15th of each year, commencing December 15, 2019, with a certification stating the Fixed Rent Coverage Ratio as of the preceding June 30 test date. Commencing with the Fixed Rent Coverage Ratio first determined based upon Tenant's June 30, 2019 audit, if such Fixed Rent Coverage Ratio certified is below 1.10:1.00, Tenant covenants to retain promptly, at its expense, an Independent Consultant to submit a written report within 60 days and make recommendations (a copy of such report and recommendations shall be delivered to Landlord, TOHLDC, Bond Trustee, the Majority Bondholder and any requesting Bondholder) with respect to revenues or other financial matters of Tenant which are relevant to increasing the Fixed Rent Coverage Ratio to at least 1.10:1.00. Tenant shall adopt and follow the recommendations of the Independent Consultant.

So long as Tenant is otherwise in full compliance with the obligations under the Bond Documents and, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Fixed Rent Coverage Ratio for any Fiscal Year ending on or after June 30, 2019, is less than 1.10:1.00 for such Fiscal Year (as evidenced by Tenant's audited financial statements for such Fiscal Year).

Notwithstanding the immediately preceding paragraph, if the Fixed Rent Coverage Ratio is less than 1.00:1.00 for two consecutive years (as evidenced by Tenant's audited financial statements for such Fiscal Years), then the Bond Trustee if so directed by the Majority Bondholder shall declare an event of default under the Bond Documents and the Bond Trustee may, subject to the terms of the Indenture, exercise one or more of the remedies permitted under the Bond Documents.

(vi) Permitted Indebtedness. Tenant covenants and agrees that it will not hereafter incur or assume (the terms "incur" and "assume", for the purposes hereof, to mean and include the guaranteeing of or the direct or indirect assumption of liability for the debts of others) any Indebtedness (as defined herein), other than Indebtedness permitted pursuant to this Section ("Permitted Indebtedness"). Provided no Event of Default hereunder shall have occurred and then be continuing, Tenant may incur or assume Indebtedness for such lawful purposes of Tenant as shall be specified in reasonable detail in a certified resolution of Tenant, provided that, on or before the date on which any such Indebtedness is to be incurred or assumed, Tenant shall deliver to TOHLDC and to the Bond Trustee a certificate of the chief financial officer of Tenant in form and substance acceptable to the TOHLDC and the Majority Bondholder demonstrating that for the Fiscal Year immediately preceding the incurring or assumption of the Indebtedness the Fixed Charges Coverage Ratio (as hereinafter defined) for the Fiscal Year was at least 1.10:1.00 calculated as if the Indebtedness to be incurred had been outstanding throughout such year and projecting a Fixed Charges Coverage Ratio of at least 1.10:1.00 for the current and next succeeding Fiscal Year taking into account budgeted future revenues for the next succeeding Fiscal Year.

The foregoing notwithstanding, Tenant may incur Indebtedness for the purpose of expanding its current charter school business by acquisition or construction and equipping of additional facilities for educational programs if the Tenant shall deliver a certificate as described in the preceding sentence demonstrating that for the Fiscal Year immediately preceding the incurring or assumption of the Indebtedness the Fixed Charges Coverage Ratio for the Fiscal Year was at least 1.10:1.00 (without regard to the proposed Indebtedness) and the Fixed Charges Coverage Ratio for the Fiscal Year in which the commencement of operations at the additional facilities is to occur will be 1.05:1.00 and in the next consecutive two Fiscal Years shall be 1.10:1.00 and 1.15:1.00, respectively (relying on such projected enrollment and per student revenue as the Independent Consultant shall certify is reasonable).

If the Tenant shall issue or assume any Indebtedness in addition to the Fixed Rent, beginning in the Fiscal Year for which Tenant is required to project a Fixed Charges Coverage Ratio of at least 1.15:1.00 under this Section 29(vi), Tenant covenants and agrees to maintain a Fixed Charges Coverage Ratio of at least 1.10:1.00, tested annually at the end of each Fiscal year. Tenant's covenant to maintain a Fixed Charges Coverage Ratio shall be subject to all the terms and conditions set forth in Section 29(v) with respect to maintenance of the Fixed Rent Coverage Ratio, including without limitation the circumstances under which a report of an Independent Consultant is required and under which failure to maintain the required coverage ratio may constitute an Event of Default hereunder or an event of default under the Bond documents.

Further, in the event that Tenant obtains any bridge loan financing ("Bridge Loan") in connection with the acquisition of any real estate for the construction of a new school building ("New School Building Parcel"), then, in such event the Bridge Loan shall be automatically deemed Permitted Indebtedness, without having to meet any other requirements hereunder, and shall not be used for the purposes of calculating the Fixed Charges Coverage Ratio (set forth above) for the fiscal year in which the Bridge Loan is obtained nor for the following three fiscal years. In the event that Tenant defaults under any of the terms of the Bridge Loan, Tenant shall promptly provide the Majority Bondholder with written notice of any such default and the Majority Bondholder shall then have the right, at its option, to cure any of said defaults. After an event of default under the Bridge Loan being or resulting from non-payment of the outstanding principal amount of said Bridge Loan, upon maturity or acceleration thereof, Majority Bondholder shall have the right to cure such default and upon such cure, compel Tenant to mortgage the New School Building Parcel in favor of the Majority Bondholder in an amount not to exceed the full payoff amount of the Bridge Loan in addition to all other rights the Majority Bondholder may have acquired or succeeded to by virtue of the curing and or payoff of the Bridge Loan.

(vii) The Tenant agrees that neither it nor any related party to the Tenant (as defined in Treas. Reg. §1.150-(b)) will purchase or agree to purchase as of the date of issuance any of the Bonds to the extent prohibited by any Bond Document.

As used herein, the following terms shall have the meanings set forth below:

"Annual Report" means any annual report provided by the Tenant, pursuant to and as described in this Section 29 of this Lease.

"Audited Financial Statements" means the annual audited financial statements of the Tenant.

"Days Cash on Hand" means: (i) the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of Tenant, as shown on Tenant's audited financial statements for each Fiscal Year ("Cash on Hand"); divided by (ii) the quotient of Operating Expenses, as shown on the audited financial statements for the preceding Fiscal Year, divided by 365.

