

In the opinion of Phillips Lytle LLP, Bond Counsel to the Issuer, under existing law and assuming continuous compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer and the Institution described herein, (i) interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2022A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. Bond Counsel to the Issuer is further of the opinion that, under existing law, interest on the Series 2022A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision thereof, including The City of New York. In addition, interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes under the Code and is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. See “TAX MATTERS - SERIES 2022A BONDS” AND “TAX MATTERS - SERIES 2022B BONDS” herein.

\$74,525,000

**TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION
Education Revenue Bonds
(Evergreen Charter School Project)
Series 2022A**



\$520,000

**TOWN OF HEMPSTEAD LOCAL
DEVELOPMENT CORPORATION
Taxable Education Revenue Bonds
(Evergreen Charter School Project)
Series 2022B**

Dated: Date of Issuance

Due: June 15th, as shown on the inside front cover

The Town of Hempstead Local Development Corporation Education Revenue Bonds (Evergreen Charter School Project), Series 2022A (the “Series 2022A Bonds”) and the Town of Hempstead Local Development Corporation Taxable Education Revenue Bonds (Evergreen Charter School Project), Series 2022B (the “Series 2022B Bonds”) are special limited revenue obligations of Town of Hempstead Local Development Corporation (the “Issuer”) payable only from the funds, special funds and loan payments, revenues and receipts pledged therefor under the Indenture. The Series 2022A Bonds and the Series 2022B Bonds are referred to herein collectively as the “Series 2022 Bonds.”

The Series 2022 Bonds are payable as to principal, sinking fund installments, redemption price and interest, primarily from and secured by (i) certain unconditional payments to be made by Evergreen Charter School, a New York not-for-profit education corporation (the “Charter School” or the “Institution”) pursuant to the Loan Agreement, dated as of December 1, 2022 (the “Loan Agreement”), to be entered into between the Institution and the Issuer, (ii) a pledge of certain funds and accounts established under the Indenture of Trust, dated as of December 1, 2022 (the “Indenture”), to be entered into between the Issuer and Manufacturers and Traders Trust Company, Buffalo, New York, as trustee (the “Trustee”), and (iii) mortgage liens on and security interests in the Mortgaged Property (as defined in the Mortgage defined herein) that consists of the Facility (as defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” herein.

Simultaneously with the issuance of the Series 2022 Bonds, the Institution will execute and deliver to the Issuer two (2) promissory notes, each evidencing a loan by the Issuer to the Institution of the proceeds of the Series 2022A Bonds and the Series 2022B Bonds, respectively, which promissory notes will be endorsed by the Issuer, without recourse, to the Trustee for the benefit of the Holders of the Series 2022A Bonds and the Series 2022B Bonds. See “THE PROJECT AND PLAN OF FINANCE” herein.

The Series 2022 Bonds will be issued by the Issuer pursuant to the Indenture. The Series 2022 Bonds will be payable from (i) amounts held by the Trustee under the Indenture including amounts held in the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable); and (ii) loan payments to be made by the Institution under the Loan Agreement. The Series 2022 Bonds will be additionally secured by the Mortgage, as defined and as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” herein. Pursuant to the Custody Agreement, the Institution will covenant to promptly pay, or cause to be paid, to Manufacturers and Traders Trust Company, Buffalo, New York, as custodian (the “Custodian”), the payments of Education Aid received by the Institution. The Custodian will make transfers from the installments of Education Aid due to the Institution directly to the Trustee for deposit under the Indenture (on account of said Rent) at the time and in the amounts as loan payments are due under the Loan Agreement, all to pay debt service on the Series 2022 Bonds. See “THE PROJECT AND PLAN OF FINANCE” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” herein.

Proceeds derived from the sale of the Series 2022 Bonds will be used by the Institution for the purpose of financing or refinancing all or a portion of the costs of: (1) the acquisition of an approximately 1.25 acre parcel of land located at 495 Peninsula Boulevard, 27-33 Laurel Avenue and 37 Laurel Avenue, Village of Hempstead, Town of Hempstead, Nassau County, New York, together with the existing improvements thereon, (2) the construction of an approximately 85,000 square foot, multi-level building consisting of four stories plus a basement and utilized roof space and the renovation of an existing approximately 14,000 square foot warehouse structure, all located on such land, and (3) the acquisition of certain machinery, equipment, furnishings and other tangible personal property necessary for completion of such improvements (collectively, the “Facility”), to be operated by the Institution as a public charter school providing educational services to students; (4) funding debt service reserve funds and capitalized interest on the Series 2022 Bonds; and (5) paying for certain costs related to the issuance of the Series 2022 Bonds (collectively, the “Project”). Interest on the Series 2022 Bonds will be payable on June 15th and December 15th of each year, commencing June 15, 2023 until maturity or earlier redemption. See “THE PROJECT AND PLAN OF FINANCE” and “THE SERIES 2022 BONDS” herein.

The Series 2022 Bonds will be dated the date of delivery, will mature on June 15th of the years as shown on the maturity schedule herein and will be issued as fully registered bonds, without coupons, in the minimum authorized denomination of \$5,000 or any integral multiple in excess thereof, in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Series 2022 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive physical certificates. See “BOOK-ENTRY-ONLY SYSTEM” herein. The Series 2022A Bonds are subject to optional redemption and the Series 2022A Bonds and Series 2022B Bonds are subject to mandatory sinking fund redemption, extraordinary redemption and mandatory redemption as described in this Official Statement. The Series 2022B Bonds are not subject to optional redemption prior to maturity. See “THE SERIES 2022 BONDS” herein. An investment in the Series 2022 Bonds is subject to certain risks. See “RISK FACTORS” herein. Investors must read this entire Official Statement, including the Appendices hereto.

The Series 2022 Bonds are offered, subject to prior sale, when, as and if issued by the Issuer and accepted by Robert W. Baird & Co., Incorporated (the “Underwriter”) and subject to an opinion as to the validity of the Series 2022 Bonds and the tax-exempt status of the Series 2022A Bonds by Phillips Lytle LLP, Garden City, New York, Bond Counsel to the Issuer, the approval of certain legal matters for the Issuer by Ryan, Brennan & Donnelly LLP, Floral Park, New York, for the Institution by its special counsel, Harris Beach PLLC, Uniondale, New York, and for the Underwriter by its counsel, Trespasz & Marquardt, LLP, Syracuse, New York, and certain other conditions. It is expected that delivery of the Series 2022 Bonds will be made on or about December 29, 2022 through the facilities of DTC.

BAIRD



Rendering above depicts the four story 85,000 square foot building to be financed with proceeds of the Series 2022 Bonds to house students in grades 5-12 and located at 495 Peninsula Boulevard in the Town of Hempstead, New York.

MATURITY SCHEDULE

\$74,525,000

**Town of Hempstead Local Development Corporation
Education Revenue Bonds
(Evergreen Charter School Project), Series 2022A**

\$7,115,000, 5.000% Term Bond Due June 15, 2032 – Price 103.816, Yield 4.500% CUSIP¹ 424685AY1

\$17,335,000, 5.250% Term Bond Due June 15, 2042 – Price 98.797, Yield 5.350% CUSIP¹ 424685AZ8

\$28,920,000, 5.250% Term Bond Due June 15, 2052 – Price 94.289, Yield 5.650% CUSIP¹ 424685BA2

\$21,155,000, 5.500% Term Bond Due June 15, 2057 – Price 96.265, Yield 5.750% CUSIP¹ 424685BB0

\$520,000

**Town of Hempstead Local Development Corporation
Taxable Education Revenue Bonds
(Evergreen Charter School Project), Series 2022B**

\$520,000, 7.00% Term Bond Due June 15, 2026 – Price 100.000, Yield 7.000% CUSIP¹ 424685BC8

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, the Institution or the Underwriter and are included solely for the convenience of the holders of the Series 2022 Bonds. None of the Issuer, the Institution or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2022 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series 2022 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2022 Bonds.

Issuer

Town of Hempstead Local Development Corporation

Bond Counsel to the Issuer

Phillips Lytle LLP
Garden City, New York

Institution Board

Gil Bernardino, Board Chair
Sarah Brewster, Vice Chair
Jose Canosa, Treasurer
Gladys Rodriguez, Member
Nancy Iglesias, Member
Yvonne Mowatt, Member
Ariel Sotelo, Member
Luis Ras, Member

Institution Officials

Karen D. Garfinkel Leeper – Assistant Principal
Elena Litescu – Elementary School Director
Christine M. Weigand – Director

Special Counsel to the Institution

Harris Beach PLLC
Uniondale, New York

Underwriter

Robert W. Baird & Co., Incorporated
Denver, Colorado

Underwriter's Counsel

Trespasz & Marquardt, LLP
Syracuse, New York

Trustee and Paying Agent and Custodian

Manufacturers and Traders Trust Company
Buffalo, New York

NOTICE TO INVESTORS OF THE SERIES 2022 BONDS

The Institution executed and delivered a Letter Agreement, dated April 11, 2019 (the “Letter Agreement”) by and between the Institution and Oppenheimer Funds, Inc. (“Oppenheimer”) in connection with the issuance of the 2019 Bonds. Specifically, the Letter Agreement confirmed a certain right of first offer (“ROFO”) in favor of Oppenheimer to purchase bonds caused to be issued by the Institution to finance a future middle or high school facility, such as the Series 2022 Bonds.

Pursuant to the terms of the ROFO, the Institution gave written notice on November 15 (the “November 15th Notice”) to Invesco, successor in interest to Oppenheimer, of (a) its bona fide intention to cause the offering of the Series 2022 Bonds, (b) the engagement of Robert W. Baird, Inc., to serve as the underwriter for the Series 2022 Bonds, and (c) its expectation that the Series 2022 Bonds shall be issued with an interest rate at not less than the prevailing market rate at the time of the offering. Such notice letter also requested that Invesco issue a commitment letter within 20 days to purchase all or a portion of the Series 2022 Bonds and advised that if Invesco failed to respond within such 20 day period, Invesco will still have the opportunity to seek an allocation of the Series 2022 Bonds offered by the Underwriter in the ordinary course of marketing the bonds, similar to any other interested investor.

As of December 13, 2022, neither the Underwriter nor the Institution have received a commitment letter from Invesco and the Institution’s administration believes that the Institution now has the right under the terms of the Letter Agreement to direct the Underwriter to offer the Series 2022 Bonds to the general market at an interest rate at not less than the prevailing market rate at the time of the offering for a 120 day period upon terms no more favorable to the offeree than those specified in the November 15th Notice. Copies of the Letter Agreement and the November 15th Notice are available from the Institution upon request.

PURCHASE OF THE SERIES 2022 BONDS INVOLVES A HIGH DEGREE OF RISK, AND THE SERIES 2022 BONDS ARE A SPECULATIVE INVESTMENT. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO AN INFORMED INVESTMENT DECISION AND SHOULD GIVE PARTICULAR ATTENTION TO THE “RISK FACTORS” SECTION HEREIN.

Neither the State of New York (the “State”) nor any political subdivision thereof, including The Town of Hempstead, New York (the “Town”), shall be obligated to pay the principal or sinking fund installments or redemption price of premium, if any, or the interest on, the Series 2022 Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the Town, is pledged to the payment of the Series 2022 Bonds. The Series 2022 Bonds shall not constitute or give rise to a general obligation of the Issuer and will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2022 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the Town. No recourse will be had for the payment of any principal of, or the interest on, the Series 2022 Bonds against any member, officer, director, employee, attorney or agent of the Issuer. The Issuer has no taxing power, the Institution has no taxing power and may not charge tuition.

No person has been authorized by the Issuer, the Underwriter or the Institution to give any information regarding the Series 2022 Bonds, the Issuer, the Institution, the Project, the offering contained herein and related matters or to make any representations other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Official Statement has been furnished by or on behalf of the Institution and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Neither the Issuer nor any of its members, agents, employees, attorneys or representatives has reviewed this Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions “THE ISSUER” and “LITIGATION — The Issuer.” Except with respect to the information contained under such captions, neither the Issuer nor any of its members, agents, employees, attorneys or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2022 Bonds. Except for information under the heading “THE TRUSTEE,” the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

References in this Official Statement to the Indenture, the Loan Agreement, the Mortgage, the Assignment of Leases and Rents, the Assignment of Contracts, the Custody Agreement, the Tax Regulatory Agreement, the Letter of Representation, the Notes and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, and the description of the Series 2022 Bonds is qualified in its entirety by reference to the terms thereof and the information with respect thereto included in the Indenture and the Loan Agreement. References in this Official Statement to New York law and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their provisions. Copies or drafts of such documents are on file at the designated corporate trust office of the Trustee and the Institution.

The Board of Regents of the University of the State of New York (the “Authorizer”) has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2022 Bonds. The Authorizer does not assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2022 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2022 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2022 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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OFFICIAL STATEMENT

\$74,525,000

**Town of Hempstead Local Development Corporation
Education Revenue Bonds
(Evergreen Charter School Project), Series 2022A**

\$520,000

**Town of Hempstead Local Development Corporation
Taxable Education Revenue Bonds
(Evergreen Charter School Project), Series 2022B**

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Capitalized terms not defined herein have the meanings assigned herein or in the Indenture, the Loan Agreement or other document with respect to which the term is used. The Appendices to this Official Statement are an integral part of this Official Statement and each potential investor should review the Appendices in their entirety.

General

The Town of Hempstead Local Development Corporation, a not-for-profit local development corporation created pursuant to 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 (the "Issuer"), will issue its (i) Education Revenue Bonds (Evergreen Charter School Project), Series 2022A (the "Series 2022A Bonds"), in the aggregate principal amount of \$74,525,000, and (ii) Taxable Education Revenue Bonds (Evergreen Charter School Project), Series 2022B (the "Series 2022B Bonds" and together with the Series 2022A Bonds, the "Series 2022 Bonds"), in the aggregate principal amount of \$520,000, pursuant to an Indenture of Trust, dated as of December 1, 2022 (the "Indenture"), to be entered into between the Issuer and Manufacturers and Traders Trust Company, Buffalo, New York, as trustee (the "Trustee"), on behalf of, and for the benefit of, Evergreen Charter School (the "Charter School" or the "Institution"), a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the "Charter Schools Act"), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer will loan the proceeds derived from the sale of the Series 2022 Bonds (the "Loan") to the Institution pursuant to the terms of a Loan Agreement, dated as of December 1, 2022 (the "Loan Agreement"), to be entered into between the Issuer and the Institution. Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2022 Bonds, all of its interest in the Loan Agreement (other than the Issuer's Unassigned Rights) to secure payment of principal or sinking fund installments of, redemption premium, if any, and interest on the Series 2022 Bonds. Proceeds of the Series 2022 Bonds will be used by the Institution for the purposes of funding of all or a portion of the costs of the Project (as defined herein). See "THE PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and "APPENDIX B - THE INSTITUTION" in this Official Statement.

Loan of Series 2022 Bond Proceeds; Mortgage and Other Security

Proceeds of the Series 2022 Bonds will be loaned by the Issuer to the Institution pursuant to the Loan Agreement, and the Series 2022 Bonds will be payable primarily from and secured by a pledge of payments to be made by the Institution (the "Loan Payments") under the Loan Agreement and two certain promissory notes from the Institution to the Issuer, and endorsed by the Issuer to the Trustee (collectively, the "Promissory Notes"), which, if fully and promptly paid, should be sufficient to pay when due the scheduled principal of and interest on the Series 2022 Bonds and any Additional Bonds (collectively, the "Bonds").

The Series 2022 Bonds will also be secured by (i) mortgage liens on and security interests in the Mortgaged Property that includes the Facility, subject to certain "Permitted Encumbrances" described in the Mortgage (defined below), pursuant to that certain Mortgage and Security Agreement (Building Loan) and Mortgage and Security Agreement (Indirect Loan), each dated as of December 1, 2022 (collectively, the "Mortgage"), each to be executed by the Institution in favor of the Issuer and the Trustee, and each as assigned by the Issuer to the Trustee under the terms of that certain Assignment of Mortgage and Security Agreement (Building Loan) and Assignment of Mortgage and

Security Agreement (Indirect Loan), each dated as of December 1, 2022 (collectively, the “Assignment of Mortgage”), (ii) a collateral assignment of all of the Institution’s right, title and interest in all leases and rents with respect to the Facility, pursuant that certain Assignment of Leases and Rents (Building Loan) and Assignment of Leases and Rents (Indirect Loan), each dated as of December 1, 2022 (collectively, the “Assignment of Leases and Rents”), each to be executed by the Institution in favor of the Issuer and Trustee, and each as assigned by the Issuer to the Trustee under the terms of that certain Assignment of Assignment of Leases and Rents (Building Loan) and Assignment of Assignment of Leases and Rents (Indirect Loan), each dated as of December 1, 2022 (collectively, the “Assignment of ALR”), and (iii) a collateral assignment of all of the Institution’s right, title and interest in all Contracts and Permits (each as defined in the Assignment of Contracts defined below) pursuant that certain Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated as December 1, 2022 (the “Assignment of Contracts”), to be executed by the Institution in favor of the Trustee. In addition, pursuant to the Custody Agreement, dated as of December 1, 2022 (the “Custody Agreement”), to be entered into by the Institution, the Trustee, and Manufacturers and Traders Trust Company, Buffalo, New York, as custodian (the “Custodian”), the Institution will covenant to promptly pay, or cause to be paid to the Custodian, all payments of Education Aid received from by any school district in which pupils enrolled in the Institution reside (the “School Districts”). See “APPENDIX D — GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS” in this Official Statement.

The obligation of the Institution to make loan payments under the Loan Agreement is an absolute and unconditional obligation of the Institution. However, the ability of the Institution to generate additional revenues is limited in the event that the Education Aid payments received by the Institution are not sufficient to make the required payments under the Loan Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” in this Official Statement.

Custody Agreement

Pursuant to the Custody Agreement, the Institution will covenant to promptly pay, or cause to be paid, to the Custodian, the payments of Education Aid received by the Institution. The Custodian will make transfers from the installments of Education Aid due to the Institution directly to the Trustee for deposit under the Indenture at the time and in the amounts as Loan Payments are due under the Loan Agreement, to pay debt service on the Series 2022 Bonds. See “THE PROJECT AND PLAN OF FINANCE” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” herein.

Continuing Disclosure

The Institution will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, certain periodic quarterly and annual financial reports and notices of certain other events with respect to the Series 2022 Bonds. See “CONTINUING DISCLOSURE” in this Official Statement.

Bondholders' Risks

Certain risks associated with an investment in the Series 2022 Bonds are discussed under “RISK FACTORS” in this Official Statement.

Miscellaneous

This Official Statement (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgage, the Assignment of Leases and Rents, the Assignment of Contracts, the Custody Agreement, the Continuing Disclosure Agreement, the Issuer, the Facility, the Institution and the Series 2022 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies or drafts of which are available for inspection at the designated corporate trust office of the Trustee or the Institution.

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 to serve the charitable and public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, lessening the burdens of government and acting in the public interest, and thereby serve the public purposes of the Act. The Town of Hempstead, Nassau County, 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 Institution pursuant to the Loan Agreement; to issue, execute and deliver the Series 2022 Bonds; to secure the Series 2022 Bonds by a pledge of the moneys payable by the Institution under the Loan Agreement; and to enter into the Security Documents. The Board of Directors of the Issuer previously adopted a Bond Resolution to authorize the Series 2022 Bonds and is scheduled to adopt an amending Bond Resolution on December 20, 2022 to reflect the Institution as the borrower of the Loan.

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

<u>Name</u>	<u>Position</u>
Florestano Girardi	Chairman
Thomas Grech	Vice Chairman
Eric Mallette	Treasurer
Robert Bedford	Member
Jerry Kornbluth	Member
Jack Majkut	Secretary
Jill Mollitor	Member

The Chief Executive Officer and the Chief Financial Officer of the Issuer are appointed by the Board of Directors of the Issuer. The 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 PRELIMINARY OFFICIAL STATEMENT (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 INSTITUTION

The Institution is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and which is not a “private foundation” as defined in Section 509(a) of the Code. The Institution operates as a New York not-for-profit education corporation and as such is governed by the law applicable to such entities and its charter and bylaws. The Institution’s bylaws provide that the Institution is managed and controlled by a Board of Trustees. The Institution is a party to the Loan Agreement. For more information with respect to the Institution and its history and operations, see “APPENDIX B – THE INSTITUTION” in this Official Statement.

THE AUTHORIZING BODY

The Board of Regents of the University of the State of New York (the “Authorizer”) has the authority to grant charters for the purpose of organizing and operating independent and autonomous public charter schools. The Authorizer is the authorizing body of the Institution and has issued a charter to the Institution incorporating the Institution as an education corporation in the State. The Authorizer oversees and monitors the Institution’s Board of Trustees in their compliance with all applicable state and federal laws pertaining to charter schools. The Authorizer granted the Institution its initial charter (the “Charter”) on January 13, 2009 for a five-year term through and including January 12, 2014. The Institution received charter renewals for a First Renewal Term from January 13, 2014 to June 30, 2014, a Second Renewal Term from July 1, 2014 to June 30, 2017, a Third Renewal Term from July 1, 2017 to June 30, 2022 and a Fourth Renewal Term from July 1, 2022 to June 30, 2025. See “APPENDIX B – THE INSTITUTION” herein.

THE PROJECT AND PLAN OF FINANCE

Use of Series 2022 Bond Proceeds

Proceeds derived from the sale of the Series 2022 Bonds will be used by the Institution for the purpose of financing or refinancing a portion of: (1) the acquisition of an approximately 1.25 acre parcel of land located at 495 Peninsula Boulevard, 27-33 Laurel Avenue and 37 Laurel Avenue, Village of Hempstead, Town of Hempstead, Nassau County, New York, together with the existing improvements thereon, (2) the construction of an approximately 85,000 square foot, multi-level building consisting of four stories plus a basement and utilized roof space and the renovation of an existing approximately 14,000 square foot warehouse structure, all located on such land, and (3) the acquisition of certain machinery, equipment, furnishings and other tangible personal property necessary for completion of such Improvements (collectively, the “Facility”) to be operated by the Institution as a public charter school providing educational services to students, (4) funding debt service reserve funds and capitalized interest, and (5) paying for certain costs related to the issuance of the Series 2022 Bonds (collectively, the “Project”). See “APPENDIX B – THE INSTITUTION” herein.

Project Construction

The Institution intends to begin construction on the Land after the issuance of the Series 2022 Bonds. It is anticipated that construction will be substantially completed by October 7, 2024. The Institution has entered into an AIA A133-2019 Standard Form of Agreement Between Owner and Construction Manager as Constructor for the construction of the Facility with Consigli Construction Co., Inc. (the “General Contractor”), an organization that provides specialized general contracting and construction management services for commercial, private and institutional clients throughout Long Island. See “APPENDIX B – THE INSTITUTION – THE PROJECT – Project Construction” herein.

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SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of proceeds of the Series 2022 Bonds:

Sources of Funds	Series 2022A <u>Bonds</u>	Series 2022B <u>Bonds</u>	<u>Total</u>
Bond Proceeds	\$74,525,000.00	\$520,000.00	\$75,045,000.00
Net Original Issue Discount	<u>(2,378,792.10)</u>	<u>0.00</u>	<u>(2,378,792.10)</u>
Total Sources of Funds	\$72,146,207.90	\$520,000.00	\$72,666,207.90
Uses of Funds			
Deposit to the Project Funds	\$62,335,718.57	-	\$62,335,718.57
Deposit to the Debt Service Reserve Funds	4,922,565.18	\$34,347.32	4,956,912.50
Deposit to the Capitalized Interest Accounts	3,450,000.00	-	3,450,000.00
Costs of Issuance and Real Estate Closing Costs ⁽¹⁾	<u>1,437,924.15</u>	<u>485,652.68</u>	<u>1,923,576.83</u>
Total Uses of Funds	\$72,146,207.90	\$520,000.00	72,666,207.90

⁽¹⁾ Includes Underwriter's compensation, legal fees and expenses, printing costs, Trustee fees, Issuer fees, real estate costs and other expenses associated with the issuance of the Series 2022 Bonds.

THE SERIES 2022 BONDS

Interest; Maturity; Payment

The Series 2022A Bonds will be issued in the aggregate principal amount of \$74,525,000 and the Series 2022B Bonds will be issued in the aggregate principal amount of \$520,000. The Series 2022 Bonds will bear interest as set forth on the inside front cover hereof. Interest on the Series 2022 Bonds will be payable semi-annually on June 15th and December 15th (each an “Interest Payment Date”) of each year, commencing on June 15, 2023 (or, if any such day is not a Business Day, the immediately succeeding Business Day). Interest on the Series 2022 Bonds will be calculated on the basis of a 360-day year with twelve months of thirty days.

The Series 2022 Bonds will be issued in the form of fully registered bonds without coupons in minimum authorized denominations of \$5,000 or any integral multiple in excess thereof (each an “Authorized Denomination”). The principal or sinking fund installments of, interest on, and redemption premium, if any, on the Series 2022 Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York (“DTC”), which will in turn remit such principal, sinking fund installments, interest and redemption premium, if any, to Participants, which Participants will in turn remit such principal, sinking fund installments, interest and redemption premium, if any, to the Beneficial Owners of the Series 2022 Bonds as described in this Official Statement. See “BOOK-ENTRY-ONLY SYSTEM” in this Official Statement.

In the event the Series 2022 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, Sinking Fund Installments for, and the Redemption Price of the Series 2022 Bonds will be payable by check or draft at maturity or upon earlier redemption to the persons in whose names such Series 2022 Bonds are registered on the registration books maintained by the Trustee at the maturity or redemption date thereof, provided, however, that the payment in full of any Series 2022 Bond either at final maturity or upon purchase or redemption in whole will only be payable upon presentation and surrender of such Series 2022 Bonds at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 2022 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2022 Bond as shown on the bond registration books of the Trustee at the close of business on the Record Date for such interest, by (1) check or draft mailed to such registered owner at his address as it appears on the bond registration books, (2) if such bonds are held by a Securities Depository, or at the written request by any registered owner of Series 2022 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer, as described in the Indenture.

Interest on any Series 2022 Bond that is due and payable but not paid on the date due (“Defaulted Interest”) shall cease to be payable to the owner of such Series 2022 Bond on the relevant Record Date and shall be payable to the owner in whose name such Series 2022 Bond is registered at the close of business on a special record date (the “Special Record Date”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed as provided in the Indenture.

Redemption

General Optional Redemption. The Series 2022A Bonds are subject to optional redemption, on or after June 15, 2032, in whole or in part on any Business Day (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$5,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay Loan Payments due under the Loan Agreement), at the Redemption Price of 100% of the unpaid principal amount of the Series 2022A Bonds to be redeemed, plus accrued interest to the Redemption Date.

The Series 2022B Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Installment Redemption. The Series 2022A Bonds maturing on June 15, 2032, are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture.

\$7,115,000 Series 2022A Term Bond Maturing June 15, 2032

Redemption Date (June 15th)	Principal Amount	Redemption Date (June 15th)	Principal Amount
2026	\$200,000	2030	\$1,175,000
2027	1,015,000	2031	1,235,000
2028	1,070,000	2032	1,300,000 ⁺
2029	1,120,000		

⁺Stated Maturity.

The Series 2022A Bonds maturing on June 15, 2042, are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture.

\$17,335,000 Series 2022A Term Bond Maturing June 15, 2042

Redemption Date (June 15th)	Principal Amount	Redemption Date (June 15th)	Principal Amount
2033	\$1,360,000	2038	\$1,760,000
2034	1,435,000	2039	1,850,000
2035	1,510,000	2040	1,950,000
2036	1,590,000	2041	2,050,000
2037	1,670,000	2042	2,160,000 ⁺

⁺Stated Maturity.

The Series 2022A Bonds maturing on June 15, 2052, are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in

the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture.

\$28,920,000 Series 2022A Term Bond Maturing June 15, 2052

Redemption Date (June 15th)	Principal Amount	Redemption Date (June 15th)	Principal Amount
2043	\$2,275,000	2048	\$2,935,000
2044	2,390,000	2049	3,090,000
2045	2,520,000	2050	3,250,000
2046	2,650,000	2051	3,420,000
2047	2,790,000	2052	3,600,000 ⁺

⁺Stated Maturity.

The Series 2022A Bonds maturing on June 15, 2057, are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture.

\$21,155,000 Series 2022A Term Bond Maturing June 15, 2057

Redemption Date (June 15th)	Principal Amount	Redemption Date (June 15th)	Principal Amount
2053	\$3,790,000	2056	\$4,450,000
2054	\$4,000,000	2057	\$4,695,000 ⁺
2055	\$4,220,000		

⁺Stated Maturity.

Extraordinary Redemption. The Series 2022 Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay Loan Payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date, if one or more of the following events shall have occurred:

(i) the Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

(iii) as a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by an Institution, the Loan

Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facility.

If the Series 2022 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Redemption from Excess Proceeds Certain Other Amounts. The Series 2022A Bonds shall be redeemed on any Business Day in whole or in part by lot prior to maturity in the event and to the extent: (i) excess Series 2022A Bond proceeds shall remain in the Project Fund (Tax-Exempt) after the completion of the Project, (ii) excess title insurance or property insurance proceeds or condemnation awards remain after the application thereof pursuant to the Loan Agreement and the Indenture, (iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or (iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs (Tax-Exempt) shall remain with the Institution and shall not be required for completion of the Project or related Project Costs (Tax-Exempt). In the case of redemption under clauses (i), (ii) and (iii) above, the Redemption Price shall equal one hundred percent (100%) of the principal amount of the Series 2022A Bonds to be redeemed, together with interest accrued thereon to the Redemption Date. In the case of redemption under clause (iv) above, the Redemption Price shall equal the original purchase price of, less any amortized premium allocable to, the Series 2022A Bonds to be redeemed.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2022A Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date. The Series 2022A Bonds shall be redeemed in whole unless redemption of a portion of the Series 2022A Bonds Outstanding would have the result that interest payable on the Series 2022A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2022A Bond. In such event, the Series 2022A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2022 BONDS, ALL PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, AND INTEREST ON THE SERIES 2022 BONDS WILL BE MADE DIRECTLY TO DTC. DISBURSEMENT OF SUCH PAYMENTS TO DIRECT PARTICIPANTS WILL BE THE RESPONSIBILITY OF DTC, AND DISBURSEMENT OF SUCH PAYMENTS TO BENEFICIAL OWNERS WILL BE THE RESPONSIBILITY OF THE DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS. SEE "BOOK-ENTRY ONLY SYSTEM" IN THIS OFFICIAL STATEMENT.

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

to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as set forth above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the Redemption Date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any Redemption Date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence above shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

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

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

Payment of Redeemed Series 2022 Bonds. Notice having been given in the manner provided in the Indenture and as described above, the Series 2022 Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Dates so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If, on the Redemption Date, moneys for the redemption of all the Series 2022 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, (i) interest on the Series 2022 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Series 2022 Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (iii) the Holders of the Series 2022 Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Series 2022 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Selection of Series 2022 Bonds for Redemption. In the event of redemption of less than all the Outstanding Series 2022 Bonds of the same Series and maturity, the particular Series 2022 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) the Series 2022 Bonds to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select the Series 2022 Bonds for redemption such that no Series 2022 Bond shall be of a denomination of less than the Authorized Denomination for such Series 2022 Bonds. In the event of redemption of less than all the Outstanding Series 2022 Bonds of the same Series stated to mature on different dates, the principal amount of such Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2022 Bonds to be redeemed and by lot within a maturity. The portion of the Series 2022 Bonds to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple

thereof and, in selecting Series 2022 Bonds for redemption, the Trustee shall treat each such Series 2022 Bond as representing that number of Series 2022 Bonds which is obtained by dividing the principal amount of such registered Series 2022 Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2022 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2022 Bond shall forthwith surrender such Series 2022 Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Series 2022 Bond or Series 2022 Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2022 Bond. New Series 2022 Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Series 2022 Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Series 2022 Bond of a denomination greater than a unit shall fail to present such Series 2022 Bond to the Trustee for payment and exchange as aforesaid, such Series 2022 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

Special Limited Revenue Obligations

THE SERIES 2022 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. THE SERIES 2022 BONDS SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS 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 SHALL BE LIABLE THEREON. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE TOWN, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2022 BONDS. THE SERIES 2022 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2022 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE TOWN. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR SINKING FUND INSTALLMENTS OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2022 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, ATTORNEY OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER, THE INSTITUTION HAS NO TAXING POWER AND MAY NOT CHARGE TUITION.

General

Under the Loan Agreement, the Issuer will agree to issue the Series 2022 Bonds and to lend the proceeds thereof to the Institution to finance the Project, and the Institution is obligated unconditionally to repay the loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal or sinking fund installments of, redemption premium, if any, and interest on the Series 2022 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform the obligations set forth therein. The obligation of the Institution to make loan payments under the Loan Agreement sufficient to pay the Series 2022 Bonds is an absolute and unconditional obligation of the Institution. Under the Loan Agreement, "Loan Payment Dates" are the fifteenth (15th) of each January, March, May, July, September and November, commencing January 15, 2023 (or, if any such day shall not be a Business Day, the immediately preceding Business Day).

Pursuant to the terms of the Mortgage, the Institution will grant to the Issuer and the Trustee mortgage liens on and security interests in the Facility and the other Mortgaged Property, subject to certain Permitted Encumbrances. The Issuer will assign all of its interests under the Mortgage to the Trustee pursuant to the Assignment of Mortgage. The Loan Agreement and the Mortgage contain the general liability insurance and property insurance requirements for the Institution and the General Contractor with respect to the Facility. In addition, the Institution (i) will grant a

collateral assignment of all of its right, title and interest in all Contracts and Permits to the Trustee pursuant to the Assignment of Contracts; and (ii) will grant a collateral assignment of all of its right, title and interest in all leases and rents with respect to the Facility, to the Issuer and the Trustee pursuant to the Assignment of Leases and Rents, and the Issuer will assign its right, title and interest under the Assignment of Leases and Rents to the Trustee pursuant to the Assignment of ALR. See “RISK FACTORS” in this Official Statement for a discussion of certain limitations on the enforceability of the security for the Series 2022 Bonds.

The Indenture

General

The Series 2022 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby. As security for the Series 2022 Bonds, the Issuer has pledged and assigned to the Trustee the Trust Estate, which includes: (i) all right, title and interest of the Issuer in and to the Loan Agreement, including all Loan Payments, revenues and receipts payable or receivable thereunder (other than the Issuer's Unassigned Rights); (ii) all right, title and interest of the Issuer in and to the Promissory Notes; and (iii) all moneys and securities from time to time held by the Trustee under the Indenture; provided, however, there is hereby expressly excluded from any assignment, pledge, lien or security interest any amounts set apart and transferred to the Rebate Fund and any amounts held by the Custodian pursuant to the Custody Agreement, (iv) amounts held in the Project Fund (Tax-Exempt), in the Debt Service Reserve Fund (Tax-Exempt) and in the Bond Fund (Tax-Exempt) shall be pledged only to the Holders of the Tax-Exempt Bonds, and (v) amounts held in the Project Fund (Taxable), in the Debt Service Reserve Fund (Taxable) (except as set forth in the Indenture when the Taxable Bonds are no longer Outstanding) and in the Bond Fund (Taxable) shall be pledged only to the Holders of the Taxable Bonds. As defined in the Indenture, the term “Taxable Bonds” means the Series 2022B Bonds and any Additional Bonds which are not Tax-Exempt Bonds and “Tax-Exempt Bonds” means the Series 2022A Bonds and any Additional Bonds as to which, at the time of original issuance, there shall be delivered to the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the interest on such Bonds is excluded from gross income for federal income tax purposes. The Indenture provides that all Bonds issued thereunder shall be special limited revenue obligations of the Issuer, payable solely from and secured solely by the Trust Estate. See “APPENDIX D – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Official Statement.

Establishment of Funds

The Indenture establishes and creates the following funds as special trust funds:

- (i) Project Fund (Tax-Exempt) (containing subaccounts);
- (ii) Project Fund (Taxable) (containing subaccounts);
- (iii) Bond Fund (Tax-Exempt) (containing subaccounts);
- (iv) Bond Fund (Taxable) (containing subaccounts);
- (v) Renewal Fund;
- (vi) Earnings Fund;
- (vii) Rebate Fund;
- (viii) Debt Service Reserve Fund (Tax-Exempt);
- (ix) Debt Service Reserve Fund (Taxable);
- (x) Repair and Replacement Fund; and
- (xi) Revenue Fund.

All of the funds and accounts created under the Indenture are to be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any fund or account under any provision of the Indenture and all investments made therewith must be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee constitute part of the Trust Estate (subject to the granting clauses of the Indenture), other than the Rebate Fund, and shall be subject to the lien set forth in the Indenture. For additional information, see “APPENDIX D — GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” herein.

Revenue Fund and the Custody Agreement

The Revenue Fund. Under the Indenture, there shall be deposited in the Revenue Fund as and when received, (i) the payments paid to the Trustee by the Institution pursuant to the Loan Agreement, (ii) transfers made by the Custodian pursuant to the Custody Agreement and (iii) all other moneys to be deposited into the Revenue Fund pursuant to the Loan Agreement or the Indenture.