"Fixed Charges Coverage Ratio" means, for any Fiscal Year, $(\text{Net Operating Income of Tenant}) / (\text{Fixed Rent plus Maximum Annual Other Debt Service})$. For purposes of this definition, Fixed Rent and Other Debt Service shall not be treated as a deduction in calculating Net Operating Income.

"Fixed Rent Coverage Ratio" means, for any Fiscal Year, $(\text{Net Operating Income of Tenant}) / (\text{Fixed Rent})$. For purposes of this definition, Fixed Rent shall not be treated as a deduction in calculating Net Operating Income.

"Indebtedness" means all obligations for payment of principal and interest with respect to money borrowed, incurred or assumed by Tenant and all purchase money mortgages, financing or capital leases, installment purchase contracts, or other similar instruments in the nature of a borrowing by which Tenant will be unconditionally obligated to pay. For the avoidance of doubt, the term "Indebtedness" includes Fixed Rent.

"Independent Consultant" means (a) in the case of an individual, one who is not a member of the governing body of TOHLDC, the Majority Bondholder, Bond Trustee or Tenant or an officer or employee of any of the same, and (b) in the case of a partnership, corporation or association, one which does not have a partner, director, officer, member or substantial stockholder who is a member of the governing body of TOHLDC, the Majority Bondholder, Bond Trustee or Tenant or an officer or employee of any of the same; provided, however, that the fact that a person is retained regularly by or transacts business with TOHLDC, the Majority Bondholder, Bond Trustee or Tenant shall not make such person an employee within the meaning of this definition, in each case provided that such person or entity is reasonably acceptable to the Majority Bondholder. The Tenant shall give written notice of the selection of an Independent Consultant to all Bondholders. If the Majority Bondholder does not file its written objection with the Landlord and the Tenant within twenty (20) days after the date of such written notice, the proposed Independent Consultant will be deemed to be acceptable to the Majority Bondholder.

"Maximum Annual Other Debt Service" means, for any Fiscal Year, the largest amount of Other Debt Service coming due on any Indebtedness other than Fixed Rent in the current or any further Fiscal Year.

"Operating Expenses" means costs, fees and expenses of Tenant incurred with respect to the operation, management, improvement, repair or replacement of all or any part of the Premises and the business of Tenant, including without limitation all matters described in Sections 9, 10 and 11 hereof and maintenance, repair expenses, utility expenses, administrative

and legal expenses, miscellaneous operating expenses, advertising costs, payroll expenses (including taxes), the cost of materials and supplies used for current operations of Tenant, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Tenant, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by Tenant; provided, however, "Operating Expenses" shall not include depreciation, amortization or other non-cash expenses nor payment for improvements to the Premises to the extent capitalized for Tenant's accounting purposes.

(vii) "Other Debt Service" means scheduled payments of interest and principal (including sinking fund installments) on Indebtedness other than Fixed Rent.

30. Third Party Beneficiaries. The parties agree that TOHLDC, Bond Trustee and the Majority Bondholder shall be third party beneficiaries of this Lease.

***** SIGNATURE PAGE IMMEDIATELY FOLLOWS *****

IN WITNESS WHEREOF, the parties have executed this Lease as indication of their agreement to the information set out therein.

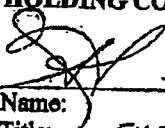
Landlord:

**CIRCULO REAL PROPERTY
HOLDING CORPORATION**

By:

Name:

Title:

 Sarah Brewster
Executive Director

Tenant:

EVERGREEN CHARTER SCHOOL

By:

Name:

Title:

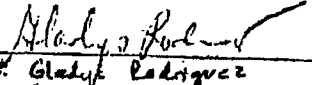
 Gladys Rodriguez
Secretary

EXHIBIT A

Bonds Amortization Schedule Immediately Follows

EXHIBIT B

Insurance Coverages, Forms and Provisions Immediately Follows

Insurance Required.

At all times throughout the term of this Lease, including, when indicated herein, during the Construction Period (as such term is defined in the Loan Agreement), the Tenant shall, at its sole cost and expense, maintain or cause to be maintained insurance covering the Premises against such risks and for such amounts as are customarily insured against by facilities of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the completed Improvements, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the Tenant, but in no event less than the principal amount of the Bonds. During the Construction Period, such policy shall be written in the so-called "Builder's Risk Completed Value Non-Reporting Form" and shall contain a provision granting the insured permission to complete and/or occupy.

(b) Workers' compensation insurance, disability benefits insurance and each other form of insurance which the Tenant is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Tenant who are located at or assigned to the Premises. This coverage shall be in effect from and after the Completion Date (as such term is defined in the Loan Agreement) or on such earlier date as any employees of the Tenant first occupy the Premises.

(c) Insurance protecting TOHLDC, the Bond Trustee, the Landlord and the Tenant against loss or losses from liability imposed by law or assumed in any written contract and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 (per occurrence for personal injury, including bodily injury or death, and property damage) and with a blanket excess liability coverage in an amount not less than \$5,000,000 per occurrence protecting TOHLDC, the Bond Trustee, the Landlord and the Tenant against any loss or liability or damage for personal injury, including bodily injury or death, or property damage. This coverage shall also be in effect during the Construction Period.

(d) During the Construction Period (and for at least one year thereafter in the case of Products and Completed Operations as set forth below), the Tenant shall cause the general contractor to carry liability insurance of the type and providing the minimum limits set forth below:

- (i) Workers' compensation and employer's liability with limits in accordance with applicable law.
- (ii) Comprehensive general liability providing coverage for:

Premises and Operations
Products and Completed Operations
Owners Protective
Contractors Protective
Contractual Liability
Personal Injury Liability
Broad Form Property Damage
(including completed operations)
Explosion Hazard
Collapse Hazard
Underground Property Damage Hazard

Such insurance shall have a limit of liability of not less than \$1,000,000 (per occurrence personal injury, including bodily injury or death, and property damage).

(iii) Business auto liability, including all owned, non-owned and hired autos, with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iv) Excess "umbrella" liability providing liability insurance in excess of the coverage's in (i), (ii) and (iii) above with a limit of not less than \$5,000,000 per occurrence.