Application of Revenue Fund Moneys. Amounts in the Revenue Fund shall be transferred or disbursed by the Trustee on each Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated:

- FIRST: (i) to the applicable Bond Fund, an amount of moneys, less any credits received against such amounts, equal to one-third (1/3) of the interest due on the applicable Series 2022 Bonds on the next Interest Payment Date, plus (ii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) of the Sinking Fund Installment due on any Sinking Fund Installment payment date occurring in the next 12 months, plus (iii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) of the principal due on any principal payment date occurring in the next 12 months, plus (iv) any amount previously due under this paragraph but that remains unpaid because of an insufficiency in moneys available therefor;
- SECOND: to the Rebate Fund, any amount of moneys required to be deposited in the Rebate Fund pursuant to the Indenture or the Tax Regulatory Agreement;
- THIRD: to the applicable Debt Service Reserve Fund, upon the determination of a deficiency pursuant to the Indenture, an amount of moneys equal to one-sixth (1/6) of such deficiency in that amount of moneys necessary to cause the sum on deposit in the applicable Debt Service Reserve Fund to equal the applicable Debt Service Reserve Fund Requirement;
- FOURTH: following the Closing Date, \$3,333.34 to the Repair and Replacement Fund on each Loan Payment Date until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement; provided that, following any disbursement or deficiency from the Repair and Replacement Fund, the amount required to be deposited therein shall additionally include an amount necessary to replenish the Repair and Replacement Fund by the total amount of such disbursement or deficiency deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement or deficiency;
- FIFTH: with respect to a redemption pursuant to the Indenture, to the applicable Bond Fund, an amount of money equal to the Redemption Price due on the Redemption Date, and
- to the Institution, all amounts of money remaining on deposit in the Revenue Fund, if any, after the Trustee has made the disbursements required in FIRST through FIFTH above; provided that if an Event of Default has occurred and is then in effect, the Trustee shall only transfer to the Institution the amount necessary to pay operating and capital expenses required to be paid for that calendar month as provided in the Institution's annual budget as shall be certified by the Institution to the Trustee.

Custody Agreement. The Trustee shall deliver a Custody Agreement Notice to the Custodian no later than five (5) Business Days before each State Education Operating Aid Payment Date (each July 1, September 1, November 1, January 1, March 1 and May 1, or such other dates as may in the future be established as the payment dates for Education Aid). Each Custody Agreement Notice shall be prepared by the Trustee in substantially the form attached to the Indenture, with respect to each period from and including the Closing Date, and from and including each succeeding State Education Operating Aid Payment Date, through and including the calendar day preceding each

subsequent State Education Operating Aid Payment Date (each an “Education Aid Funding Period”), certifying the respective aggregate amounts to be transferred by the Custodian to the Trustee during the applicable Education Aid Funding Period.

Each Custody Agreement Notice shall describe the amount of Education Aid necessary to be paid to the Trustee to satisfy the payment obligations of the Institution as set forth in the Loan Agreement for the next Education Aid Funding Period. Accordingly, each Custody Agreement Notice shall contain the following information: (1) a statement of the total amount of Education Aid (as defined in the Indenture) to be paid over to the Trustee on the applicable State Education Operating Aid Payment Date, and (2) statements describing the portions of such total amount to be deposited into the various funds and accounts held by the Trustee under the Indenture. The Trustee shall prepare each Custody Agreement Notice in consultation with the Institution. The Institution shall provide the Trustee, in a timely fashion (but at least ten (10) Business Days prior to each State Education Operating Aid Payment Date), the information reasonably needed by the Trustee in order to permit the Trustee to prepare each Custody Agreement Notice.

Debt Service Reserve Funds

The Trustee shall establish under the Indenture a Debt Service Reserve Fund (Tax-Exempt) and a Debt Service Reserve Fund (Taxable). Upon receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2022A Bonds, the Trustee shall deposit the amount of \$4,922,565.18 in the Debt Service Reserve Fund (Tax-Exempt) and \$34,347.32 in the Debt Service Reserve Fund (Taxable).

On the Loan Payment Date next preceding the final maturity date of the Series 2022A Bonds, any moneys in the Debt Service Reserve Fund (Tax-Exempt) will be transferred to the Bond Fund (Tax-Exempt) and used to pay the principal and interest on the Series 2022A Bonds on the final maturity date. On the date the Series 2022B Bonds are no longer Outstanding, the Trustee will transfer any amounts held in the Debt Service Reserve Fund (Taxable) into the Debt Service Reserve Fund (Tax-Exempt).

Amounts on deposit in the applicable Debt Service Reserve Fund shall be invested pursuant to the Indenture. Amounts in the applicable Debt Service Reserve Fund may be used by the Trustee to pay principal, sinking fund installments and interest on the applicable series of the Series 2022 Bonds in the event money provided in the applicable Bond Fund is insufficient for such purpose. Amounts in the applicable Debt Service Reserve Fund are valued at fair market value as determined by the Trustee on June 15th of each year commencing June 15, 2023 (the “Valuation Date”) as provided in the Indenture. If the applicable Debt Service Reserve Fund falls below the applicable Debt Service Reserve Fund Requirement, the Institution shall pay, or cause to be paid, to the Trustee for deposit in the applicable Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one-sixth (1/6) of such deficiency in the applicable Debt Service Reserve Fund.

Repair and Replacement Fund

The Trustee shall establish a Repair and Replacement Fund under the Indenture. Under the Indenture, there shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Institution as described in the Loan Agreement, and (b) all other moneys required to be deposited into the Repair and Replacement Fund pursuant to the Indenture. 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 the Indenture. Prior to the Project Completion Date, if any amounts on deposit in the Repair and Replacement Fund is in excess of the Repair and Replacement Fund Requirement, defined as a maximum amount equal to \$100,000 to be funded over 5 years from the Closing Date, the Trustee shall notify the Issuer and the Institution thereof and shall upon written instructions of the Institution transfer an amount equal to such surplus to the Interest Account of the Bond Fund (Tax-Exempt) and applied to the payment of the interest on the Series 2022A Bonds.

After the Project Completion Date, moneys in the Repair and Replacement Fund shall be disbursed by the Trustee upon receipt by the Trustee of a written requisition from an Authorized Representative of the Institution (y)

to the Institution or to the Institution's order to pay the cost of (i) improvements to the Facility, (ii) replacement or repair of furniture and equipment or other components of the Facility, and (iii) purchasing additional furniture and equipment for the Facility; and (z) to pay principal and interest on the Bonds to the extent payments by the Institution are insufficient therefor (prior to the use of moneys in the applicable Debt Service Reserve Fund and after the use of moneys in the Earning Fund for such purpose). In no event will the balance of the Repair and Replacement Fund be required to exceed the Repair and Replacement Fund Requirement. As long as no Event of Default has occurred and is continuing, if, at any time after the Project Completion Date, the balance of the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement, at the written request of the Institution, the sum of such excess shall be delivered by the Trustee to the Institution to be applied by the Institution for any lawful purpose of the Institution.

Additional Bonds

So long as the Promissory Notes, the Loan Agreement and the other Security Documents are each in effect, and the prior written consent of the Holders of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds shall have been obtained (except such consent shall not be required with respect to refunding all or a portion of any Outstanding Bonds to achieve interest cost savings), one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith. In addition, the Institution and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly.

Each such Series of Additional Bonds must be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of the items required by the Indenture.

Upon the request of the Institution, one or more Series of Refunding Bonds may be authenticated and made available for pick-up upon original issuance to refund all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding as described in this paragraph of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with the provisions of the Indenture.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Series 2022 Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Indenture, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture, including, without limitation, the exception that the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable) (except as set forth in the Indenture when the Taxable Bonds are no longer Outstanding) and the Bond Fund (Taxable) shall only secure the Taxable Bonds, and the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt) and the Bond Fund (Tax-Exempt) shall only secure the Tax-Exempt Bonds.

No Series of Additional Bonds shall be issued unless the Promissory Notes, the Loan Agreement, the Assignment of Leases and Rents, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Acceleration

Upon the occurrence of certain events, payment of the principal or Redemption Price, if any, of and accrued interest on the Series 2022 Bonds may be accelerated under the Indenture. See “RISK FACTORS,” and “APPENDIX D – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Official Statement.

Custody Agreement

Pursuant to the Custody Agreement, the Institution will provide standing instructions to the State to submit all payments of Education Aid for direct deposit to the Custodian in accordance with the Loan Agreement. Notwithstanding the foregoing, if, for any reason, the Institution shall receive payments of Education Aid, the Institution shall pay over to the Custodian any and all amounts of such Education Aid paid by the School District within two (2) Business Days of receipt thereof by the Institution. The Custody Agreement provides that the Custodian shall act as a custody agent of the Institution and requires that, upon receipt of any such payments, the Custodian shall immediately transfer to the Trustee the amount of moneys described in the Custody Agreement Notice, which Custody Agreement Notices shall certify the amounts necessary to make payments of interest, sinking fund installments, Redemption Price or Purchase Price, as applicable, for the Series 2022 Bonds as set forth in the Custody Agreement.

The Custody Agreement provides that in the event that the Institution has incurred Additional Parity Indebtedness satisfying the requirements of the Loan Agreement, the Custodian shall, transfer to the issuer of, or the trustee for, any such Additional Parity Indebtedness, as the case may be, any amounts due and payable with respect to such Additional Parity Indebtedness. In the event that the Custodian shall at any time be required to transfer moneys held by it to two or more recipients (excluding the Institution) and the aggregate amount then on deposit in the Custody Account shall not be sufficient to pay such recipients in full, the Custodian shall transfer the available amount to such recipients on a pro rata basis.

The Loan Agreement

Under the Loan Agreement, the Issuer agrees to loan the proceeds of the Series 2022 Bonds to the Institution, and the Institution agrees to pay the Promissory Notes and repay the Loan made pursuant to the Loan Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds directly to the Trustee for deposit into the Revenue Fund no later than on each Loan Payment Date (except in certain circumstances which require payment on the respective due dates thereof) in order to pay the interest, principal, sinking fund installments and Redemption Price of the Series 2022 Bonds when due and payable, together with any deposits to be made with respect to the Debt Service Reserve Fund Requirement (Tax-Exempt), the Debt Service Reserve Fund Requirement (Taxable), and the Repair and Replacement Fund Requirement. See “APPENDIX D – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” herein.

Limitations on Incurrence of Additional Indebtedness

Under the Loan Agreement, the Institution is precluded from incurring Additional Indebtedness that is senior to the lien of the Mortgage on the Mortgaged Property and the obligations of the Institution under the Loan Agreement. The Institution may incur Additional Parity Indebtedness only upon providing to the Trustee a certificate of an Authorized Representative of the Institution, accompanied by a confirming Independent Financial Consultant's Certificate, to the effect that (i) the requirements regarding the incurrence of Additional Bonds under the Indenture have been met, but this clause (i) applies only if the other Indebtedness takes the form of Additional Bonds, and (ii) either:

(a) (i) the Net Income Available for Debt Service is equal to or greater than 110% of the combined Annual Debt Service for outstanding Long-Term Indebtedness related to the Facility as determined in the most recent audited financial statements of the Institution and (ii) the Net Income Available for Debt Service is equal to or greater than 110% of combined Annual Debt Service for outstanding Long-Term Indebtedness related to the Facility and the Long-Term Indebtedness related to the facility proposed to be incurred as determined in the most recent audited financial statements of the Institution; or

(b) the projected Net Income Available for Debt Service of the Institution is not less than 125% of the combined projected Annual Debt Service for currently outstanding Long-Term Indebtedness related to the Facility and the Long-Term Indebtedness related to the facility proposed to be incurred for three consecutive fiscal years after the earlier of (i) the date the new facility is placed into service or (ii) the year provision for payment of debt service with capitalized interest is expended.

In addition to the foregoing, prior to the incurrence of Additional Parity Indebtedness, the Custodian, the Trustee, the Institution and any issuer of such Additional Parity Indebtedness shall have entered into an intercreditor agreement, satisfactory to all parties, providing for, among other things, the application and disposition of amounts on deposit in the account under the Custody Agreement and any amendment or supplement thereof.

Additional Indebtedness subordinate to the obligations of an Institution under the Loan Agreement and lien on the Mortgaged Property are permitted by the Loan Agreement.

Financial Covenants

Minimum Days Cash on Hand Covenant

Under the Loan Agreement, the Institution will covenant that the Institution shall, on a consolidated basis, beginning with the Fiscal Year ending June 30, 2023, and for so long as any Bonds remain Outstanding, maintain cumulative unrestricted cash reserves sufficient to meet 60 days of Operating Expenses to be tested as of June 30 of each year based on the results of the annual audit of the Institution for such Fiscal Year upon the release of such audit.

If on any testing date the Days Cash on Hand is below that required, the Institution shall retain, on a consolidated annual basis, a minimum 50% of the Excess Net Revenues until such time as they are in compliance. Operating Expenses for purposes of calculating Days Cash on Hand will include interest payments on Long-Term Indebtedness. If the Institution is in violation of the minimum Days Cash on Hand requirement, then the Majority Holders shall have the right to direct the Trustee to require the Institution to engage a Management Consultant acceptable to the Majority Holders at the Institution's expense, which shall deliver a written report within 60 days of engagement to the Trustee and the Institution containing recommendations concerning either Institution's:

- (a) operations;
- (b) financing practices and activities, including Short-Term Indebtedness, lease financing, and investment activities;
- (c) management practices, including the use of consultants, budgeting practices, and ongoing financial systems and monitoring of the Institution's financial condition;
- (d) governance and administration practices; and
- (e) other factors relevant to maintaining such compliance.

Upon submission of the Management Consultant's report, the Institution is required to arrange for payment of the amount owed to the Management Consultant and issue a written certificate to the Trustee indicating their acceptance or rejection of all or any material portion of the recommendations of the Management Consultant within 30 days of receiving the report of the Management Consultant. The Majority Holders shall have the right to require the Institution to comply with any reasonable recommendation of the Management Consultant with respect to items (a) through (e) above.

Notwithstanding anything to the contrary contained in the Loan Agreement, the failure to satisfy any of the covenants set forth above shall not constitute or be deemed to constitute an Event of Default under the Loan Agreement, provided the recommendations of the Management Consultant are being followed as certified in writing by the Management Consultant at least bi-monthly during the period of the consultancy and provided to the Trustee.

Long-Term Debt Service Coverage Ratio

Under the Loan Agreement, the Institution will covenant that, so long as any Bonds remain Outstanding, they will, on a consolidated basis, maintain a Long-Term Debt Service Coverage Ratio equal to or greater than 1.10 to 1.0. Beginning with the Fiscal Year commencing July 1, 2022, the Institution shall calculate annually the Long-Term Debt Service Coverage Ratio for the most recently completed Fiscal Year, and shall provide a copy of such calculation to the Trustee at the time of delivery of the annual audited financial statements. If the calculation indicates that the Long-Term Debt Service Coverage Ratio of the Institution for such previous Fiscal Year shall be less than 1.10 to 1.0 but equal to or greater than 1.0 to 1.0, then the Institution shall, within thirty (30) days of the date of such calculation, provide the Trustee with a detailed written explanation from an Authorized Representative of the Institution stating the reasons for the Institution's failure to achieve the required Long-Term Debt Service Coverage Ratio and their plan for achieving such Long-Term Debt Service Coverage Ratio by the end of the next Fiscal Year. In such event, the Majority Holders shall have the right to direct the Trustee to require the Institution to engage, at the Institution's expense, a Management Consultant acceptable to the Majority Holders, which shall deliver a written report within 60 days of engagement to the Trustee and the Institution containing recommendations concerning either Institution's:

- (a) operations;
- (b) financing practices and activities, including Short-Term Indebtedness, lease financing, and investment activities;
- (c) management practices, including the use of consultants, budgeting practices, and ongoing financial systems and monitoring of the Institution's financial condition;
- (d) governance and administration practices; and
- (e) other factors relevant to maintaining such compliance.

Upon submission of the Management Consultant's report, the Institution is required to arrange for payment of the amount owed to the Management Consultant and issue a written certificate to the Trustee indicating their acceptance or rejection of all or any material portion of the recommendations of the consultant within 30 days of receiving the report of the Management Consultant. The Majority Holders shall have the right to require the Institution to comply with any reasonable recommendation of the Management Consultant with respect to items (a) through (e) above.

Notwithstanding anything to the contrary contained in the Loan Agreement, the Institution's failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.0 to 1.0 shall constitute an Event of Default under the Loan Agreement.

Mortgage and Assignment of Leases and Rents

Pursuant to the Mortgage to be executed by the Institution in favor of the Issuer and Trustee, as beneficiaries, and assigned by the Issuer to the Trustee pursuant to the Assignment of Mortgage, the payment of the principal of the Purchase Price, if applicable, the redemption premium, if any, and interest on the Series 2022 Bonds will be secured by mortgage liens on and security interests in the Facility and the other Mortgaged Property, subject to certain Permitted Encumbrances. The Mortgage also contains property and casualty insurance requirements for the Facility. Pursuant to the Assignment of Leases and Rents to be executed by the Institution in favor of the Issuer and the Trustee, and assigned by the Issuer to the Trustee pursuant to the Assignment of ALR, the Series 2022 Bonds will be further secured by the collateral assignment by the Institution of all of its right, title and interest in all leases and rents with respect to the Facility.

DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2022 Bonds, assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any amounts deposited in, and any earnings on, funds and accounts established under the Indenture.

Year Ending (June 15)	Series 2022A Bonds		Series 2022B Bonds		Total Debt Service
	Principal Amount	Interest Amount	Principal Amount	Interest Amount	
2023		\$1,820,311		\$16,784	\$1,837,095
2024		3,947,663		36,400	3,984,063
2025		3,947,663		36,400	3,984,063
2026	\$200,000	3,947,663	\$520,000	36,400	4,704,063
2027	1,015,000	3,937,663			4,952,663
2028	1,070,000	3,886,913			4,956,913
2029	1,120,000	3,833,413			4,953,413
2030	1,175,000	3,777,413			4,952,413
2031	1,235,000	3,718,663			4,953,663
2032	1,300,000	3,656,913			4,956,913
2033	1,360,000	3,591,913			4,951,913
2034	1,435,000	3,520,513			4,955,513
2035	1,510,000	3,445,175			4,955,175
2036	1,590,000	3,365,900			4,955,900
2037	1,670,000	3,282,425			4,952,425
2038	1,760,000	3,194,750			4,954,750
2039	1,850,000	3,102,350			4,952,350
2040	1,950,000	3,005,225			4,955,225
2041	2,050,000	2,902,850			4,952,850
2042	2,160,000	2,795,225			4,955,225
2043	2,275,000	2,681,825			4,956,825
2044	2,390,000	2,562,388			4,952,388
2045	2,520,000	2,436,913			4,956,913
2046	2,650,000	2,304,613			4,954,613
2047	2,790,000	2,165,488			4,955,488
2048	2,935,000	2,019,013			4,954,013
2049	3,090,000	1,864,925			4,954,925
2050	3,250,000	1,702,700			4,952,700
2051	3,420,000	1,532,075			4,952,075
2052	3,600,000	1,352,525			4,952,525
2053	3,790,000	1,163,525			4,953,525
2054	4,000,000	955,075			4,955,075
2055	4,220,000	735,075			4,955,075
2056	4,450,000	502,975			4,952,975
2057	4,695,000	258,225			4,953,225
Totals	\$74,525,000	\$92,917,936	\$520,000	\$125,984	\$168,088,920

*Columns may not add due to rounding.

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of New York's current system for funding charter schools. Prospective purchasers of the Series 2022 Bonds should note that the overview contained below and the summary of relevant New York state law provisions contained in APPENDIX A hereto are provided for the convenience of prospective purchasers but are not and do not purport to be comprehensive. Potential purchasers should note that the law applicable to charter schools in New York has developed over time and is subject to further changes in the future. See “RISK FACTORS – Changes in Law; Annual Appropriation; Inadequate Education Aid Payments” in this Official Statement.

General

Charter schools in New York are eligible to receive funds from State, federal and private sources. The principal source of charter school funding in New York is “Charter School Basic Tuition” which is paid directly to a charter school by the school district of residence of each student enrolled in the charter school. The enrollment of students attending charter schools is included in the enrollment, attendance, membership and, if applicable, count of students with disabilities of the school district in which the pupil resides. The amount of Charter School Basic Tuition for a particular school year paid by a school district is derived from formulas based on the school district's “Expense Per Pupil” as defined in the State Education Law. See “– Charter School Basic Tuition” below for a more detailed description. In addition, the school district of residence of a student with a disability attending a charter school is required to pay directly to such charter school any federal or state aid attributable to such student in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly (any such payments, together with Charter School Basic Tuition, as referred to herein as “Education Aid Payments”). Such amounts may be reduced pursuant to an agreement between the school and the charter entity as set forth in the charter. See “– Federal and State Aid Attributable to a Student with a Disability” below for further detail. In the event a school district fails to make the payments described above, the State Comptroller is directed to deduct from any State funds which become due to such school district an amount equal to the unpaid obligation, which the State Comptroller will then pay to the charter school. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Official Statement.

For the 2021-22 school year, the Institution received \$17,493,893 in “Expense Per Pupil” payments for all of its students.

Charter School Basic Tuition

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

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

Adjusted Average Daily Attendance. For purposes of computing Adjusted Average Daily Attendance, the average daily attendance of public school pupils in a full-day kindergarten and grades 1-12 is counted as the basic unit, with the attendance of such pupils in one-half day kindergartens counted as one-half of such basic unit. The sum

of all such units of attendance is the Adjusted Average Daily Attendance. Adjusted Average Daily Attendance is calculated by: (i) determining the number of religious holidays which fall on a school day within a school year according to regulations established by the Commissioner; (ii) deducting the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (iii) deducting such religious holidays from the total number of days of session, by grade level; and (iv) computing the adjusted average daily attendance for the school year.

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

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

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

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

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

The Charter School Basic Tuition is set annually in June. School districts are required to pay no later than the first business day of July, September, November, January, March and May the appropriate payment amounts as specified in the New York Education Law relating to the Charter School Basic Tuition. The payments are made in equal installments, adjusted for any supplemental payments due or overpayments to be recovered for the prior school year. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Financial Obligations of Charter Schools, Public School Districts and Education Department” in this Official Statement.

Federal and State Aid Attributable to a Student with a Disability

In addition to the Charter School Basic Tuition, school districts are required to pay directly to charter schools any federal or state aid attributable to a student with a disability attending the charter school in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. Such amounts may be reduced pursuant to an agreement between the school and the charter entity set forth in the charter. See

“APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Financing of Charter Schools” and “– Public School District Payments to Charter Schools” in this Official Statement.

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

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

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

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

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

RISK FACTORS

No person should purchase any Series 2022 Bonds without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

Nature of Special, Limited Obligations

THE SERIES 2022 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE TOWN, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR SINKING FUND INSTALLMENTS OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2022 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE TOWN, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2022 BONDS. THE SERIES 2022 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2022 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE TOWN. NO RECOURSE WILL BE HAD FOR

THE PAYMENT OF THE PRINCIPAL OR SINKING FUND INSTALLMENTS OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2022 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Speculative Investment

Purchase of the Series 2022 Bonds involves a high degree of risk and the Series 2022 Bonds are a speculative investment. Such securities may exhibit price fluctuations due to changes in interest rate or bond yield levels. As a result, the value of the Series 2022 Bonds may fluctuate significantly. Further, such securities have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2022 Bonds quickly in certain markets or market environments. Such securities are also considered predominately speculative with respect to the obligor's continuing ability to make principal and interest payments. See also "Ability of Institution to Pay Loan Payments" below. The Series 2022 Bonds should not be purchased by any potential investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2022 Bonds.

Ability of Institution to Pay Loan Payments

Payment of principal, purchase price or sinking fund installments of, redemption premium, if any, and interest on, the Series 2022 Bonds is intended to be made from Loan Payments made by the Institution under the Loan Agreement, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2022 Bond proceeds or investment earnings. The ability of the Institution to make Loan Payments will depend on the Institution's ability to generate revenues sufficient to pay the Loan Payments. The Institution's general revenues are a combination of State payments provided under several State and federal programs, including the Education Aid payments. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Official Statement. Prior enrollment history of the Institution is no guarantee of future enrollment and revenues. The amounts and the timing of future revenues of the Institution cannot be determined with assurance. Prior revenues and expenditures of the Institution are no guarantee as to future revenue and expenditures of the Institution. Any event that would cause a delay, reduction or elimination of Education Aid would have a material adverse effect on the ability of the Institution to make payments under the Loan Agreement representing debt service on the Series 2022 Bonds. See "APPENDIX B – THE INSTITUTION" in this Official Statement.

Operating History; Reliance on Projections

The Institution has operated since the fall of 2009. The Institution's projections of revenues and expenses contained in "APPENDIX B – THE INSTITUTION – Projected Revenues and Expenses" were prepared by the Institution, but have not been independently verified by any party other than the Institution. The Institution's projections have not been prepared in accordance with generally accepted accounting principles. No feasibility studies have been conducted with respect to operations of the Institution pertinent to the Series 2022 Bonds. The projections are "forward-looking statements" and are subject to the general qualifications and limitations described under " – Forward-Looking Statements" below. The Underwriter has not independently verified the Institution's projections, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Series 2022 Bonds will be outstanding.

The Institution has prepared its projections based on its operating history and its assumptions about future State funding levels and future operations of the Institution, including student enrollment and expenses. There can be no assurance that actual enrollment revenues and expenses will be consistent with the Institution's assumptions underlying such projections. Moreover, no guarantee can be made that the Institution's projections of revenues and expenses included herein will correspond with the results actually achieved in the future because there can be no assurance that actual events will correspond with the projections' underlying assumptions. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced State or federal aid payments, or otherwise), employee relations, changes in taxes, changes in applicable government regulation, changes in demographic trends, changes in education competition

and changes in local or general economic conditions. Refer to “APPENDIX B – THE INSTITUTION – Projected Revenues and Expenses” to review the projections, their underlying assumptions, and the other factors that could cause actual results to differ significantly from projected results. Refer to “ – Forward-Looking Statements” below for qualifications and limitations applicable to forward-looking statements.

NO GUARANTEE CAN BE MADE THAT THE PROJECTED INFORMATION CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY THE INSTITUTION. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, FACTORS ASSOCIATED WITH EDUCATION, COMPETITION FOR STUDENTS, AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS.

Failure to Maintain Financial Covenants on 2019 Bonds

In 2019, the Issuer issued its 2019 Bonds (as defined below under the caption “Relationships Among the Parties”) for the benefit of Circulo Real Property Holding Corporation and the Institution. In connection with the 2019 Bonds, the Institution entered into a lease agreement (the “2019 Lease”), as tenant, where the rental payments required under the 2019 Lease were pledged to pay debt service on the 2019 Bonds. The 2019 Lease contains certain financial covenants made by the Institution, including a covenant to maintain a fixed rent coverage ratio. Due to late payments of Education Aid from the Hempstead Union Free School District, in 2020 the Institution failed to maintain such ratio and notice of such failure was subsequently posted to the Electronic Municipal Market Access System. Although the Institution shall enter into certain financial covenants in connection with the Series 2022 Bonds, there is no assurance that the Institution will comply at all times with such financial covenants.

No Taxing Authority; Dependence on Education Aid Payments

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

Failure to Make Education Aid Payments to the Institution

Any event that would cause a delay, reduction or elimination of the Education Aid Payments from school districts would have a material adverse effect on the ability of the Institution to make Loan Payments coming due thereafter. In the event of a failure by a school district to make Education Aid Payments required to be made to the Institution pursuant to the Charter Schools Act, the State’s Comptroller is required to deduct from any state funds which become due to such school district an amount equal to such unpaid amount and to pay over such amount to the Institution. There can be no assurance of the timing of receipt of any such amounts so paid by the New York State Comptroller.

Delay in or Termination or Reduction of Education Aid

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

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

State Financial Difficulties

Charter schools, like all public schools, depend on revenues from the State for a large portion of their operating budgets. The availability of State funds for public education is a function of constitutional and statutory provisions affecting school district revenues and expenditures, the condition of the State economy and the annual State budget process. Decreases in State revenues may adversely affect education appropriations made by the State Legislature. As noted, the State Legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See “– Delay in or Termination or Reduction of Education Aid” above.

Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites. Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

Factors Associated with Education

There are a number of factors affecting schools in general, including the Institution, which could have an adverse effect on the Institution's financial position and the ability of the Institution to generate sufficient revenues for payment of debt service on the Series 2022 Bonds. These factors include, but are not limited to, the ability to attract a sufficient number of students; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the charter school's work force with consequent impact on wage scales and operating costs of the Institution; changes in existing statutes pertaining to the powers of the Institution and legislation or regulations which may affect program funding. None of the parties to this transaction can assess or predict the ultimate effect of these factors on the Institution's operations or financial results of operations.

Competition for Students

The Institution competes for students within the Hempstead Union Free School District, other schools within or near the School District and neighboring districts, and private schools that are located in the Institution's service area. There are two other charter schools within the boundaries of the School District and approximately 14 traditional public schools in the Institution's primary service area. See “APPENDIX B – THE INSTITUTION – Competing Schools” herein. The Institution faces constant competition for students and there can be no assurance that the Institution will continue to attract and retain the number of students that are needed to generate sufficient revenues for payment of debt service on the Series 2022 Bonds.

Termination or Revocation of Charter

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

The Charter School Office (“CSO”) of the NYS Education Department recently issued a report dated May 26, 2022 (the “Report”) in connection with a renewal site visit to the Institution in December of 2021. Although the Report concluded that the Institution either meets or approaches 9 of the 10 benchmarks of the CSO’s performance framework, the Report observed that with respect to legal compliance matters, the trajectory for this benchmark declined from an “Approaches” to a “Falls Far Below” due to non-compliance or lack of oversight regarding revision requests, facility use, school policy documents, and attention to board requirements, including board conflict of interest and financial disclosure forms. A complete copy of the Report can be found at [2021-2022 Renewal Site Visit Report for Evergreen Charter School \(nysed.gov\)](https://nysed.gov/2021-2022-Renewal-Site-Visit-Report-for-Evergreen-Charter-School)

Notwithstanding the Report’s comments regarding legal compliance matters, on June 14, 2022, the Board of Regents voted in favor of the recommendation of the New York State Education Department to approve a three-year renewal of the charter from July 1, 2022 to June 30, 2025. For a more complete discussion of the Report and the Institution’s proposed plan of action to address the deficiencies identified in the Report, see “APPENDIX B – THE INSTITUTION – Charter” in this Official Statement.

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

Hempstead UFSD Complaint

On January 14, 2022, Regina Armstrong, Superintendent of the Hempstead UFSD, delivered a complaint to the NYS Commissioner of Education alleging the Institution was in violation of Education Law and its charter by establishing a charter school in Franklin Square UFSD. The Institution has not received any update as to the Commissioner’s investigation of the complaint that was made over a year ago. The complaint seeks as remedy the denial of the Institution’s application for renewal of its charter, or if the charter has already been renewed, that the Board of Regents reverse the decision to renew the Institution’s charter. The Institution operated grades 5-10 at a facility located at 990 Holzheimer Street, Franklin Square, NY from 2019-2022 pursuant to a three year lease that has at this point expired.

The complaint by Hempstead UFSD against Evergreen is currently being reviewed by the Charter School Office of Counsel and the Commissioner of the NYS Education Department. A representative of the Charter School Office of Counsel recently advised the Institution that it is unknown how the complaint will be decided or when it will be decided. Such representative observed, however, that (1) the complaint was filed before the decision was made by the Board of Regents in June of 2022 to renew the Institution’s charter, and the renewal report discusses the facilities issues and the pending investigation, (2) the information regarding the facilities issues and pending investigation would have been considered (at least in part) by the Board of Regents when they approved the NYS Education Department’s recommendation in June for a renewal of the Institution’s charter, and (3) the Charter School Office currently has no plans to take action against the Institution based on the allegations in the Hempstead UFSD complaint.

On November 18, 2022 the Institution’s administration submitted a letter to the Charter School Office Counsel that stated (i) the Institution sought and obtained verbal approval from the Charter School Office before it considered renting space in the Franklin Square location, (ii) the Institution was in communication via phone and email with the Charter School Office about its intention to utilize the Franklin Square site during the summer of 2019, (iii) the Institution corresponded with representatives of NYSED in July of 2019 regarding its intention to lease space at the Franklin Square site and such NYSED representatives confirmed next steps for the Institution that included sending a board resolution, and budget, among other items to NYSED, (iv) the Institution was informed by NYSED representative that if the Institution stayed beyond three years at the Franklin Square site it would need to apply for a material charter revision and would need to seek Board of Regents approval, (v) the Institution vacated the Franklin Square site at the end of the 2021-2022 school year, (vi) all sites currently occupied by the Institution are now in the Village of Hempstead, and (vii) the Institution has sought and obtained approval from NYSED for all spaces currently occupied. See “LITIGATION – Institution” in this Official Statement for additional information regarding this matter.

Following an application submitted by the Institution for a charter revision, notwithstanding the complaint by Hempstead UFSD, on December 12, 2022 the New York State Education Department's Charter School Office expressly approved the Institution pursuing the issuance of the Series 2022 Bonds to finance construction of the New Facility as described herein.

Although the Institution no longer operates the facility in question, even if any wrongdoing is found on behalf of the Institution, the Institution anticipates there to be no adverse impact on its continued existence and operation.

No Pledge of Revenues by the Institution

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

Factors Associated with the Institution's Operations

There are a number of factors affecting schools generally that could have an adverse effect on the Institution's financial position and therefore the Institution's ability to make debt service payments on the Series 2022 Bonds. These factors include, but are not limited to, increasing costs of compliance with federal, State or local laws or regulations, including, but not limited to, laws or regulations concerning environmental quality, work safety and accommodation of persons with disabilities; taxes or other charges imposed by federal, State or local governments, changes in wage scales and operating costs of the Institution as a result of any change in union contracts pertaining to unionized workers of the Institution; the ability to attract a sufficient number of students for each grade level; a decline in the reputation of the Institution; changes in existing statutes pertaining to the powers of the Institution and disruption of the Institution's operations by real or perceived threats against the Institution, its staff members or students. The Institution cannot assess or predict the ultimate effect of such factors on its operations or financial results of its operations or on the Institution's ability to make Loan Payments with respect to the Series 2022 Bonds.

Foreclosure Delays and Deficiency

Should Loan Payments be insufficient to pay the principal or sinking fund installment of and interest on the Series 2022 Bonds, the Trustee may seek to foreclose on or sell the Facility securing the Series 2022 Bonds. However, no assurance can be given that the value of the Facility at the time of such foreclosure or sale would be sufficient to meet all remaining principal and interest payments on the Series 2022 Bonds. In addition, the time necessary to institute and complete such proceedings could substantially delay receipt of funds from a foreclosure or sale. There could also be delays in regaining possession of the Facility from the Institution in the event of any default or dispute under the Loan Agreement.

Effect of Federal Bankruptcy Laws on Security for the Series 2022 Bonds

The Indenture, the Loan Agreement, the Mortgage, the other Security Documents, and the Series 2022 Bonds are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity. A claim for payment of the principal of or interest on the Series 2022 Bonds could be made subject to any statutes that may be constitutionally enacted by the United States Congress or the New York State Legislature affecting the time and manner of payment or imposing other constraints upon enforcement.

If either Institution were to file a petition for relief under the United States Bankruptcy Code (the "Bankruptcy Code"), the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Institution(s) and its property. If the bankruptcy court so ordered, the assets of such Institution, including its accounts receivable and proceeds thereof, could be used for the benefit of such Institution despite the claims of its creditors.

In a case under the Bankruptcy Code, an Institution could file a plan of reorganization. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the debtor, and could result in the

modification of rights of creditors generally, or the rights of any class of creditors, secured or unsecured. Under certain circumstances, those voting against the plan or not voting at all are nonetheless bound by the terms thereof. Other than as provided in the confirmed plan, all claims and interests are discharged and extinguished. If less than all the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and the dissenting claims and interests bound thereby.

The Bankruptcy Code permits a bankruptcy court to modify the rights of a secured creditor. The potential effects of the bankruptcy of an Institution could be to delay substantially the enforcement of remedies otherwise available to the Issuer or the Trustee and to allow the bankruptcy court, under certain circumstances (i) to substitute other assets of such Institution for collateral under the Loan Agreement and the Mortgage, (ii) to sell all or part of the collateral under the Loan Agreement and the Mortgage without application of the proceeds to the payment of parity debt, (iii) to subordinate the Loan Agreement and the Mortgage to liens securing borrowings approved by the bankruptcy court, (iv) to permit such Institution to cure defaults and reinstate the Loan Agreement and the Mortgage, (v) to compel release of the Mortgage or termination of the Loan Agreement and the Mortgage by payment of an amount determined by the bankruptcy court to be the value of the collateral pledged by such Institution thereunder (even though less than the total amount of parity debt outstanding), or (vi) to modify the terms of or payments due under the Loan Agreement and the Mortgage. For additional detail, reference is made to the Bankruptcy Code, 11 U.S.C. §101 *et seq.*

Other Limitations on Enforceability of Remedies

There exists common law authority or authority under various State statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of a state attorney general or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

In addition to the foregoing, the realization of any rights under the Loan Agreement, the Indenture and the Mortgage upon a default by the Institution depends upon the exercise of various remedies specified in the Loan Agreement, the Indenture and the Mortgage. These remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Loan Agreement, the Indenture and the Mortgage may not be readily available or may be limited. For example, a court may decide not to order the specific performance of the covenants contained in the Loan Agreement, the Indenture and the Mortgage. Accordingly, the ability of the Issuer or the Trustee to exercise remedies under the Loan Agreement, the Indenture and the Mortgage upon an Event of Default could be impaired by the need for judicial or regulatory approval.