(e) A policy or policies of flood insurance in an amount not less than the principal amount of the Loan or the maximum amount of flood insurance available with respect to the Premises under the Flood Disaster Protection Act of 1973, as amended, whichever is less. This requirement will be waived upon presentation of evidence satisfactory to the Issuer that no portion of the Land is located within an area identified by the U.S. Department of Housing and Urban Development as having special flood hazards.

Additional Provisions Respecting Insurance(a) All insurance required above shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. The company issuing the policies required by Sections (a) and (e) above shall be rated "A" or better by A.M. Best Co., Inc. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All policies evidencing the insurance required by Sections (a) and (e) above shall contain a standard New York non-contributory mortgagee clause showing the interest of the Issuer as first mortgagee and provide for payment to the Bond Trustee of the Net Proceeds of insurance resulting from any claim for loss or damage thereunder, and all policies of insurance required above shall provide for at least thirty (30) days' prior written notice of the restriction, cancellation or modification thereof to TOHLDC and the Bond Trustee. The policy evidencing the insurance required by Section (c) above shall name TOHLDC and the Bond Trustee as additional named insureds. All policies evidencing the insurance required by Sections (d)(ii) and (iv) above shall name TOHLDC and the Tenant as additional named insureds. Upon request of the Majority Bondholder, the Tenant will assign and deliver to the Bond Trustee the policies of insurance required under Section (a) above, so and in such manner and form that the Trustee

shall at all times, upon such request and until the payment in full of the Bonds, have and hold said policies and the Net Proceeds thereof as collateral for the payment of the Bonds. The policies under Section (a), (b) and (c) above shall contain appropriate waivers of subrogation.

(b) In addition, each contractor must protect TOHLDC and the Bond Trustee with respect to the policies required under Section (d)(ii), (iii) and (iv) above 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 TOHLDC and the Trustee as additional insureds.

(c) The policies (or certificates and binders) of insurance required by Section (a) A shall be deposited with the Bond Trustee and TOHLDC on or before the Closing Date. A copy of the policy (or certificate or binder) of insurance required by Section (c) above shall be delivered to TOHLDC on or before the Closing Date. A copy of the policies (or certificates and binders) of insurance required by Sections (d)(ii) and (iv) above shall be delivered to TOHLDC on or before the Closing Date. The Tenant shall deliver to TOHLDC and the Bond Trustee before the first Business Day of each twelve (12) month period thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term covering at least the next succeeding twelve (12) month period, insurance of the types and in the amounts required by the provisions above and complying with the additional requirements hereof. Prior to the expiration of each such policy or policies, the Tenant shall furnish to TOHLDC and the Bond Trustee a new policy or policies of insurance or evidence that such policy or policies have been renewed or replaced or are no longer required hereby. The Tenant shall provide such further information with respect to the insurance coverage required by the Loan Agreement as TOHLDC and the Bond Trustee may from time to time reasonably require.

APPENDIX F

Form of Investment Letter

CERTIFICATE OF INITIAL PURCHASER RELATING TO THE PURCHASE OF BONDS

The undersigned, a duly authorized signatory of [_____], as initial purchaser (the "Purchaser"), is delivering this Certificate in connection with the Purchaser's purchase of the Town of Hempstead Local Development Corporation Tax-Exempt and Taxable Revenue Refunding Bonds, Series 2019 Circulo Real Property Holding Corporation / Evergreen Charter School Project (the "Bonds") which shall be authenticated the date hereof by UMB Bank, N.A. , as trustee (the "Trustee") and are being placed with the Purchaser as described in that certain Bond Purchase Agreement, dated August 8, 2019 (the "Bond Purchase Agreement"), among the Town of Hempstead Local Development Corporation (the "Issuer"), Circulo Real Property Holding Corporation (the "Institution"), and Roosevelt and Cross Inc., as Underwriter (the "Underwriter").

The Bonds are issued pursuant to an Indenture of Trust, dated as of August 1, 2019, between the Issuer and the Trustee (the "Indenture"). The Indenture authorizes the Issuer to issue up to \$13,640,000 of Series 2019A Revenue Refunding Bonds and up to \$900,000 of Series 2019B Revenue Refunding Bonds.

The undersigned, on behalf of the Purchaser, HEREBY REPRESENTS and CERTIFIES to the Issuer, the Trustee and the Underwriter that:

1. The Purchaser has not requested from the Issuer nor received from the Issuer any information concerning the Institution which the Purchaser might deem important in reaching an investment decision to purchase the Bonds. All such information has been provided to the Purchaser by the Underwriter and the Institution. The Purchaser has received all the information it has requested, including financial statements with respect to the Institution.

2. The Purchaser has been furnished with, and acknowledges receipt of, a copy of the Limited Offering Memorandum dated August 8, 2019 prepared on behalf of the Institution in connection with the issuance of the Bonds (the "Limited Offering Memorandum"). The Purchaser is not relying on the Issuer for an evaluation of the financial condition and the creditworthiness of the Institution. The Purchaser acknowledges that the Issuer has no responsibility for the form or content of the Limited Offering Memorandum and has made no representation or warranty as to the creditworthiness or financial condition of the Institution or as to the accuracy or completeness of such information.

3. Prior to the date hereof, the Purchaser has received copies of the form of the Bonds, the Indenture, the Loan Agreement, the Mortgage, the Assignment of Leases and Rents, the Mortgage Assignment, the Continuing Disclosure Agreement, the Institution's Tax Certificate, the Guaranty and such other agreements and documents as the Purchaser has requested.

4. The Purchaser is purchasing the Bonds for its own account, for the purpose of investment and without a view to the distribution or resale thereof, provided that after the Purchaser purchases the authenticated Bonds, the Purchaser reserves the right to dispose of all or any part of its Bonds in authorized denominations if thereafter it deems it advisable to do so in accordance with applicable law and the transfer restrictions contained in the Indenture.

5. The Purchaser is a regular investor in, and purchaser of, securities similar to the Bonds, and understands that the Bonds are special, limited obligations of the Issuer, payable solely from loan payments to be made by the Institution to the Issuer under the Loan Agreement, and moneys and securities held by the Trustee for the Bonds under the Indenture and such other revenues as available therefor under the Indenture, and that the Bonds do not constitute a debt of the State of New York or of any other municipality or subdivision thereof, and neither the State of New York nor any such other municipality or subdivision is liable on the Bonds.