Key Personnel

The Institution's creation, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve on the Institution's Board of Trustees and as the Institution's administrators (the "Key Personnel"). The loss of any Key Personnel could adversely affect the Institution's operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the Institution's Key Personnel, see "APPENDIX B – THE INSTITUTION — GOVERNANCE AND MANAGEMENT" in this Official Statement.

Additional Indebtedness

The Loan Agreement places certain restrictions on the incurrence of indebtedness by the Institution. No assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Institution or the Institution will not incur Additional Indebtedness in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Financial Covenants" in this Official Statement.

Reputational Risk

Changes in the reputation of the Institution and/or schools' faculty or student body, either generally or with respect to certain academic or extracurricular areas, may affect the ability of the Institution to attract students to projected enrollment levels, and may affect the ability of the Institution to attract quality teachers and staff at competitive salaries. In addition, litigation brought against the Institution by parents, civil authorities, students, or former or potential employees may have a materially adverse impact on the reputation of the Institution. There can be no assurance that these or other factors will not adversely affect the Institution's ability to generate adequate funds to make the required payments under the Loan Agreement when due.

Forward-Looking Statements

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

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

Property Tax Exemption

Under present State law and rulings, property used for charter school purposes is exempt from property taxes levied by political subdivisions of the State so long as such property is used for the exempt purpose of the Institution. If the Institution is required to pay property taxes with respect to the Facility in the future, it would have a negative impact on the cash flow of the Institution. The Institution has assumed for purposes of the Budget Projection that the Institution will continue to be exempt from property taxes with respect to the Facility; however, no assurance can be given that such exemption will continue.

Tax-Exempt Status of the Institution

The tax-exempt status of the Series 2022A Bonds will depend upon the maintenance by the Institution of its status as an organization described in Section 501(c)(3) of the Code. If the Institution were to lose its tax-exempt status, its property and its revenues could become subject to federal, State and local income taxation. Loss of the tax-

exempt status of the Institution also could result in loss of the tax-exempt status of the Series 2022A Bonds. For these reasons, loss of the tax-exempt status of the Institution could have a material adverse effect on the results of operations and financial condition of the Institution.

The maintenance of the federal tax-exempt status of an organization is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions which may cause their earnings or assets to inure to the benefit of private individuals. As these general principles were developed primarily for public charities which do not conduct technical operations and business activities, they often do not adequately address the myriad of operations and transactions entered into by modern tax-exempt organizations.

One of the tools available to the Internal Revenue Service to discipline a tax-exempt entity for private inurement or unlawful private benefit is revocation of the entity's tax-exempt status. Although the Internal Revenue Service has not often revoked the tax-exempt status of an organization, it could do so in the future. Neither Institution is currently under audit by the IRS.

Tax-Exempt Status of the Series 2022A Bonds

The tax-exempt status of the interest on the Series 2022A Bonds is conditioned upon the Issuer and the Institution complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2022A Bonds. Failure of the Issuer or the Institution to comply with the applicable terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Indenture and other documents as described herein may result in the loss of the tax-exempt status of the interest or premium on the Series 2022A Bonds retroactive to the date of issuance of the Series 2022A Bonds. If interest on the Series 2022A Bonds should become includable in gross income for purposes of federal income taxation, the Series 2022A Bonds will be subject to mandatory redemption. See "TAX MATTERS – Series 2022A Bonds" and "THE SERIES 2022 BONDS – Redemption" in this Official Statement.

Unrelated Business Taxable Income

In recent years, the Internal Revenue Service and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt institutions with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). The Institution believes they have properly accounted for and reported UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could affect the tax-exempt status of the Institution as well as the excludability from gross income for federal income tax purposes of the interest payable on the Series 2022A Bonds and any other tax-exempt debt issued on behalf of the Institution.

Resale of Series 2022 Bonds/Lack of Secondary Market

There is no guarantee that a secondary trading market exists or will develop for the Series 2022 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2022 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 Series 2022 Bonds.

Changes in Law; Annual Appropriation; Inadequate Education Aid Payments

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the Institution and could adversely affect the security and sources of payment for the Series 2022 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter Schools Act in a manner which is adverse to the interests of the registered owners of the Series 2022 Bonds.

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

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

Construction Risk Relating to the Project

Construction, installation and equipping of any capital improvement are subject to the risks of cost overruns and delays due to a variety of factors, including, but not limited to, delays in obtaining necessary permits, licenses and other governmental approvals, site difficulties, labor disputes, application of prevailing wage requirements, delays in delivery and shortage of materials, adverse weather conditions, fire and other casualties and default by either Institution, a contractor or subcontractor, environmental restrictions or similar unknown or unforeseeable contingencies. The occurrence of any of the foregoing could result in increases in construction costs or considerable delays, in, or the complete impossibility of, the completion of the Facility.

The Facility is expected to be completed during the 2024-2025 school year. The Institution believes that the proceeds of the Series 2022 Bonds will be sufficient to finance the costs of the Project. The costs of construction, installation and equipping any capital improvement, as applicable, may be increased, however, if there are change orders. Whether the Facility will be completed on schedule depends upon a large number of factors beyond the control of the Institution, including those described in the preceding paragraph. Although construction work will be inspected periodically, there can be no assurance that the Facility will conform to construction specifications or state or local regulations. Any delay in completion of the Facility could have an adverse effect on the Institution and the Institution's operations at the Facility.

No performance bond will be required from the Contractor. Instead, the Institution will require the Contractor to provide a Subcontractor Default Insurance (SDI) policy for the project. Such SDI policy will be in lieu of a performance bond. The SDI policy is a two-party agreement between the Contractor and the insurer who issues the SDI policy in which the insurer undertakes to indemnify the Contractor against loss resulting from a subcontractor default. The SDI policy only covers subcontractor defaults and does not provide the Institution, nor the Holders of the Series 2022 Bonds, with protection against a default by the Contractor. The Institution will not have the ability to submit a claim against the SDI policy and the SDI policy will not protect against subcontractor's filing mechanics liens against the New Facility.

Damage or Destruction of the Facility

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

Environmental Risks

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

Environmental Regulations and Permitting

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

Appraisal

An appraisal dated October 28, 2022 identified a market value of \$3,385,000 for the Land. Although the value of the Land will presumably increase upon completion of construction of the Facility, in the event of a foreclosure of the Mortgage, the value of the Facility in such event cannot be determined and may be substantially less than the cost of the acquisition, construction, renovation and equipping of the Facility and there can be no assurance that the value received for the Facility will be sufficient to pay the principal of and interest due on the Series 2022 Bonds.

Enforcement of Remedies

The remedies available to the Trustee or the registered owners of the Series 2022 Bonds upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Failure to Provide Continuing Disclosure

The Institution will enter into the Continuing Disclosure Agreement. Failure by the Institution to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2022 Bonds and their market price in the secondary market. See “CONTINUING DISCLOSURE” and “APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Official Statement.

Private School Vouchers

Various proposals offering private school vouchers to families to assist with the cost of private schools have been considered by the State Legislature and will likely be introduced again in the future. No assurance as to the effect of any such proposal on the Institution can be given.

Redemption Prior to Maturity

The Series 2022A Bonds are subject to redemption at the option of the Institution. The Series 2022A and the Series 2022B Bonds are subject to mandatory, sinking fund and extraordinary redemption in the event of certain occurrences. See “THE SERIES 2022 BONDS – Redemption” in this Official Statement.

Reserve Funds

The Indenture has established the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable) for payment of principal and interest due to the registered owners of the Series 2022A Bonds and of the Series 2022B Bonds, respectively, to the extent revenues are insufficient to make such payments. Although the

Institution believes such reserve funds to be reasonable, and anticipate that revenues will be sufficient to cover the debt service on the Series 2022A Bonds and on the Series 2022B Bonds, there is no assurance that funds reserved and future revenues will be sufficient to cover debt service on the Series 2022A Bonds or the Series 2022B Bonds.

Cybersecurity

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

Impact of the Spread of COVID-19 on the Institution

The COVID-19 pandemic and the measures taken by federal, state and local governments, as well as private organizations, intended to mitigate the spread of COVID-19 is altering the behavior of businesses and people in a manner that is having negative effects on global financial markets, national, state and local economics, and the higher education landscape in general and may materially adversely impact the Institution's finances and operations.

On March 16, 2020, then-New York Governor Andrew M. Cuomo issued an executive order which required all K-12 schools to temporarily close. Subsequent executive orders extend such closure and ordered schools to remain in a remote learning stance for the remainder of the 2019-2020 academic school year. In September 2020, the New York State Education Department released reopening guidelines which required school districts and charter schools to create comprehensive reopening plans with a schedule that includes in-person instruction, remote instruction or a hybrid of both in-person and remote. On October 9, 2020, the New York State Department of Health issued interim guidance regarding school reopening which allowed schools to reopen if they follow certain guidelines.

The Institution reopened for in-person instruction in September 2020, with a remote learning option, and was open for in-person instruction through the 2021-22 school year. For information on the Institution's response to the COVID-19 pandemic, see "APPENDIX B – THE INSTITUTION – COVID19 – Response and Preparedness" in this Official Statement.

Material adverse effects on the State's finances due to COVID-19 and efforts to mitigate the effects of COVID-19 may affect the amount or timing of State aid appropriated to school districts, including charter schools such as the Institution. In addition, the spread of COVID-19 could have an adverse impact on future enrollment. For example, if it is perceived that competitors of the Institution, including traditional public schools or other charter schools, are better equipped to handle the spread of COVID-19 or similar future outbreaks or to provide virtual learning, it could lead to lower enrollment in the future.

COVID-19 has caused significant disruptions to the global, national, and State economies. The extent to which COVID-19 impacts the Institution and its financial condition moving forward will depend on future developments, which are highly uncertain and cannot be predicted by the Institution, including the duration of the outbreak and measures taken to address the outbreak. The degree of any such impact on the Institution's operations and finances is extremely difficult to predict. Adverse consequences of the COVID-19 pandemic on the Institution may include, but are not limited to, adverse effects on the ability of the Institution to conduct its normal operations or the cost of, or revenue derived from, operations. In addition, securities markets in the United States and globally have seen increased volatility and significant changes in values that can be attributed to COVID-19 concerns. There can be no assurances that the spread of COVID-19 and measures taken to address the outbreak, or any other similar outbreaks in the future, will not materially adversely impact the financial condition of the Institution.

Similar effects could result from other epidemics or pandemics in the future.

Certain Other Risks

The following factors, among others, may also adversely affect the Institution, to an extent that cannot be determined at this time:

- (1) Cost and availability of insurance, as well as the potential for claims in excess of available insurance funds.
- (2) Increased costs of attracting and retaining or decreased availability of a sufficient number of teachers and other professionals.
- (3) Increased costs resulting from more stringent requirements governing the quality of education.
- (4) Increases in costs, including costs associated with, among other things, salaries, wages and fringe benefits, supplies, technology and equipment, insurance, energy and other utilities and other costs, without a corresponding increase in revenues.
- (5) Inability of the Institution to obtain future governmental approvals to undertake additional projects necessary to remain competitive as to the quality of education or any limitation on the availability of tax-exempt or other financing for future projects.
- (6) The occurrence of natural disasters, including floods, hurricanes, tornadoes, earthquakes and epidemics, or the occurrence of criminal or terrorist acts or other calamities could damage the Facility, interrupt utility service and interrupt the operations of the Institution with a resulting decline in revenues and any failure of the insurance carried by the Institution to cover any losses resulting from the occurrence of any such event.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2022 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement including the appendices hereto.

AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION

The audited financial statements of the Institution as of and for the fiscal years ended June 30, 2022 and 2021 and June 30, 2021 and 2020 (the “Audited Financial Statements”) are included in APPENDIX C to this Official Statement and have been audited by Condon O’Meara McGinty & Donnelly LLP (the “Auditor”), to the extent and for the periods indicated in its reports thereon. Potential purchasers should read the Audited Financial Statements in their entirety for more complete information concerning the Institution's financial position. The Institution has not requested the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to the Audited Financial Statements since the date thereof, nor has the Auditor consented to the inclusion of the Audited Financial Statements herein. Although the inclusion of the Audited Financial Statements in this Official Statement is not intended to demonstrate the fiscal condition of the Institution since the date of the Audited Financial Statements, in connection with the issuance of the Series 2022 Bonds, the Institution represents that there has been no material adverse change in the financial position or results of operations of the Institution, nor has the Institution incurred any material liabilities, which would make the Audited Financial Statements misleading.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from DTC. The Issuer, the Institution, the Trustee and the Underwriter take no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2022A Bond certificate and one fully-registered Series 2022B Bond certificate will be issued for each maturity of such Series 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bond are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bond; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bond are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022 Bond documents. For example, Beneficial Owners of the Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bond for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2022 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 Series 2022 Bond are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest on the Series 2022 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2022 Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2022 Bond certificates will be printed and delivered to DTC.

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE INSTITUTION OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE INSTITUTION OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2022 BOND, OR FOR ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

TAX MATTERS

Series 2022A Bonds

Opinion of Bond Counsel

In the opinion of Phillips Lytle LLP, Bond Counsel to the Issuer ("Bond Counsel"), under existing law and assuming continuous compliance with certain tax covenants described herein, (i) interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2022A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer, the Institution and others, in connection with the Series 2022A Bonds, and Bond Counsel has assumed continuous compliance by the Issuer and the Institution with certain ongoing covenants to comply with applicable requirements of the Code to

assure the exclusion of interest on the Series 2022A Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Bond Counsel has relied on the opinion of counsel to the Institution regarding, among other matters, the current qualifications of the Institution as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinion of Bond Counsel to the Issuer, under existing law, interest on the Series 2022A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof including the City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2022A Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2022A Bonds.

Certain Ongoing Federal Tax Requirements and Compliance

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2022A Bonds in order that interest on the Series 2022A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2022A Bonds, ownership of the facilities financed with the proceeds of the Series 2022A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2022A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer and the Institution have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2022A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2022A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2022A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2022A Bonds.

Prospective owners of the Series 2022A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2022A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Discount Issue

Certain of the Bonds maturing on June 15th in the years 2042, 2052 and 2057 (the “Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. In general, the “issue price” of a

Discount Bond means the first price at which at least 10 percent of such maturity of the Discount Bond was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Discount Bonds. The issue price for each maturity of the Discount Bonds is generally expected to be the initial public offering price set forth on the cover page of the Official Statement. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Discount Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income. Prospective purchasers of the Bonds should be aware that ownership of the Bonds, and the accrual or receipt of interest thereon, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Bonds and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Bond Premium

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

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2022A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2022A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2022A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2022A Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2022A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2022A Bonds.

Prospective purchasers of the Series 2022A Bonds should consult their own tax advisors regarding the foregoing matters.

Series 2022B Bonds

In the opinion of Bond Counsel to the Issuer, interest on the Series 2022B Bonds (the “Taxable Bonds”) (i) is included in gross income for federal income tax purposes pursuant to the Code, and (ii) is not exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof, including The Town of Hempstead.

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

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

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

Disposition and Defeasance

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

The Institution may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer Outstanding under the Indenture (a “defeasance”). For federal

income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

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

U.S. Holders

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

Miscellaneous

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

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

The form of the approving opinion of Bond Counsel for the Series 2022 Bonds is attached to this Official Statement as "APPENDIX E – FORM OF APPROVING OPINION OF BOND COUNSEL."

LEGAL MATTERS

Certain legal matters incident to the issuance and sale of the Series 2022 Bonds and with regard to the tax-exempt status of interest on the Series 2022A Bonds under existing laws are subject to the legal opinion of Phillips Lytle LLP, Garden City, New York, as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by Ryan, Brennan & Donnelly LLP, Floral Park, New York, for the Institution by their special counsel, Harris Beach PLLC, Uniondale, New York, and for the Trustee by Bond Schoeneck & King, PLLC, Syracuse, New York. Trespasz & Marquardt, LLP, Syracuse, New York, represents the Underwriter in this transaction.

CONTINUING DISCLOSURE

The Institution and Digital Assurance Certification, LLC as dissemination agent, will enter into a Continuing Disclosure Agreement, dated as of the date of issuance of the Series 2022 Bonds. See "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

Historical Compliance

Except as discussed below, the Institution has complied with its continuing disclosure obligations for each of the prior five years.

Circulo de la Hispanidad (“Círculo”) a not-for-profit organization based in Long Island, through a related holding company, owns and leases to the Institution a building located at 605 Peninsula Boulevard in the Village of Hempstead that houses the Institution’s administrative headquarters and also provides classrooms for the Institution’s students from grades K-1. In 2019, the Issuer issued its \$14,540,000 Tax-Exempt and Taxable Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “2019 Bonds”) for the benefit of Circulo Real Property Holding Corporation and the Institution. The Institution executed and delivered a continuing disclosure agreement in connection with the issuance of the 2019 Bonds (the “2019 CDA”).

The 2019 CDA included a commitment to file the Institution’s audited financial statements for the year ended June 30th on or before December 31st. The Institution’s audited financial statements for fiscal years ended on June 30th of 2019, 2020 and 2021 were filed 111 days late, 86 days late and 80 days late, respectively. The 2019 CDA also included a commitment to file certain annual financial information and operating data relating to the Institution (the “Operating Data”) for the year ended June 30th on or before December 31st. The Institution’s Operating Data for fiscal years ended on June 30th of 2019, 2020 and 2021 was not filed on a timely basis, with delays ranging from 296 to 1026 days late. The 2019 CDA also included a commitment to file certain interim financial information relating to the Institution (the “Interim Data”) not later than 60 days following the end of each calendar quarter, commencing with the calendar quarter ending June 30, 2019. The Institution’s Interim Data was not filed on a timely basis for any quarter, with delays ranging from 22 to 1152 days late. The 2019 CDA also obligated the Institution to provide “an auditor’s certificate” showing calculations of and compliance with the “Fixed Rent Coverage Ratio” and “Days Cash on Hand” requirements set forth in the financing documents related to the 2019 Bonds. Although the Institution’s auditor has refused to provide such certificates as a matter of policy, the Institution chief fiscal officer did file such certificates to EMMA, with such filings being 1071 days late, 706 days late and 341 days late, respectively. A material event notice outlining these failures was posted to the Municipal Securities Rulemaking Board’s (“MSRB”) Electronic Market Municipal Access (“EMMA”) website on December 12, 2022.

In October of 2022 the Institution engaged Digital Assurance Certification, LLC to (i) undertake a historical compliance review relative to its obligations under the 2019 CDA, and (ii) assist the Institution with undertaking all late filings required by the 2019 CDA. In addition, pursuant to the Continuing Disclosure Agreement, the Institution has engaged Digital Assurance Certification, LLC as dissemination agent to assist the Institution in meeting its continuing disclosure obligations relating to the Series 2022 Bonds. See “APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

The Issuer will not have any obligation with respect to the Continuing Disclosure Agreement. The Issuer will not monitor the compliance by the Institution with the terms of the Continuing Disclosure Agreement.

RATING

S&P Global Ratings has assigned the Series 2022 Bonds a rating of “BB” (Stable Outlook). An explanation of the significance of any rating may be obtained only from the rating agency furnishing the same. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. Such rating reflects only the views of such rating agencies and are not recommendations to buy, sell or hold the Series 2022 Bonds. There is no assurance that such rating will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Series 2022 Bonds.

RELATIONSHIPS AMONG THE PARTIES

Gil Bernardino, Chair of the Board of Trustees of the Institution, and Sarah Brewster, Vice Chair of the Board of Trustees of the Institution, are both employed by Circulo de la Hispanidad (“Circulo”) a not-for-profit organization based in Long Island. Circulo, through a related holding company, owns and leases to the Institution a building located at 605 Peninsula Boulevard in the Village of Hempstead that houses the Institution’s administrative headquarters and also provides classrooms for the Institution’s students from grades K-1. In 2019, the Issuer issued its \$14,540,000 Tax-Exempt and Taxable Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “2019 Bonds”) for the benefit of Circulo Real Property Holding Corporation and the Institution. As of August 1, 2022, the 2019 Bonds remain outstanding in the par amount of \$13,475,000.

In connection with the issuance of the Series 2022 Bonds, the Issuer, the Institution, the Trustee and the Underwriter are being represented by the attorneys or law firms identified above under the heading “LEGAL MATTERS.” In other transactions not related to the Series 2022 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Institution, or the Underwriter or their affiliates, in capacities different from those described under “LEGAL MATTERS,” and there will be no limitations imposed as a result of the issuance of the Series 2022 Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2022 Bonds should not assume that the Issuer, the Institution, and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Series 2022 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

LITIGATION

The Issuer

There is no action, suit or proceeding or investigation at law or in equity by or before any court, public board or body pending against the Issuer of which the Issuer has written notice, or, to the Issuer's knowledge, overtly threatened against the Issuer, seeking to restrain or enjoin the issuance or delivery of the Series 2022 Bonds or questioning or affecting the corporate existence or power of the Issuer to enter into and carry out the transactions described in or contemplated by, or the execution, delivery or performance by the Issuer under, the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, or any other document executed and delivered by the Issuer in connection with the Series 2022 Bonds, the legality of the Series 2022 Bonds or the proceedings and authority of the Issuer under which the Series 2022 Bonds are to be issued.

The Institution

On January 14, 2022, Regina Armstrong, Superintendent of the Hempstead UFSD, delivered a complaint to the NYS Commissioner of Education alleging the Institution was in violation of Education Law and its charter by establishing a charter school in Franklin Square UFSD. The Institution has not received any update as to the Commissioner’s investigation of the complaint that was made over a year ago. The complaint seeks as remedy the denial of the Institution’s application for renewal of its charter, or if the charter has already been renewed, that the Board of Regents reverse the decision to renew the Institution’s charter. See “RISK FACTORS - Hempstead UFSD Complaint” in this Official Statement for additional information regarding this matter.

Except as identified above, there is no investigation or litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2022 Bonds or questioning or affecting the corporate existence or power of the Institution to enter into and carry out the transactions described in or contemplated by, or the execution, delivery or performance by the Institution under, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Loan Agreement, the Mortgage, the Custody Agreement, the Tax Regulatory Agreement or any other document executed and delivered by the Institution in connection with the Series 2022 Bonds (collectively, the “Institution Documents”), the legality of the Series 2022 Bonds or the proceedings and authority under which the Series 2022 Bonds are to be

issued. There is no litigation pending which in any manner questions the undertaking of the financing by the Institution or the validity or enforceability of the Institution Documents. No litigation, investigations or proceedings are now pending or, to the best knowledge of the Institution, are any threatened against the Institution which would have a materially adverse effect on the financial condition or operations of the Institution.

UNDERWRITING

Robert W. Baird & Co. Incorporated, Denver, Colorado (the “Underwriter”) is underwriting the Series 2022 Bonds. On the sale date, the Underwriter will enter into a Bond Purchase Agreement with the Issuer and the Institution, pursuant to which the Underwriter will agree to purchase the Series 2022 Bonds subject to certain conditions contained in the Bond Purchase Agreement at an underwriting discount of \$750,450 (\$745,250 with respect to the Series 2022A Bonds and \$5,200 with respect to the Series 2022B Bonds). Expenses associated with the issuance of the Series 2022 Bonds are being paid from proceeds of the Series 2022 Bonds. The right of the Underwriter to receive compensation in connection with the Series 2022 Bonds is contingent upon the actual sale and delivery of the Series 2022 Bonds. The Underwriter has initially offered the Series 2022 Bonds to the public at the prices set forth on the inside front cover page of this Official Statement. Such prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2022 Bonds to the public.

THE TRUSTEE

The Issuer has appointed Manufacturers and Traders Trust Company, Buffalo, New York to serve as Trustee. The Trustee is a banking corporation organized and existing under the laws of the State of New York, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Series 2022 Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2022 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2022 Bonds by the Institution. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2022 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2022 Bonds, or the investment quality of the Series 2022 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

The mailing address of the Trustee is One Fountain Plaza, Buffalo, New York 14203.

MISCELLANEOUS

No Registration of the Series 2022 Bonds

Registration or qualification of the offer and sale of the Series 2022 Bonds (as distinguished from registration of the ownership of the Series 2022 Bonds) is not required under the Securities Act. THE ISSUER ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2022 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2022 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Additional Information

The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Official Statement do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from the Underwriter, 210 University Blvd., Suite 800, Denver, CO 80206.

Official Statement Certification

The Institution and the Issuer have authorized and approved the use and distribution of this Official Statement.

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This Official Statement has been duly approved by the Issuer and the Institution.

**TOWN OF HEMPSTEAD LOCAL DEVELOPMENT
CORPORATION**

By: /s/ Frederick E. Parola
Name: Frederick E. Parola
Title: Chief Executive Officer

EVERGREEN CHARTER SCHOOL

By: /s/ Sarah Brewster
Name: Sarah Brewster
Title: Vice President

APPENDIX A

**SUMMARY OF CERTAIN PROVISIONS
OF NEW YORK EDUCATION LAW**

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW

This appendix summarizes certain provisions of New York Charter Schools Act of 1998, Article 56, §§ 2850–2857 of the New York Education Law, as amended (the “Act”), other applicable provisions of the New York Education Law, and related regulations. This Appendix provides a summary only, and only for informational purposes. Potential investors should refer to and independently evaluate applicable provisions of the New York Charter School Law in their entirety, with assistance from counsel as necessary, for a complete understanding of their terms. Further, potential investors should note that the provisions summarized below are subject to change, and this summary only pertains to certain aspects of currently existing law. See “RISK FACTORS – Changes in Law; Annual Appropriations; Inadequate Education Aid Payments.”

Purpose (New York Education Law § 2850)

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

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

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

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

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

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

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

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

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

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

- (a) A report of the progress of the charter school in achieving the educational objectives set forth in the charter.
- (b) A detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private. Such statement shall be in a form prescribed by the Board of Regents.
- (c) Copies of each of the annual reports of the charter school required by § 2857(2) of the Act, including the charter school report cards and the certified financial statements.
- (d) Indications of parent and student satisfaction.
- (e) The means by which the charter school will meet or exceed enrollment and retention targets as prescribed by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program which shall be considered by the charter entity prior to approving such charter school's application for renewal. When developing such targets, the Board of Regents and the Board of Trustees of the State University of New York shall ensure (1) that such enrollment targets are comparable to the enrollment figures of such categories of students attending the public schools within the school district, or in a city school district in a city having a population of 1,000,000 or more inhabitants, the community school district, in which the charter school is located; and (2) that such retention targets are comparable to the rate of retention of such categories of students attending the public schools within the school district, or in a city school district in a city have a population of 1,000,000 or more inhabitants, the community school district, in which the proposed charter school would be located.

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

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

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

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

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

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

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

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

(d) The powers granted to a charter school under the Act constitute the performance of essential public purposes and governmental purposes of the state. A charter school shall be exempt to the same extent as other public schools from all taxation, fees, assessments or special ad valorem

levies on its earnings and its property, including property leased by the charter school. Instruments of conveyance to or from a charter school and any bonds or notes issued by a charter school, together with the income therefrom, shall at all times be exempt from taxation.

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

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

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

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

Effective until June 30, 2024:

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

Effective June 30, 2024:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) When a charter school's outcome on student assessment measures adopted by the Board of Regents falls below the level that would allow the Commissioner to revoke the registration of another

public school, and student achievement on such measures has not shown improvement over the preceding three school years;

(b) Serious violations of law;

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

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

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

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

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

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

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

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

Each charter school shall submit to the charter entity and to the Board of Regents an annual report. Such report shall be issued no later than the first day of August of each year for the preceding school year and shall be

made publicly available by such date and shall be posted on the charter school's website. The annual report shall be in such form as shall be prescribed by the Commissioner and shall include at least the following components:

- (a) a charter school report card, which shall include measures of the comparative academic and fiscal performance of the school, as prescribed by the Commissioner in regulations adopted for such purpose. Such measures shall include, but not be limited to, graduation rates, dropout rates, performance of students on standardized tests, college entry rates, total spending per pupil and administrative spending per pupil. Such measures shall be presented in a format that is easily comparable to similar public schools. In addition, the charter school shall ensure that such information is easily accessible to the community including making it publicly available by transmitting it to local newspapers of general circulation and making it available for distribution at board of trustee meetings;
- (b) discussion of the progress made towards achievement of the goals set forth in the charter;
- (c) a certified financial statement setting forth, by appropriate categories, the revenues, and expenditures for the preceding school year, including a copy of the most recent independent fiscal audit of the school and any audit conducted by the New York State Comptroller; and
- (d) efforts taken by the charter school in the existing school year, and a plan for efforts to be taken in the succeeding school year, to meet or exceed enrollment and retention targets set by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program established pursuant to § 2851(4)(e) of the Act.

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

- (a) The number, distribution, and a brief description of new charter schools established during the preceding year;
 - (a-1) A list including the number of charter schools closed during the preceding year, and a brief description of the reasons therefor including, but not limited to, non-renewal of the charter or revocation of the charter;
- (b) The department's assessment of the current and projected programmatic and fiscal impact of charter schools on the delivery of services by school districts;
- (c) The academic progress of students attending charter schools, as measured against comparable public and nonpublic schools with similar student population characteristics wherever practicable;
- (d) A list of all actions taken by a charter entity on charter application and the rationale for the renewal or revocation of any charters; and
- (e) Any other information regarding charter schools that the Board of Regents deems necessary. The format for this annual report shall be developed in consultation with representatives of school districts and charter school officials.

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

Facilities (New York Education Law § 2853-3)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective until June 30, 2024:

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

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

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

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

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

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

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

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

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

(ix) for the 2022–2023, 2023–2024, 2024–2025 school years, the Charter School Basic Tuition shall be the lesser of (a) the product of (i) the Charter School Basic Tuition

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

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

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

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

(c) Notwithstanding any other provision of the New York Education Law to the contrary, payment of the federal aid attributable to a student with a disability attending a charter school shall be made in accordance with the requirements of section 8065-a of title twenty of the United States code and sections 76.785-76.799 and 300.209 of title thirty-four of the code of federal regulations.

(d) School districts shall be eligible for an annual apportionment equal to the amount of the supplemental basic tuition for the charter school in the Base Year for the expenses incurred in the 2014– 2015, 2015–2016, and 2016–2017 school years and thereafter. Provided that for expenses incurred in the two thousand twenty—two thousand twenty-one school year, for a city school district in a city having a population of 1,000,000 or more, the annual apportionment shall be reduced by \$35,000,000 upon certification by the director of the budget of the availability of a grant in the same amount from the elementary and secondary school emergency relief funds provided through the American rescue plan act of 2021.

Effective June 30, 2024:

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

(i) for school years prior to the 2009-2010 school year, an amount equal to 100% of the amount calculated pursuant to §3602(1)(paragraph f) of the New York Education Law for the school district for the year prior to the base year increased by the percentage change in the state total approved operating expense calculated pursuant to §3602(1)(paragraph t) of the New York Education Law from two years prior to the base year to the base year;

(ii) for the 2009-2010 school year, the charter school basic tuition shall be the amount payable by such district as charter school basic tuition for the 2008-2009 school year;

(iii) for the 2010-2011 through 2013-2014 school years, the charter school basic tuition shall be the basic tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) of this paragraph;

(iv) for the 2014-2015, 2015-2016 and 2016-2017 school years, the charter school basic tuition shall be the sum of the lesser of the charter school basic tuition computed for the 2010-2011 year pursuant to the provisions of subparagraph (i) of this paragraph or the charter school basic tuition computed for the current year pursuant to the provisions of subparagraph (i) of this paragraph plus the supplemental basic tuition;

(v) for the 2017-2018 school year, the charter school basic tuition shall be the sum of (A) the charter school basic tuition for the two thousand sixteen--two thousand seventeen school year plus (B) five hundred dollars;

(vi) for the 2018-2019 school year, the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the base year and finishing with the year prior to the base year of the total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph t) of the New York Education Law for each such year divided by the total approved operating expense for such

district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with §305(21)(paragraph b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to §3602(1)(paragraph n) of the New York Education Law for the year prior to the base year.

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

(viii) for the 2020-2021 and 2021-2022 school years, the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the base year and finishing with the year prior to the base year of the total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph t) of the New York Education Law for each such year divided by the total approved operating expense for such district for the immediately preceding year multiplied by, for the 2020-2021 school year only, (iii) nine hundred forty-five one-thousandths (0.945) or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with §305(21)(paragraph b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to §3602(1)(paragraph n) of the New York Education Law for the year prior to the base year.

(ix) for the 2022-2023 through 2024-2025 school years the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year four years prior to the base year and finishing with the year prior to the base year, excluding the 2020-2021 school year, of the total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph t) of the New York Education Law for each such year divided by the total approved operating expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with §305(21)(paragraph b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to §3602(1)(paragraph n) of the New York Education Law for the year prior to the base year.

(x) for the 2025-2026 school year and thereafter the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the base year and finishing with the year prior to the base year of the

total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph t) of the New York Education Law for each such year divided by the total approved operating expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with §305(21)(paragraph b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to §3602(1)(paragraph n) of the New York Education Law for the year prior to the base year.

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

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

(c) School districts shall be eligible for an annual apportionment equal to the amount of the supplemental basic tuition for the charter school in the base year for the expenses incurred in the 2014-2015, 2015-2016, 2016-2017 school years and thereafter. Provided that for expenses incurred in the 2020-2021 school year, for a city school district in a city having a population of 1,000,000 or more, the annual apportionment shall be reduced by \$35,000,000 upon certification by the director of the budget of the availability of a grant in the same amount from the elementary and secondary school emergency relief funds provided through the American rescue plan act of 2021.

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

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

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

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

“Base Year” shall mean the school year immediately preceding the current year.

“Weighted Pupils With Disabilities” shall be computed as follows:

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

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

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

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

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

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

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

(ii) In computing such attendance, the school district shall (a) determine the number of religious holidays which fall on a school day within a school year according to regulations established by the Commissioner, such religious holidays to be duly recognized as such for purposes of this

section by duly adopted resolution of the board of education; (b) deduct the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (c) deduct such religious holidays from the total number of days of session, by grade level; (d) compute the Adjusted Average Daily Attendance for the school year.

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

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

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

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

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

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

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

- (a) any balances and transfers;

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

(b-2) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

report to the Commissioner of pupils so identified as of December 1st of the Base Year, or for such other pupil count as specified by the Federal government.

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

Charter school obligations:

(a) No later than 30 days prior to the first business day of July, September, November, January, March and May, each charter school shall report to each public school district with resident pupils attending the charter school and to the department an updated estimate of the enrollment of students attending the charter school in the current school year who are residents of such public school district and any reduced amounts per pupil that shall be payable to the charter school for such students pursuant to subdivision one of § 2856 of the New York Education Law that has been established pursuant to an agreement between the charter school and the charter school entity as set forth in the charter. For each student with a disability attending such charter school, such report shall also indicate the level of special programs or services to be provided directly or indirectly to such student by the charter school and an estimated annual cost to be incurred by the charter school in providing such special programs or services. The Commissioner may excuse any delay in reporting under this paragraph for the length of time of a school closure ordered pursuant to an Executive Order of the Governor pursuant to a State of emergency for the COVID-19 crisis, however, such delay shall not exceed 30 days from such reporting deadline.

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

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

Public school district of residence obligations:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Department obligations:

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

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

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APPENDIX B
THE INSTITUTION

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APPENDIX B

THE CHARTER SCHOOL

General

The Charter School

Evergreen Charter School (“Evergreen” or the “Charter School” or the “Institution”) is a New York education corporation incorporated on January 13, 2009 by the Board of Regents of the State of New York (the “Board of Regents”) under Article 56 of the New York Education Law for the purpose of operating a charter school as described in further detail below. The Charter School received its original charter from the Board of Regents of the State of New York, for and on behalf of the State Education Department (“NYSED”) on January 13, 2009 for a five-year term through and including January 12, 2014. The Charter School received charter renewals for a First Renewal Term from January 13, 2014 to June 30, 2014 (to align renewal terms with the Charter School’s fiscal year), a Second Renewal Term from July 1, 2014 to June 30, 2017, a Third Renewal Term from July 1, 2017 to June 30, 2022, and a Fourth Renewal Term from July 1, 2022 to June 30, 2025 (for a three year term, as opposed to the maximum allowable five year term, due to issues raised during the NYSED site visit report that are being addressed by the Charter School, see “Summary Of NYSED Renewal Site Visit Report – June 10, 2022” and “School’s Response To NYSED Report And Action Plan Summary”). The Charter School is an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and (b) which is not a “private foundation” as defined in Section 509(a) of the Code). The Charter School’s bylaws provide that the Charter School is governed and controlled by a board of trustees (the “Board”). See “Governance and Management” herein.

The Charter School began operating in the fall of 2009 with approximately 100 students in grades Kindergarten and grade 1. In 2016 the Charter School requested a revision to its charter and received approval from the New York State Board of Regents to expand to 75 students per grade level from the previous 50 student per grade authorization and to add a sixth grade. In 2017 the Charter School requested a revision to its charter and received approval to add a seventh and eighth grade. In 2018 the Charter School requested a revision to its charter and received approval to expand to 125 students per grade level from the previous 75 students per grade commencing the 2019-2020 school year. In 2020 the Charter School requested a revision to its charter and received approval to expand to a high school commencing with the ninth grade for the 2020-2021 school year.