6. The Purchaser understands and acknowledges that the Issuer has no power of taxation.

7. The Purchaser understands and agrees that neither the members, directors, officers nor 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 or in connection with the issuance thereof.

8. The Purchaser understands and agrees that the Issuer makes no representation or warranty, express or implied, with respect to the Project to be undertaken by the Institution and financed, in part, by the Bonds, or the suitability thereof for the purposes or needs of the Institution or the extent to which proceeds derived from the sale of the Bonds will be sufficient to pay any or all aspects of the Project expected to be financed by the Bonds.

9. The Purchaser has not relied upon the determination of the Issuer to issue the Bonds as evidence of an evaluation of the financial condition or creditworthiness of the Institution, or of the suitability of the Project for the use or purposes of the Institution.

10. The Purchaser understands and agrees that the Issuer does not in any way represent that the insurance with respect to the Project required by the Loan Agreement, whether in scope or coverage or limits or coverage, is adequate or sufficient to protect the business or interest of the Institution.

11. The Purchaser is a "Qualified Institutional Buyer" within the meaning of Rule 144A promulgated by the United States Securities & Exchange Commission pursuant to the Securities Act of 1933, as amended.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this ____ day of _____, 2019.

[Name of Initial Bond Purchaser]

By: _____

Name: _____

Title: _____

APPENDIX G

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

\$13,640,000
TOWN OF HEMPSTEAD
LOCAL DEVELOPMENT CORPORATION
TAX-EXEMPT and TAXABLE REVENUE
REFUNDING BONDS, SERIES 2019
(CIRCULO REAL PROPERTY HOLDING
CORPORATION / EVERGREEN CHARTER
SCHOOL PROJECT)
SERIES 2019A (TAX-EXEMPT)

\$900,000
TOWN OF HEMPSTEAD
LOCAL DEVELOPMENT CORPORATION
TAX-EXEMPT and TAXABLE REVENUE
REFUNDING BONDS, SERIES 2019
(CIRCULO REAL PROPERTY HOLDING
CORPORATION / EVERGREEN CHARTER
SCHOOL PROJECT)
SERIES 2019B (TAXABLE)

THIS CONTINUING DISCLOSURE AGREEMENT dated as of August 8, 2019 (this "Disclosure Agreement") is executed and delivered by Circulo Real Property Holding Corporation, a New York not-for-profit corporation (the "Borrower"), Evergreen Charter School, a New York not-for-profit corporation (the "School"), Circulo de la Hispanidad, Inc., a New York not-for-profit corporation (the "Guarantor"), for the holders of the above-captioned bonds (the "Bonds") under the Trust Indenture, dated as of August 1, 2019 (the "Indenture"), between the Town of Hempstead Local Development Corporation (the "Issuer") and UMB Bank, N.A., in its capacity as trustee (the "Trustee"). The Borrower, the Guarantor, and the School covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower, the School, and the Guarantor for the benefit of the Holders and Beneficial Holders of the Bonds and in order to assist the Participating Underwriter in complying with, and constitutes the written undertaking of the Borrower, the Guarantor, and the School for the benefit of the Bondholders required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule").

The Borrower, School, and Guarantor, each as an "obligated person" within the meaning of the Rule, undertakes to provide the following information as provided in this Disclosure Agreement:

- (a) Annual Reports;
- (b) Quarterly Reports; and
- (c) Guarantor Audited Financial Statements.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Borrower or the School, pursuant to and as described in Section 3(b) of this Disclosure Agreement.

"Audited Financial Statements" means the annual audited financial statements of the Borrower, Guarantor and the School.

“*Beneficial Holders*” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

“*Dissemination Agent*” means any person or entity designated in writing by the Borrower, the Guarantor, and the School as the dissemination agent and which has filed with the Trustee a written acceptance of such designation. As the date hereof, the Borrower, the Guarantor, and the School have not designated a third party dissemination agent.

“*Holders*” means either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in its depository system.

“*Lease Agreement*” means the Lease Agreement dated as of April 5, 2019 between the School and the Borrower.

“*Listed Event*” means any of the events listed in Section 4(a) hereof.

“*Limited Offering Memorandum*” means the Issuer’s Limited Offering Memorandum dated August 8, 2019 for the Bonds.

“*Loan Agreement*” means the Loan Agreement dated as of August 1, 2019 between the Issuer and the Borrower.

“*Participating Underwriter*” means the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

“*Quarterly Report*” means any quarterly report provided by the Borrower, the Guarantor, or the School pursuant to, and as described in, Section 3(a) of this Disclosure Agreement.

“*Repository*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system currently at <http://emma.msrb.org>.

Section 3. Provision of Quarterly Reports and Annual Reports.

(a) Quarterly Reports.

(i) (A) The School will not later than 60 days following the end of each calendar quarter, commencing with the Quarterly Report for the calendar quarter ending June 30, 2019, provide to the Repository a Quarterly Report in the appropriate format required by law or applicable regulation which is consistent with the requirements of Subsection (a)(ii) of this Section.

(B) If the School is unable or for any other reason fails to provide a Quarterly Report or any part thereof by the date required in Subsection (a)(i)(A) of this Section, the School will send a notice to that effect no later than such date to the Repository, along with the other parts, if any, of the Quarterly Report. Such notice shall be in the form as set forth on Exhibit A hereto. The School will provide a copy of such notice to the Issuer.

(ii) (A) Quarterly Reports will contain or incorporate by reference the following information:

(I) The School’s financial report (including versus budget) prepared by the School’s chief financial officer;

(II) Copies of any written reports of an Independent Consultant engaged by the School in accordance with its covenants in the Lease Agreement.

(B) The Quarterly Reports may be submitted as a single document, or as separate documents comprising a package, and may incorporate by reference from other documents other information, including official statements of debt issues for the benefit of the School or related entities which have been submitted to the Repository. If the document incorporated by reference is a final official statement, it must be available from the Repository. The School will clearly identify each such other document so incorporated by reference.

(b) Annual Reports.

(i) While any Bonds are outstanding, the Borrower and the School will provide the Annual Report on or before December 31 of each year (the "Report Date"), beginning on or before 180 days after each Fiscal Year end to the Repository in an electronic format as prescribed by the Repository.

(ii) The term "Annual Report" includes the Borrower's Audited Financial Statements and the School's Audited Financial Statements, and the financial and operating data of the School substantially of the type set forth in Appendix A to the Limited Offering Memorandum. The School will also provide an auditor's certificate showing calculations of and compliance with the Fixed Rent Coverage Ratio and Days Cash on Hand requirements.

(iii) The Annual Report will contain or incorporate by reference the following (information to be as of June 30 of the prior Fiscal Year, with respect to the School and May 31 of the prior Fiscal Year with respect to the Borrower):

(A) An officer's certificate or other form of annual certification to the effect that no events of default have occurred and/or are continuing, and the Borrower and the School are in compliance with all covenants, insurance and other requirements under the Loan Agreement or Lease Agreement, as applicable; and

(B) Omitted.

(c) Audited Financial Statements

(i) While any Bonds are outstanding, the Guarantor will provide Audited Financial Statements on or before one hundred eighty (180) days after each Fiscal Year end beginning on or before May 31, 2019 to the Repository in an electronic format as prescribed by the Repository.

(d) If the Borrower and the School are unable to provide an Annual Report to the Repository by the applicable Report Date, and if the Guarantor is unable to provide Audited Financial Statements to the Repository by the applicable Report Date, the Borrower, the School, or the Guarantor shall provide to the Repository notice of any such failure to provide the Annual Report or Audited Financial Statements by the applicable Report Date. Such notice shall be in the form as set forth in Exhibit A hereto.

(e) The School will participate in at least one informational call each year with the Borrower, the Majority Bondholder and all other requesting Bondholders on such dates and at such times as the Borrower may arrange and School shall respond to such reasonable questions and additional information requests as any such Bondholder may present.

Section 4. Reporting of Listed Events

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the Listed Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Bond Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or similar event of the Borrower, the School, or the Guarantor which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower, the School, or the Guarantor in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, School, or Guarantor 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 or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower, School, or Guarantor;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower, School, or Guarantor or the sale of all or substantially all of the assets of the

Borrower, School, or Guarantor other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the Borrower, Guarantor or School, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of Financial Obligation of the Borrower, Guarantor or School, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of Borrower, Guarantor or School, any of which reflect financial difficulties.

(xvii) Violation of any covenant under the Loan Documents, except in cases in which the covenant default is cured within the applicable cure period.

(b) Reserved.

(c) If the Borrower, School, or Guarantor obtains knowledge of the occurrence of a Listed Event, the Borrower, School, or Guarantor as applicable, shall file in a timely manner not in excess of ten Business Days after such occurrence a notice of such occurrence with the Repository in an electronic format by the Repository.

Section 5. Termination of Reporting Obligation. The Borrower's, Guarantor's and the School's obligations under this Disclosure Agreement shall automatically terminate once the Bonds are no longer outstanding with respect to the Borrower, once it is no longer obligated on the Bonds.

Section 6. Dissemination Agent. The Borrower, School, and Guarantor may, from time to time, appoint or engage a Dissemination Agent to assist them in carrying out their obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent upon notice to the Dissemination Agent.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the School, and the Guarantor may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived by the parties hereto, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Borrower, the School, the Guarantor to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule.

Section 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower, School, or Guarantor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a material event, in addition to that which is required by this Disclosure Agreement. If the Borrower, School, or Guarantor chooses to include any information in any Annual Report or notice of occurrence of a material event in addition to that which is specifically required by this Disclosure Agreement, the Borrower, the Guarantor, and the School shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report.

Section 9. Default. In the event of a failure of the Borrower, the School, or the Guarantor to comply with any provision of this Disclosure Agreement, the Trustee, at the written direction of the Participating Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee receives indemnification to its satisfaction, or any Beneficial Holder or Holder of any of the Bonds may, seek mandate or specific performance by court order, to cause the Borrower, the School, the Guarantor as the case may be, to comply with its obligations under this Disclosure Agreement; provided that none of the Borrower, the School, the Guarantor shall be liable for monetary damages or any other monetary penalty or payment for breach of any of its obligations under this Section 9. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Loan Agreement or the Indenture, and the rights and remedies provided by the Loan Agreement upon the occurrence of an "Event of Default" shall not apply to any such failure. The sole remedy under this Disclosure Agreement in the event of any failure of the Borrower, the School, and the Guarantor to comply with this Disclosure Agreement shall be an action to compel specific performance.

Section 10. Reserved.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the School, the Guarantor, the Issuer, the Trustee, the Participating Underwriter and the respective successors and assigns of each of the foregoing, as well as the Beneficial Holders and Holders of any Bonds and shall create no rights in any other person or entity.

Section 12. Interpretation. It being the intention of the Borrower, the School, and [the Guarantor] that there be full and complete compliance with the Rule, this Disclosure Agreement shall be construed in accordance with the written guidance and no action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

Section 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of New York.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[School's Signature Page to the Continuing Disclosure Agreement]

EVERGREEN CHARTER SCHOOL,
as School

By: _____
Name: Gil Bernardino
Title: President

[Borrower's Signature Page to the Continuing Disclosure Agreement]

**CIRCULO REAL PROPERTY HOLDING
CORPORATION**, as Borrower

By: _____

Name: Sarah E. R. Brewster

Title: Executive Director

[Guarantor's Signature Page to the Continuing Disclosure Agreement]

CIRCULO DE LA HISPANINAD, INC., as Guarantor

By: _____

Name: Sarah E. R. Brewster

Title: Chief Director of Services and Operations

EXHIBIT A

**NOTICE TO REPOSITORIES OF FAILURE TO FILE
[QUARTERLY/ANNUAL] REPORT OR AUDITED FINANCIAL STATEMENTS**

Name of Authority: Town of Hempstead Local Development Corporation

Name of Bond Issue: \$2,470,000 Tax-Exempt and Taxable Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation / Evergreen Charter School Project) Series 2019A-1 (Tax-Exempt)

\$11,170,000 Tax-Exempt and Taxable Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation / Evergreen Charter School Project) Series 2019A-2 (Tax-Exempt)

and

\$900,000 Tax-Exempt and Taxable Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation / Evergreen Charter School Project) Series 2019B (Taxable)

Name of Obligated Persons: Borrower: Circulo Real Property Holding Corporation, a New York Nonprofit Corporation

School: Evergreen Charter School, a New York Nonprofit Corporation

Guarantor: Circulo De La Hispanidad, a New York Nonprofit Corporation

Date of Issuance: August 8, 2019

NOTICE IS HEREBY GIVEN that Circulo Real Property Holding Corporation, a New York not-for-profit corporation (the "Borrower") or Evergreen Charter School, a New York not-for-profit corporation (the "School"), has not provided an [Quarterly/Annual] Report or and Circulo de la Hispanidad, Inc., a New York not-for-profit corporation (the "Guarantor") has not provided Audited Financial Statements with respect to the above-named Bonds as required by the Loan Agreement, dated as of July __, 2019, between the Issuer and the Borrower. The Borrower and the School anticipates that the [Quarterly/Annual] Report will be filed by _____ and the Guarantor anticipates that the Audited Financial Statements will be filed by _____.