Students from the Village of Hempstead have priority in the Charter School’s lottery. For the 2021-2022 school year, students from Hempstead made up approximately 80% of the Charter School’s student body. Students from the bordering community of Uniondale, within several miles of the Charter School, made up an additional 8.4%. The remaining percentage of students come from various communities in the surrounding areas of the Charter School.

The Charter School currently serves approximately 975 students in grades K-11 and has been approved to expand and will serve students K-12 for the 2023-2024 school year. The Charter School anticipates to grow its enrollment to 1,100 students by the 2023-24 academic year, which is the maximum enrollment under its current charter. The Charter School is expected to reach full enrollment in 2031-2032 school year with 1,625 students, based on 125 per cohort grade level which was approved in 2018, however such maximum enrollment is subject to subsequent charter revision approval. The Charter School’s academic year includes a minimum of 189 days of instruction for all grades. For students in grade 1 through grade 8, the Charter School offers an extended year summer program which runs on a half day schedule for four weeks during the months of July and August. The Charter School also provides academic summer programming for students at the high school level, following a similar schedule. The Charter School’s academic day begins at 7:15 a.m. and concludes at 3:45 p.m., providing an additional period of academic enrichment for all of its students.

The Charter School is an organization described under Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and Section 501(b) (provided the Charter School is not a “private foundation” as defined in Section 509(a) of the Code).

The Charter School is authorized, pursuant to a Resolution of its Board of Directors dated December 9, 2022, to take such actions which are necessary to consummate the financing or refinancing of a portion of the costs of (A)(1) the acquisition of an approximately 1.25 acre parcel of land located at 495 Peninsula Boulevard, 27-33 Laurel Avenue and 37 Laurel Avenue, Village of Hempstead, Town of Hempstead, Nassau County, New York (the “Land”)*, together with the existing improvements thereon, (2) the construction of an approximately 85,000 square foot, multi-level building consisting of four stories plus a basement and utilized roof space and the renovation of an existing approximately 14,000 square foot warehouse structure (collectively, the “Improvements”), all located on the Land, and (3) the acquisition of certain machinery, equipment, furnishings and other tangible personal property necessary for completion of the Improvements (the “Equipment”; and together with the Improvements and the Land, the “New Facility”), to be used for educational space for students, including classrooms, gymnasium, cafeteria, administrative areas, related education areas and parking areas; (B) funding capitalized interest on the Series 2022 Bonds; (C) funding a debt service reserve fund for the Series 2022 Bonds; and (D) paying certain costs of issuance of the Series 2022 Bonds (collectively, the “Project”).

The New Facility will be owned by the Charter School for use as a public charter school will borrow the proceeds of the Series 2022 Bonds upon their issuance and delivery (“Closing Date”) to undertake the Project. The Charter School previously purchased the Land that includes three parcels: 27-33 Laurel Avenue (February 5, 2019), 37 Laurel Avenue (March 1, 2019), and 495 Peninsula Boulevard (October 13, 2021). For further information on the New Facility and the current facilities of the Charter School, see “Existing Facilities” and “The Project and the New Facility” herein.

Mission Statement

The mission of the Charter School is to nurture the intellectual, physical and social development of its students. The Charter School strives to 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. The Charter School endeavors to foster individual growth and development through the implementation of a challenging and comprehensive educational program that emphasizes mastery of a quality 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 the Charter School’s curriculum. The Charter School features enriched arts and physical education programs, and it fosters healthy life choices within a child-centered school environment that places a premium on environmental education and conservation of resources. The Charter School uses a balanced instructional approach and employs a workshop delivery model. The Charter School promotes respect for self, respect for others and respect for the environment.

Philosophy / Vision

The Charter School fosters individual student growth and development while connecting individuals to the community and each other. The Charter School aims to create a school environment where students:

- Are challenged academically
- Take responsibility for actions
- Are technological and globally minded, communicate effectively and work cooperatively
- Think critically, solve problems and make informed choices
- Demonstrative rights and responsibilities of good citizenship
- Are physically and emotionally safe

* Financing or refinancing of acquisition of only the land at 495 Peninsula Boulevard from the Bond proceeds.

- Show respect towards themselves and others regardless of differences
- Develop creative expression and individual talents.

Curriculum

The Charter School utilizes high quality, research-based, New York State and Next Generation Learning Standards-aligned curriculum materials. The resources used to support rigorous literacy, mathematics, science, social studies, arts and physical education instruction are described below. The Charter School has a notable history of ensuring the curriculum in each subject area is updated and effectively supports the delivery of high-quality instruction through constant review and revision. Teaching teams meet regularly to engage in common planning, and they also meet regularly with the math and reading specialists on staff, as well as the math and reading consultants, who support curriculum mapping, pacing guide development, and refinements. Vertical planning meetings are held regularly to review and revise curriculum documents and pacing guides. Thoughtful adjustments were made during the charter term to accommodate the pandemic period of building closures and hybrid learning, during which the Charter School maintained fidelity to the documented curriculum.

The Charter School shares the Board of Regents' and State Education Department's commitment to diversity, equity and inclusion (DEI). These values are part of Evergreen's foundational principles. Thus, the principles of DEI are incorporated into the academic program. For example, social studies infuses contributions from African-Americans at every grade level throughout the year, and students benefit from Spanish instruction and programming that promotes an appreciation for Spanish and Hispanic culture and heritage. Music and art feature diverse artists from around the world. Students participate in timely community or state-sponsored events, such as the 2021 submission of essays and art work reflecting the six principles of non-violence in memorial observance of Dr. Martin Luther King, Jr. Anchor charts in the classroom help reinforce the significance of each theme, allowing students to develop an incredibly rich depth of understanding which was expressed through their art. Library materials also reflect diversity, equity and inclusion. Books are diversified by topic, as well as by language with an emphasis on Spanish literature. Finally, Evergreen is proud to partner with Adelphi University to offer a Diversity Training Certificate program for staff and administrators. This program launched during the 2021-2022 school year and 18 staff members are participants in the Charter School's inaugural cohort.

English Language Arts

The Charter School has developed a program of balanced literacy instruction that allows students to have meaningful and rigorous experiences in the five interrelated processes of reading, writing, speaking, listening, and thinking, as well as the motivation to be life-long readers. The curriculum aligns with the New York State Next Generation ELA standards. Students are exposed to a wide range of genres and materials that include fiction, non-fiction, narrative, poetry, chapter books, textbooks, newspapers, encyclopedias, journals as well as electronic sources as follows:

Savvas Learning Company myView (K-5): myView is a comprehensive, interactive literacy program that provides a balanced approach to teaching reading, writing, speaking, listening and thinking. It uses a collection of texts to teach critical skills and strategies to support student learning.

Savvas Learning Company myPerspectives (6-11): As a reminder, the high school expansion is underway. Tenth grade was offered for the first time in fall 2021. myPerspectives incorporates the experiences and perspectives of middle and high school students, collectively and individually, to advance literacy and language arts learning as students advance to and through middle/high school. It is designed to help students develop the skills needed for college readiness. Interactive learning blends print and technology to create interactive and relevant learning activities, with a focus on social collaboration and student ownership of learning.

Wilson Foundations (K-3): Foundations is a multi-sensory, systematic and sequential word study program that helps develop a foundation of early literacy skills for our youngest learners. The program involves 30- or 45-minute lessons, which focus on carefully sequenced skills that include print knowledge, alphabet awareness, phonological awareness, phonemic awareness, decoding, spelling, and vocabulary development.

LearningCity WritingCity (K-5): WritingCity is a standards-based curriculum that provides systematic daily instruction in writing and grammar. It incorporates the Six Traits of Writing (voice, ideas, conventions, organization, word choice and sentence fluency), writer's workshop, multiple intelligences, Bloom's taxonomy, and Madeline Hunter's structures. It is evidence-based, with proven results among students of all socio-economic backgrounds. An emphasis on daily writing practice and instruction spirals across grade levels.

Curriculum Associates i-Ready Diagnostic and Instruction (all grades): i-Ready is an online, interactive learning environment designed to assess students' comprehension, phonological awareness, phonics, high frequency words and vocabulary, and then provide individualized instruction based on each student's unique needs in accordance with literacy standards. For students who test out of i-Ready, Castle Learning, IXL or a similar resource will be used to provide customized practice.

Learning A-Z Raz-Kids (K-5): The Raz-Kids program ensures students have access to leveled, interactive books that can be used for listening, reading, and practice with reading aloud or speaking. Students can access books easily from a mobile device. Importantly, it is a bilingual program, which makes it ideal to support English language learners. It also has been implemented in Spanish classes to support the development of academic-level bilingualism among both English and Spanish heritage speakers. A significant benefit of this program is that students are able to access materials at their independent level, and they have choices to reflect their own interests. Additionally, teachers can assign leveled texts to students to facilitate their personal learning.

Mathematics

Evergreen's strong math program aligns with learning standards and integrates rigorous classroom reasoning, extended classroom time devoted to practice and reflection using extensive problem sets, and high expectations for mastery. Lessons are structured to incorporate fluency activities along with the development of conceptual understanding, procedural skills and problem solving. Students are encouraged to persevere through challenging problems that require quantitative and creative thinking. A goal is for students to see mathematics as being connected to their environment and to other disciplines. In addition to those noted below, resources from Edulastic, Reflex Learning, and Castle Learning are used in middle and high school grades, and IXL is used in upper grades. The Charter School utilizes the following principal mathematics modules:

Eureka Math, A Story of Units (K-5): A Story of Units from Great Minds provides teachers with the knowledge and tools necessary to implement instructional shifts (focus, coherence, fluency, deep understanding, application and dual intensity) and ensures ongoing alignment with current standards.

EngageNY Modules (6-11): Engage focuses on fewer topics with more depth, and explicitly aligns to state standards. The modules are also compatible with the workshop approach to lessons.

Zearn Math (K-5): Zearn is designed to unite hands-on instruction and immersive digital learning. It aligns with Eureka Math.

eMATHinstruction (7-11): Teachers incorporate the eMATH curriculum and materials to support scaffolding and help develop students' deep understanding of mathematical principles.

Curriculum Associates i-Ready Diagnostic and Instruction (all grades): Students benefit from differentiated instruction that is responsive to their individual needs. It is designed to provide students with relevant challenges and provide pathways to deeper understanding, while providing teachers useful data and insight into student performance. When students test out of i-Ready, Castle Learning, IXL or a similar resource will be used to provide customized practice.

Woot Math (6-11): This program is used as an additional resource to provide practice for math topics and vocabulary. Teachers assign lessons based on individual students' progress toward mastery.

Reflex Math (2-5): This program is used as an additional resource to help students master basic fact fluency in addition, subtraction, multiplication, and division.

Science

The Charter School's science program emphasizes a hands-on and minds-on approach to learning. The study of ecology and the environment, a key design element, is integrated directly into science classes. These themes are also reinforced throughout the Charter School's school culture and routines.

BOCES Science 21 (K-4): Created by the Putnam/Northern Westchester BOCES, the program is an integrated curriculum developed by teachers in alignment with current standards. It features student directed hands-on, inquiry-based investigations that are relevant to everyday life. As BOCES continues to add grades to the curriculum, Evergreen plans to implement them as well.

Savvas Learning Company Interactive Science (5-8): The Interactive Science units and modules support engaging, hands-on learning experiences, helping students think like engineers and scientists, with supportive programming for teachers.

Savvas Learning Company High School: Various course-specific books and materials are used for the high school science courses.

Social Studies

Evergreen's social studies curriculum provides the opportunity for each student to acquire knowledge and develop skills necessary for social, political and economic participation in a diverse, interdependent and changing world. The skills that enhance students' abilities to learn, to make decisions, and to develop as competent, self-directed citizens are intentionally taught through social studies. The curriculum provides students with opportunities to engage in rigorous activities that make connections between skills, content and concepts from past to present.

BOCES Integrated Social Studies/ELA Curriculum (K-5): As with BOCES Science 21, this curriculum was created by teachers for teachers. It is user-friendly and updated frequently, in alignment with the New York State Social Studies Framework, and it integrates standards for ELA. It features an Understanding by Design template and includes complete lessons for teachers, including resources such as handouts, informational texts, digital resources, and a C3 framework for inquiry.

Original Documents and Field Trips (all grades): Original documents and letters are used to bring students into contact with important writings from America and around the world. Students also take field trips to museums, exhibits and historical sights. They regularly view documentaries, art and literature which convey historical events and people. These opportunities bring social studies to life.

TCI (6-11): TCI's curriculum resources and programs such as History Alive! and Geography Alive! provide hands-on learning and integrated literacy. Students learn to become active citizens and learn about democracy through civic discourse and local community engagement strategies. TCI's programs integrate social studies and ELA, with an emphasis on college, career and civic life.

Spanish

Students receive daily Spanish instruction, which is another key design element. All students benefit from the same high-quality curriculum and differentiated programs to ensure the needs of both heritage and non-heritage speakers are met. The Charter School celebrates and integrates Spanish language and Hispanic culture into school life and community in a variety of ways – through art projects, music study, field trips, cooking experiences, assemblies, and cultural studies. The following resources are used to support Spanish instruction by grade. As i-Ready develops assessments and practice resources in Spanish they will be considered and may be incorporated by teachers in the future.

Kindergarten: Sonrisas Spanish; Vista Higher Learning: Yabisi and Antología, and Estrellita. Sonrisas provides the topics to be covered with a task-based approach whereas Yabisi and Estrellita initiate the students in

recognizing letters and sounds in Spanish. *Antología* and *Yabisi* provide a variety of accessible readings for kindergarten students.

Grade 1: Vista Higher Learning: *Listos* (formerly called *Descubre*) and *Antología*; *Estrellita - Reading and Writing* supplement. *Listos* provides a fun and engaging way to learn and develop reading, writing, listening and speaking skills. The units include cultural traits from Spanish speaking countries. *Antología* is the reading program that offers multi-level reading passages ensuring differentiation between the different levels.

Grade 2 and 3: Vista Higher Learning: *Listos* (formerly called *Descubre*) and *Antología*. Students develop their oral and writing skills while traveling to the 21 Spanish speaking countries around the world. The programs ensure that all proficiency levels are supported when reading with modified passages for developing and advanced students.

Grades 4 – 11: Holt McDougal: *Avencemos* and *Campus Difusión*. Students work on their oral fluency while learning grammar and vocabulary in context. Each unit offers a variety of literary and cultural readings and modifications for the different proficiency levels. Heritage students focus more on the reading and writing aspect of the language while non heritage students receive extra support with listening and guided speaking tasks. *Campus Difusión* provides weekly current events news and interactive activities so students can apply and continue learning the language with real life texts.

Music

Students in every grade have the opportunity to participate in choir or play an instrument, starting with the recorder in Kindergarten and first grade. In second grade students are introduced to the violin and keyboard, and in the upper grades students are able to select from several other instruments including the viola, cello and bass to continue their studies. Teachers expose students to a wide variety of genres and diversity among artists. Evergreen prides itself on the development of a chamber orchestra, keyboard ensemble, and choir; these groups perform regular concerts to highlight learning and performance. After-school music programs also are offered to enhance the curriculum. Music is an area where major adjustments had to be made during hybrid and remote learning, because students could not share instruments. However, music classes were still offered weekly. Digital resources were used, and an emphasis was placed on Music History and Music Theory.

Physical Education (PE) and Health & Fitness Program

Students learn that health, fitness, and physical exercise are necessary and intertwined – and that they are all vital aspects of healthy living. Students are involved in physical activities that focus on the development of motor and manipulative skills. Physical education involves whole class skill instruction, team-building games and basic sports. Physical fitness, sportsmanship, and safety are essential components across all grades. Instructional strategies are used to provide motivating, successful and positive experiences. Learners are challenged with techniques and motor skills to gain confidence in attempting new learning experiences through cooperative games, sports and fitness activities. Classes include organized warm-ups, activities and skill instruction. The PE teachers often integrate ELA or math content into their lessons, to reinforce areas where students would benefit from extra practice (such as word or number recognition). McGraw Hill Teen Health is used in the upper grades to support learning related to health and wellness.

Technology

The Charter School uses technology in the classroom as an effective and efficient tool for instruction. One-to-one student devices help students develop a variety of basic computer skills. Students frequently work on and explore spreadsheets, presentations and publishing programs, and classes integrate technology into a range of projects. A Virtual Entrepreneur program is used in grades seven and eight, and dedicated technology classes in younger grades follow a teacher-created curriculum that aligns with the evolving technology standards. Technology teachers are on staff, and they will stay ahead of the shift to the New York State K12 Computer Science and Digital Fluency Learning Standards, adopted in December 2020, to ensure curriculum alignment. Evergreen also has invested in web-based software to enhance technology integration. Examples include i-Ready, Nearpod, Reflex Learning, Pear Deck, Kahoot, RAZ Kids and Vocabulary Spelling City. Grades 2-10 use Google Classroom and K-1 uses Seesaw. Evergreen

has utilized Zoom effectively for live instruction and implemented Go Guardian to monitor student engagement. Data privacy agreements and safety protocols are updated, stringent, and honored. During the COVID-19 pandemic, Evergreen ensured all families had access to the internet (providing hotspots when necessary).

Social-Emotional Learning

The Charter School has dedicated time in the master schedule for social-emotional learning at every grade level. At the lower levels, the Harmony SEL program is used (this was formerly known as Sanford Harmony). Harmony SEL is a common core-aligned curriculum which offers five units and up to 24 lessons per year to support social-emotional development. In addition to the stand-alone class, Harmony SEL provides activities that are embedded throughout the school day for a comprehensive approach. In middle and high school Rethink Ed is used as the SEL curriculum resource. Rethink Ed offers social-emotional lessons, videos, mini-lessons/individual lessons, and discussion topics. Evergreen's social-emotional curriculum programs and instruction align with the Collaborative Academic Social Emotional Learning (CASEL) framework to ensure a focus on diversity, equity, and inclusion, empathy, critical thinking, communication, problem solving, and peer relationships.

Art

The Evergreen art curriculum focuses on integrating studio art and art history in an engaging, creative, and imaginative environment. Many projects and discussions integrate art with the classroom curriculum. Technology works seamlessly in supporting lessons, incorporating use of smart boards, Internet, printer, monitors, as well as iMacs computers. Art history and aesthetic visual discussions make frequent use of projected images. Students discuss various aspects of art, such as color, space, line, and form; how these images make them feel; what they see; and what they like and dislike. Knowledge of famous artists and the culture or art movement they were part of also plays a role in students acquiring an understanding of art and the context in which it is created. The arts help learners to develop creative problem-solving skills, development of motor skills, language skills, social skills, decision-making, risk-taking, and inventiveness. All lessons include concepts of art making, exploration of materials, and/or Art History.