Dated: _____

**CIRCULO REAL PROPERTY HOLDING
CORPORATION, as Borrower**

By: _____
Name: _____
Title: _____

EVERGREEN CHARTER SCHOOL,
as School

By: _____
Name:
Title:

CIRCULO DE LA HISPANINAD, INC.,
as Guarantor

By: _____
Name:
Title:

APPENDIX H

Form of Bond Counsel Opinion

Nixon Peabody LLP
50 Jericho Quadrangle, Suite 300
Jericho, New York 11753-2728
516-832-7500

Upon delivery of the Bonds, Nixon Peabody LLP, Bond Counsel to the Issuer, proposes to issue its final approving opinion in substantially the following form:

August 8, 2019

Town of Hempstead Local Development Corporation
Hempstead, New York

UMB Bank, N.A., as Trustee
St. Louis Missouri

Roosevelt & Cross, Inc.
New York, New York

Re: \$2,470,000 Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds, Series 2019A-1
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)
and
\$11,170,000 Town of Hempstead Local Development Corporation
Tax-Exempt Revenue Refunding Bonds, Series 2019A-2
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)
and
\$900,000 Town of Hempstead Local Development Corporation
Taxable Revenue Refunding Bonds, Series 2019B
(Circulo Real Property Holding Corporation/Evergreen Charter School Project)

Ladies and Gentlemen:

We have acted as bond counsel to the Town of Hempstead Local Development Corporation (Town of Hempstead, New York) (the “**Issuer**”) in connection with the issuance on the date hereof by the Issuer of its \$2,470,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-1 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019A-1 Bonds**”), \$11,170,000 Tax-Exempt Revenue Refunding Bonds, Series 2019A-2 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019A-2 Bonds**”, and together with the Series 2019A-1 Bonds, the “**Series 2019A Bonds**”) and its \$900,000 Taxable Revenue Refunding Bonds, Series 2019B (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “**Series 2019B Bonds**”, and together with the Series 2019A Bonds, the “**Series 2019 Bonds**”), for the benefit of Circulo Real Property Holding Corporation (the “**Institution**”), a not-for-profit corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of

the Internal Revenue Code of 1986, as amended (the “**Code**”). The Series 2019 Bonds are authorized to be issued pursuant to:

- (i) the provisions of the New York Membership Corporation Law as in effect in 1966, as superseded by Section 1411 of the New York Not-for-Profit Corporation Law (collectively called the “**Act**”);
- (ii) an Inducement Resolution duly adopted by the Issuer on January 24, 2019, and a Bond Resolution duly adopted by the Issuer on July 25, 2019 (collectively, the “**Resolution**”); and
- (iii) an Indenture of Trust, dated as of August 1, 2019 (the “**Indenture**”).

The Issuer will loan the proceeds of the Series 2019 Bonds to the Institution pursuant to the terms of a Loan Agreement, dated as of August 1, 2019 (the “**Loan Agreement**”), between the Issuer and the Institution. The Institution has evidenced its obligations to make loan payments to the Issuer by the issuance and delivery of (i) a Series 2019A-1 Promissory Note (the “**Series 2019A-1 Promissory Note**”), (ii) the Series 2019A-2 Promissory Note (the “**Series 2019A-2 Promissory Note**”), and (iii) the Series 2019B Promissory Note (the “**Series 2019B Promissory Note**”); and, together with the Series 2019A-1 Promissory Note and the Series 2019A-2 Promissory Note collectively, the “**Notes**”), each dated August 8, 2019, each from the Institution to the Issuer and each endorsed by the Issuer to the Trustee. The Institution has entered into a certain Mortgage and Security Agreement, dated as of August 1, 2019 (the “**Mortgage**”), from the Institution to the Issuer, whereby the Issuer will secure the loan of the proceeds of the Series 2019 Bonds to the Institution. The Issuer has assigned to the Trustee certain of the Issuer’s rights and remedies under the Mortgage pursuant to a certain Assignment of Mortgage and Security Agreement, dated August 8, 2019 (the “**Assignment of Mortgage**”), from the Issuer to the Trustee. The Issuer has assigned to the Trustee as security for the Series 2019 Bonds, for the benefit of the Owners of the Series 2019 Bonds, substantially all of its rights under the Loan Agreement pursuant to the Indenture. As security for the payment of the Series 2019 Bonds, Circulo de la Hispanidad, Inc. (the “**Organization**”), will enter into a certain Guaranty Agreement, dated as of August 1, 2019 (the “**Guaranty**”), from the Organization to the Trustee. The Issuer, the Institution and Evergreen Charter School (the “**School**”) have entered into a Tax Regulatory Agreement, dated the date hereof (the “**Tax Regulatory Agreement**”), in which the Issuer, the Institution and the School have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Code. Roosevelt & Cross, Inc. (the “**Underwriter**”), has agreed to sell the Series 2019 Bonds to one or more purchasers pursuant to the terms of a Bond Purchase Agreement, dated August 8, 2019 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter and the Institution and a Letter of

Representation from the School to the Underwriter and Issuer, dated August 8, 2019 (the “**Letter of Representation**”).

The Series 2019 Bonds are dated August 8, 2019, and bear interest from the date thereof at the rate and pursuant to the respective terms of the Series 2019 Bonds. The Series 2019 Bonds are subject to prepayment or redemption prior to maturity, as a whole or in part, at such time or times, under such circumstances and in such manner as is set forth in the Series 2019 Bonds and the Indenture.

As bond counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including all documents constituting the Transcript of Proceedings with respect to the issuance of the Series 2019 Bonds) as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, without having conducted any independent investigation, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned in the Schedule of Definitions attached as Schedule A to the Indenture.

In rendering the opinions set forth below, we have relied upon, among other things, certain representations and covenants made by the parties in this transaction including: (i) the Institution in (a) the Bond Purchase Agreement, (b) the Tax Regulatory Agreement, (c) the Loan Agreement, (d) the Mortgage, (e) the Closing Certificate of the Institution, dated the date hereof, and (f) the Bond Counsel Questionnaire submitted to us by the Institution, as amended and supplemented, (ii) the School in (a) the Letter of Representation, (b) the Tax Regulatory Agreement, (c) the Closing Certificate of the School, dated the date hereof, and (d) the Bond Counsel Questionnaire submitted to us by the Institution, as amended and supplemented and (iii) the Issuer in (a) the Bond Purchase Agreement, (b) the Indenture, (c) the Tax Regulatory Agreement, (d) the Loan Agreement, (e) the Assignment of Mortgage, and (f) the Closing Certificate of the Issuer, dated the date hereof. We call your attention to the fact that there are certain requirements with which the Issuer and the Institution must comply after the date of issuance of the Series 2019A Bonds in order for the interest on the Series 2019A Bonds to remain excluded from gross income for federal income tax purposes. Copies of the aforementioned documents are included in the Transcript of Proceedings.

In addition, in rendering the opinions set forth below, we have relied upon the opinions of counsel to the Issuer, Ryan, Brennan & Donnelly, LLP, Floral Park, New York; counsel to the Institution and the Organization, Moritt, Hock & Hamroff LLP, Garden City, New York; counsel

to the School, Harris Beach PLLC, Uniondale, New York; counsel to the Trustee, Thompson Hine LLP, New York, New York, all of even date herewith. Copies of the aforementioned opinions are contained in the Transcript of Proceedings.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing corporate governmental agency constituting a local development corporation of the State of New York.

2. The Issuer is duly authorized to issue, execute, sell and deliver the Series 2019 Bonds, for the purpose of paying the Costs of the Series 2019 Project.

3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The Bond Purchase Agreement, the Indenture, the Tax Regulatory Agreement, the Assignment of Mortgage, and the Loan Agreement have been duly authorized, executed and delivered by the Issuer.

5. Assuming the due authorization, execution and delivery thereof by the other parties thereto and assuming that with respect to such other parties thereto, no event or action impairing the enforceability of the Indenture, shall have occurred or been taken after the time of delivery thereof and the Loan Agreement, the Bond Purchase Agreement, the Assignment of Mortgage and the Tax Regulatory Agreement, are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

6. The Series 2019 Bonds have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding special obligations of the Issuer payable solely from the revenues derived from the Loan Agreement, enforceable against the Issuer in accordance with their respective terms.

7. The Series 2019 Bonds do not constitute a debt of the State of New York or of the Town of Hempstead, New York, and neither the State of New York nor the Town of Hempstead, New York, will be liable thereon.

8. The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2019A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2019A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2019A Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Regulatory Agreement, the Issuer, the Institution, the School and the Organization have covenanted to maintain the exclusion from gross income of the interest on the Series 2019A Bonds pursuant to Section 103 of the Code. In addition, the

Issuer, the Institution, the School and the Organization have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Regulatory Agreement. We are also relying on (i) the opinion of counsel to the Institution, as to all matters concerning the status of the Institution as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code, (ii) the opinion of counsel to the School, as to all matters concerning the status of the School as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code, and (iii) the opinion of counsel to the Organization as to all matters concerning the status of the Organization as an organization described in Section 501(c)(3) of the Code exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

9. Under existing law, interest on the Series 2019A Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision of the State of New York, assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 8 herein.

10. Interest on the Series 2019B Bonds is not excluded from gross income for Federal income tax purposes under the Code.

11. Interest on the Series 2019B Bonds is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

Except as stated in paragraphs 8 through 11 above, we express no opinion as to any other federal, state, or local tax consequences of the ownership or disposition of the Series 2019A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2019A Bonds, or the interest thereon, if any action is taken with respect to the Series 2019A Bonds or the proceeds thereof upon the advice or approval of other counsel.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2019 Bonds, the Bond Purchase Agreement, the Indenture, the Mortgage, the Loan Agreement and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency or other laws or enactments now or hereafter enacted by the State of New York or the United States affecting the enforcement of creditors' rights and by restrictions on the availability of equitable remedies and

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to the extent, if any, that enforceability of the indemnification provisions of such documents may be limited under law. We express no opinion with respect to the availability of any specific remedy provided for in any of the bond documents.

In rendering the foregoing opinions, we are not passing upon and do not assume any responsibility for the accuracy, completeness, sufficiency or fairness of any documents, information or financial data supplied by the Issuer, the Institution, the School or the Trustee in connection with the Series 2019 Bonds, the Bond Purchase Agreement, the Letter of Representation, the Indenture, the Mortgage, the Loan Agreement, the Tax Regulatory Agreement, the Limited Offering Memorandum, the Continuing Disclosure Agreement or the Series 2019 Project and make no representation that we have independently verified the accuracy, completeness, sufficiency or fairness of any such documents, information or financial data. In addition, we express no opinion herein with respect to the accuracy, completeness, sufficiency or fairness of the Limited Offering Memorandum, dated August 8, 2019, with respect to the Series 2019 Bonds.

We express no opinion herein with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of State Securities laws, or the availability of exemptions therefrom.

We express no opinion as to the adequacy, perfection or priority of any security interest in any collateral securing the Series 2019 Bonds.

Furthermore, we express no opinion as to the Continuing Disclosure Agreement. We express no opinion with respect to whether the Issuer and the Institution (i) have complied with the State Environmental Quality Review Act, (ii) have obtained any or all necessary governmental approvals, consents or permits, or (iii) have complied with the New York Labor Law or other applicable laws, rules, regulations, orders and zoning and building codes, all in connection with the renovation, construction, equipping, furnishing and operation of the Series 2019 Project.

This opinion is to be relied upon solely by the addressees and may not be relied upon by any other person without our prior written consent.

Very truly yours,

APPENDIX I

Executive Summary from Phase I Report

On behalf of Circulo de la Hispanidad, Inc., GEI Consultants, Inc., P. C. (GEI) conducted a Phase I Environmental Site Assessment (ESA) of the site located at 605 Peninsula Boulevard, Hempstead, New York. This site is identified in this report as the “project site.”

The main objective of the Phase I ESA is to determine whether there are any recognized environmental conditions (RECs), historical environmental conditions (HRECs), and controlled environmental conditions (CRECs) associated with the project site. RECs are defined in American Society for Testing of Materials (ASTM) Standard Practice E 1527-13 as the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property.

The project site is located on the east side of Peninsula Boulevard, between Linden Avenue and Sycamore Avenue, in the Village of Hempstead, Nassau County, New York (Figures 1, 2, 3, and 4). The Nassau County Tax Map identification numbers associated with the project site are Section 34, Block 380, Lots, 454, 455, 256, 466, 467, 470, 328, and 329.

The project site is occupied by a two-story (with basement) school building. Additionally, in the rear portion of the site are stand-alone mobile classrooms.

The basement contains the computer lab, music room, storage rooms, boiler room, electric supply room, freezer and refrigerator room, bathrooms, and main water supply and sprinkler suppression system room. The first floor contains classrooms, offices, storage rooms, offices, bathrooms, and the cafeteria. The second floor contains classrooms, a café, bathrooms, and storage rooms.

Building heat and cooling is generated by natural-gas and electric heating ventilation and cooling systems that are located on the roof of the building. Hot water is provided by gas-fired boiler systems.

GEI’s analysis of historical information indicates that the current building on the project site was constructed in 2009 and has been utilized solely as a school ever since.

Prior to 2009, the project site had been occupied by residential dwellings and a large structure utilized as a US Post Office since 1955. These buildings had been demolished in 1985 and in 2005. Prior to 1955, just the residential buildings had been situated on the site

Review of historical Sanborn maps (Appendix C) and visual observations made during GEI’s informal neighborhood reconnaissance indicated adjacent and neighboring properties have historically been primarily developed and occupied by residential and commercial properties. One of the sites to the north that is currently occupied by a Dunkin Donuts franchise was formerly a gasoline filling station.

The project site is connected to the municipal water supply system, as well as the municipal sewer system. Waste is collected daily by a private sanitation company.

Past Phase I and Phase II investigations performed in 2007 revealed environmental conditions associated with an underground storage tank (UST), on-site dry-wells as well as past on-site business occupants listed as Resource Conservation and Recovery Act (RCRA) Hazardous Waste Generators were identified within the Phase I ESA. The Phase II identified the UST, but no other anomalies indicative of a UST. Additionally, laboratory analysis of soil samples obtained by the one UST did not indicate that the tank had leaked. No volatile organic compounds (VOCs) were identified above New York State Department of Environmental Conservation (NYSDEC) Technical and Administrative Guidance Manual

(TAGM) cleanup guidelines. However, semi-volatile organic compounds (SVOCs) were identified in soils at various locations on the project site above their TAGM cleanup. Groundwater samples were also obtained. VOCs, SVOCs, PCBs and Pesticides, and Metals were found to exceed NYSDEC Technical and Operations Guidance Series (TOGS) 1.1.1 groundwater quality standards.

Soil vapor testing revealed the presence of relatively low levels of gasoline constituents collected downgradient of a gasoline spill that occurred at the former gasoline station located north of the project site (across Linden Avenue- currently occupied by a Dunkin Donuts franchise).

In 2007, H2M was retained by Circulo to provide architectural services associated with the proposed development of the current school building, which included the excavation of a 5,600 square foot basement. Given that the findings from the previous Phase II investigation conducted approximately one year earlier and that the former gasoline spill site had impacted shallow groundwater, H2M recommended another soil vapor investigation to more accurately represent current site conditions with respect to soil vapor and to determine whether a mitigation measure (e.g., sub-slab venting system) should be incorporated into the design of the proposed building.

On October 4, 2007, H2M installed eight soil vapor points at various locations on the project site. Based upon soil vapor analytical results, tetrachloroethene (PCE) was identified in excess of the United States Environmental Protection Agency (USEPA) target shallow soil gas concentration guidelines in five of the eight samples collected. Based upon these findings, H2M recommended that a sub-slab depressurization system (SSDS) be incorporated into the proposed new building design.

It is noted that during GEI's June 10, 2019, site inspection, the piping from this system as well as an active inline exhaust fan was observed within the basement of the building as well as protruding from the roof of the building. Additionally, construction plans depicting the venting system details were also observed.

The project site is not listed on any federal or state regulatory agency databases

This Phase I ESA has revealed no evidence of RECs in connection with the project site.

However, HRECs and a CREC were identified and are depicted as follows:

HREC's

- HRECs identified at the project site consisted of an UST, on-site dry-wells, and business occupants listed as RCRA Hazardous Waste Generators.
- Additionally, as part of past subsurface investigations, soils and groundwater were impacted with SVOCs exceeding NYSDEC cleanup guidelines. Additionally, historical soil vapor testing performed at the site revealed the presence of relatively low levels of gasoline constituents collected downgradient of a gasoline spill that occurred at a former gasoline station located north of the project site (across Linden Avenue) currently occupied by a Dunkin Donuts, and tetrachloroethene (PCE) was identified in excess of the USEPA target shallow soil gas concentration guidelines.

It is noted that the above HRECs were identified during investigations performed at the project site prior to it being redeveloped with the current structure in 2009. Given the redevelopment of the project site, the UST was removed from the project site and the impacted soils were excavated. Therefore, no additional investigations are required with regard to these HRECs.

CREC's

Based upon the existence of PCE identified in soil gas, a SSDS was incorporated into the development of the building design for the structure that currently exists on the project site. It is noted that during GEI's June 10, 2019, site investigation, the piping from this system as well as an active inline exhaust fan was observed within the basement of the building. Additionally, construction plans depicting the venting system details as well as a vapor barrier membrane were also observed.

Recommendations

Based on the conclusions of this report, no further investigations of the project site are warranted at this time; however, GEI recommends that the active inline exhaust fan be monitored monthly to make sure that the SSDS is properly operating.