Alignment

The Charter School ensures horizontal and vertical alignment using a few key strategies. First, contracts with literacy and math consultants are executed annually. The consultants work in close coordination with the robust instructional leadership team and provide support regarding alignment to standards and vertical and horizontal consistency. The literacy and math consultants work within and across grade level and content teams during frequent on-site and virtual visits each year. This work specifically includes the review, development, and refinement of curriculum maps. In addition, regular planning and professional development sessions are held with a focus on alignment and spiraling. Evergreen has developed a comprehensive digital resource folder across content areas which allows teachers access to materials including curriculum maps, assessments, notes from planning and vertical alignment meetings, and notes from summer professional development. Pacing guides also have been collaboratively developed to support teachers in their team and individual planning. These guides are routinely revisited and revised to best meet the learning needs of students. Lesson plans are also stored on the shared drive. Finally, Evergreen has designated lead teachers to assist and mentor other teachers as they plan. Teacher teams work together on a regular basis to ensure the curriculum is both horizontally and vertically aligned.

Curriculum Differentiation

Teachers are provided with resources and support for differentiation. They are entrusted as professionals to identify a range of resources and strategies for use in their classrooms in order to best meet the learning needs of their students. Many of the curricular programs described above offer options for teachers to support scaffolding for differentiated teaching and learning. Teachers implement strategies such as differentiating assignments, targeted station rotations, and using differentiated texts according to reading data as evidenced in lesson plans. Small group instruction is often supported by a specialist pushing into the classroom.

To strategically inform differentiation, teacher teams have monthly meetings with instructional leaders to review and discuss a variety of academic evidence. Individual, class-wide and grade-level i-Ready Diagnostic reports are routinely prepared and analyzed, with teachers working together to strategize how to further differentiate, revisit

or reteach certain skills and standards. Data informs decisions about regrouping students and how to best use instructional time during each content block. In addition to i-Ready Diagnostics, other data support strategic groupings and differentiation, such as Fountas & Pinnell instructional levels. i-Ready Standards Mastery data also enables regular monitoring that directly supports both scope and sequence work and decisions about instruction. Intentional scheduling is used to provide designated time for teachers to meet with special education and English as a New Language teams to ensure plans for general classroom instruction effectively meet the needs of students, and to make sure push-in is as effective as possible. Examples of the differentiation strategies often implemented include: small group instruction, colored visuals, simplified instruction and direction, rephrasing, graphic organizers, frequent checks for understanding, teacher modeling, the “I do, We do, You do” workshop model, opportunities for practice and automaticity, personal writing checklists to self-assess and edit writing, sentence starters, sentence frames, manipulatives, and personal number lines. Please note this list is not exhaustive of all strategies that may be used in classrooms.

Workshop Model

The workshop approach to learning can help promote confidence and self-reliance. Lesson planning encourages teachers to identify and use the key components of the workshop model: mini-lesson, guided practice, independent practice – commonly referred to as “I do, We do, You do.” Please see below for additional details. The workshop approach is a key design element and is compatible with curriculum choices, such as EngageNY, Savvas Learning Company and WritingCity.

Framework for High-Quality Lessons

The clearly defined lesson framework allows teachers to prepare, collaborate and co-plan lessons effectively during regularly scheduled common planning time by grade level or content area. The framework requires teachers to think through and identify the following components of a high-quality lesson: the specific learning standard(s) being covered, a well-defined lesson objective stated in the “I can” format, the specific academic language to be used, materials and/or media to be used, the anticipatory set, the mini-lesson, guided practice, and modeling techniques to be used, independent practice, differentiated instruction, and a formative assessment to check for understanding (such as an Exit Ticket). A series of lesson plan templates have been developed to support teachers within each content area. For example, writing plans are grounded in the instructional practices promoted by Madeline Hunter. Reading, guided reading, writing, math, social studies and science lessons are aligned to the standards for proficiency presented in the Danielson Framework for Teaching, which aligns with the evaluative approach used by leaders for consistency and to reinforce expectations.

Small Group Learning Opportunities

Small group learning is a targeted instructional strategy which incorporates a range of materials and instructional techniques, with students grouped by need to address remediation, acceleration, and the needs of diverse learners. While this strategy is used across grades and content areas, specific techniques are emphasized for literacy groups, which are reconfigured throughout the year based on data and need.

Co-Teaching

Co-teaching is a core service delivery mechanism to support inclusion and ensure access to the curriculum for all students, particularly for English language learners and students with disabilities. Evergreen uses a few strategies to create co-teaching structures and opportunities. First, each Kindergarten classroom has two full-time certified teachers. In grades 1-10, each classroom has a certified lead teacher, and rotating specialists push-in as co-teachers using a range of strategies such as parallel instruction or small group learning. The exact configuration of teaching teams remains fluid among classes and grade levels (in grades 1-10) in response to student needs. A robust specialist teaching staff supports this emphasis on impactful co-teaching, including special education teachers, ENL teachers, and reading and math specialists who also push-in to classes.

Kagan Structures

This is an online and on-demand bank of strategies developed to promote student engagement, which teachers use to build engagement directly into their lesson plans. Teachers identify the strategies they use during lesson planning. During 2020-21, online components such as Nearpod, Pear Deck and Kahoot were used effectively, along with the Google Suite, to support engagement. As the transition back to fully in-person learning has resumed, the Kagan Structures for engagement are again a priority. Should it be necessary, additional strategies from Kagan will be used to support future hybrid or remote learning as the program adapts.

Depth of Knowledge

Norman Webb's Depth of Knowledge (DOK) is designed to support rigor, in alignment with Bloom's Taxonomy, and it is used in the middle and high school grades across all subject areas. This strategy helps ensure teachers are asking higher order thinking questions, which also is a focus for common planning for the upper grades. The elementary grades also expect teachers to maintain rigor and higher order thinking, but DOK is used as an explicit expectation and planning strategy for middle and high school teachers.

Saturday, After School, and Summer Support

Saturday, after-school and summer classes are offered to students. The sessions focus on foundational skills and language support. In addition, ENL students are offered Saturday sessions for language support.

Pear Deck/Nearpod

To facilitate student engagement, most lessons incorporate Nearpod or Pear Deck as they help make lessons interactive. These strategies were particularly beneficial during the COVID-19 remote and hybrid learning periods.

Recent Accomplishments

The Charter School has regularly been recognized for its accomplishments including the following:

On February 22, 2022, the New York State Education Department awarded a \$1,250,000 grant to assist the Charter School's expansion efforts.

Evergreen Charter School has a history of high academic achievement in all grades served and remains in Good Standing as defined by the Elementary and Secondary Education Act. As a charter school, Evergreen is held accountable for maintaining high academic outcomes. Evergreen regularly exceeds both the district of location (Hempstead Union Free School District) and the New York State average on 3-8 exams in ELA, math, and science – this is true when analyzing results for all students as well as individual subgroups of students. Notably, Evergreen has also outperformed similar schools. The leadership team and Board of Trustees are proud of these results and are committed to maintaining this quality into the next charter term.

As part of the school's recent renewal process, the State Education Department conducted an analysis comparing Evergreen to similar schools. Evergreen was compared to four similar schools in ELA, math, and science. In each instance, Evergreen far exceeded the results of the similar schools. The mean positive differential in ELA is +32, the mean positive differential in math is +31, and the mean positive differential in science is +22. These results are accomplished using high quality, research-based, New York State and Next Generation Learning Standards-aligned curriculum materials and a robust approach to teaching and learning using proven instructional methods.

Multiple extracurricular activities are offered to support academics and to ensure students are well-rounded and have many opportunities to choose from. Notably, Evergreen's middle and high school students can compete athletically with other students across the region as part of the Section 8 Athletic League.

Saturday, after-school, and summer classes are regularly offered to students as well. This practice continued during the remote and hybrid learning periods caused by the COVID-19 pandemic, with some adjustments to keep

students in their cohort and ensure proper cleaning in between sessions, and by making it virtual for upper grades. In addition, ENL students are offered Saturday sessions for language support. In grades K-1 after school sessions focus on providing homework help, in the upper grades, sessions often focus on Regents Examination preparation. These are free offerings and are designed to support students as they acquire foundational skills, complete coursework, and navigate Regents courses. Summer session in the younger grades even includes incoming Kindergarten students who would benefit from support prior to the start of the school year. A social worker is also on-site during summer session, to ensure students are supported from a social-emotional standpoint as well as an academic standpoint. Evergreen's staff is also on the leading edge of diversity, equity, and inclusion efforts. For example, in 2020 leadership and staff from the equity committee participated in a training hosted by New York University focused on the Culturally Responsive and Sustainable Education Framework. For the 2021-2022 school year, Evergreen partnered with Adelphi University to offer a Diversity Training Certificate program for staff and administrators.

Each year, Evergreen's students participate in competitions, festivals, and other activities. The school and its students are often recognized for outstanding accomplishments and for being a true community-based partner that works diligently to support Hempstead's families. Some of the highlights from the last few years are outlined below.

Recent Awards, Recognitions, and Certificates

World Languages: In spring 2022, Evergreen had students participate in the Long Island Language Teachers Association contest to write an original poem or essay in Spanish, or in English if the student is classified as learning English as a second language. Each student who participated received a 1st, 2nd, or 3rd place recognition in their respective writing category – twelve students in total.

National School Choice Week Dance: Each year, a national organization shares a dance with schools to celebrate National School Choice Week. Evergreen's physical education teachers modify this dance to make it easier and possible for younger students to participate. This year, the School Choice Week marketing director reached out to Evergreen to see if the school would be interested in creating and sharing a tutorial video of a modified version to share for the 2022 dance. Evergreen was happy to respond. Its tutorial video was posted on all of their social media platforms including Twitter, Facebook, and YouTube. A link to the video is available online: https://www.youtube.com/watch?v=RayqhWs_uo

Existing Facilities

The Charter School currently occupies space at five (5) leased locations (collectively, the "Existing Facilities"), as follows:

605 Peninsula Boulevard, Hempstead (long term lease)

This site is the Charter School's administrative headquarters and houses administrative offices for all current locations. It is a Gold LEED (Leadership in Environmental and Energy Design) building, the first Gold facility built by a non-profit in New York State. Currently students from grades K-1 are in this facility. This site also contains the kitchen and refrigeration equipment needed to prepare the meals for all current Charter School facilities (120 Greenwich Street, 436 Front Street and 94 Fulton Avenue) as they are not equipped for this purpose. In addition, schoolwide community events are also held at this location as it has the largest multipurpose space for school gatherings for students and their families.

120 Greenwich Street, Hempstead (short term lease)

This site houses students from grades 6-8. The Charter School has a short-term lease from July 1, 2022 to June 30, 2024 with an option to renew. This facility will be used as a swing space until the New Facility is completed. Once the New Facility is completed, the Charter School will cancel the lease.

94 Fulton Street, Hempstead (short term lease)

This site houses high school students from grades 9-11, expanding to 9-12 in the 2023-2024 school year. The Charter School has a short-term lease from July 1, 2022 to August 31, 2024 with an option to renew. This facility will

be used as a swing space until the New Facility is completed. Once the New Facility is completed, the Charter School will cancel the lease.

436 Front Street, Hempstead (long term lease)

This site houses students from grades 2-5. The site has classrooms and additional space for instruction and activities. It was previously used as a school by the Hempstead Union Free School District (“Hempstead UFSD” or the “District”). This facility provides ample space for expansion and is ideally located in the Village of Hempstead. This facility is directly adjacent to 28 Richardson Street, Hempstead, also known as the annex building. Evergreen Charter School anticipates that it will have the ability to extend or renew this lease for a longer term beyond its current expiration in 2028.

28 Richardson Street, Hempstead (long term lease)

This site houses additional administrative space and group rooms. It is located adjacent to 436 Front Street, Hempstead. Evergreen Charter School anticipates that it will have the ability to extend or renew this lease for a longer term beyond its current expiration in 2028.

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The Charter School's current locations are summarized in Table B-1 below:

TABLE B-1: EXISTING FACILITIES FOR THE 2022-2023 SCHOOL YEAR						
Address	Building Description	Grades	Owned or Leased	Lease Term	Enrollment	Approx. Physical Capacity (Students)
605 Peninsula Boulevard, Hempstead, NY 11550	35,000 square foot Gold LEED certified facility includes classrooms, offices commercial kitchen that feeds all schools, and a 10,000 square foot multipurpose room for school activities.	K-1	Leased ¹	April 5, 2019-December 31, 2044 25 year lease	250	300+
120 Greenwich Street, Hempstead, NY 11550	25,000 square foot facility containing classrooms, offices and a multipurpose space.	6-8	Leased ² (Students at this location will be transferred to the New Facility)	July 1, 2022-June 30 2024 with option to renew two additional one year terms	175	300
94 Fulton Avenue, Hempstead, NY 11550	25,000 square foot facility containing classrooms, offices and a multipurpose space.	9-11	Leased ³ (Students at this location will be transferred to the New Facility)	July 1, 2022-August 31 2024 with option to renew one or two years.	150	300
436 Front Street Hempstead, NY 11550	30,444 square foot facility including classrooms, office, warming kitchen, and a multipurpose room	2-5	Leased ⁴	July 1, 2022-June 30, 2028 6 years	400	400+
28 Richardson Street Hempstead, NY 11550	6,908 square foot facility including offices and group rooms	Administrative Offices	Leased ⁵	July 1, 2022 - June 30, 2028 6 years	N/A	125+

¹ Leased by the Charter School from Circulo de la Hispanidad

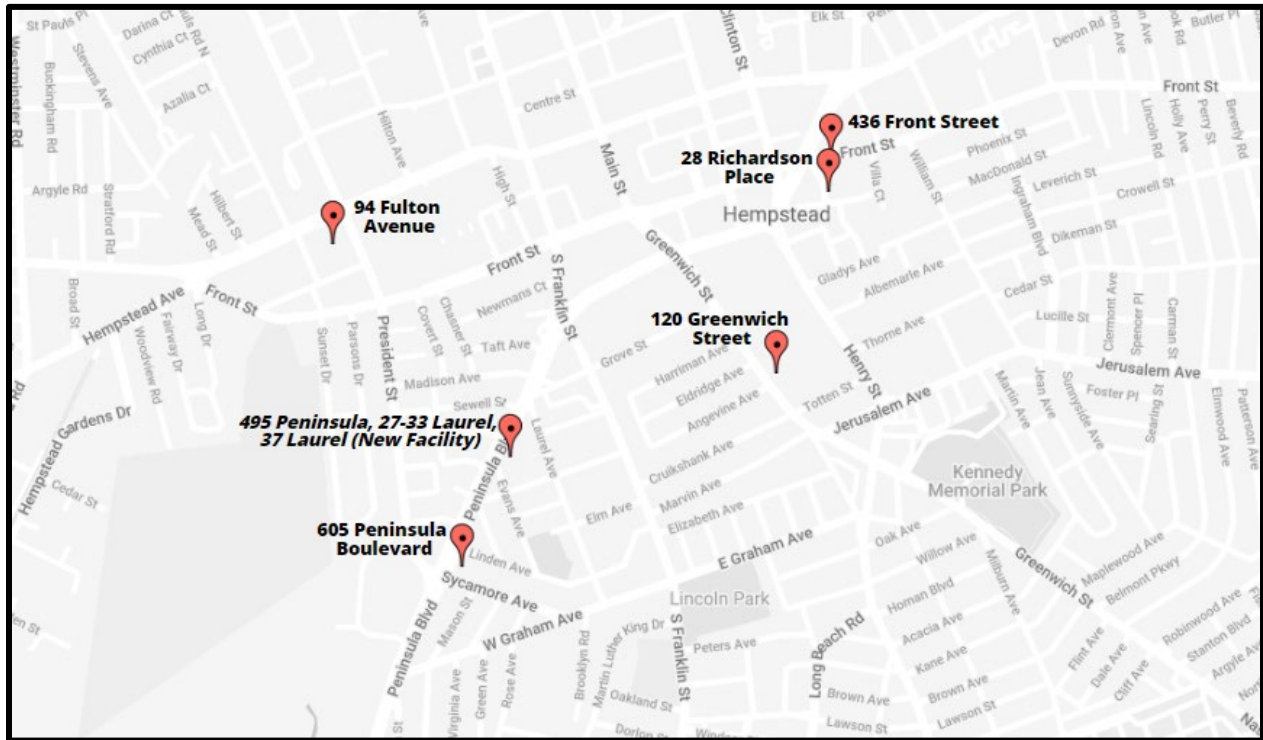
² Leased by the Charter School from the Roman Catholic Church of Our Lady of Loretto, 104 Greenwich Street Hempstead, NY 11550. This lease will be cancelled once the New Facility is completed.

³ Leased by Charter School from the Chamsarag Korean Methodist Church, 94 Fulton Avenue, NY 11550. This lease will be cancelled once the New Facility is completed.

⁴ Leased by Charter School from the Roman Catholic Church of St. Ladislaus, 18 Richardson Place, NY 11550

⁵ Leased by Charter School from the Roman Catholic Church of St. Ladislaus, 18 Richardson Place, NY 11550

The following provides a map of the location of the Charter School's Existing Facilities and New Facility below. The Existing Facilities and the New Facility are located within a 1.0-mile distance from each other.



Photos of the Existing Facilities are set forth below.



605 Peninsula Boulevard



28 Richardson Street

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94 Fulton Avenue



436 Front Street



120 Greenwich Street

The Project and the New Facility

The Series 2022 Bonds are being issued to provide for the financing or refinancing of a portion of the costs of (1) the acquisition of parcels of land totaling approximately 1.25 acres located at 495 Peninsula Boulevard, 27-33 Laurel Avenue, 37 Laurel Avenue, Hempstead, Nassau County New York (collectively, the “Land”) (2) the design, development, construction and equipping and furnishing of an approximately 85,000 square foot multi-level structure consisting of four stories plus a lower level and utilized roof space that will house a gymnasium, classrooms for music and instruction, kitchen, storage and mechanicals as well as lockers, bathrooms and offices and the renovation of an existing approximately 14,000 square foot structure on the Land to be used as a garage (collectively with such Land and equipment, the "New Facility"); for operation by the Charter School as a public charter school providing educational services to students; (3) funding debt service reserve funds and capitalized interest; and (4) paying for certain costs related to the issuance of the Series 2022 Bonds (collectively, the "Project").

The Charter School purchased the three parcels of land including 27-33 Laurel Avenue on February 5, 2019, 37 Laurel Avenue on March 1, 2019, and 495 Peninsula Boulevard on October 13, 2021.

The New Facility will be the first hybrid Cross Laminated Timber (CLT) building of its kind. Cross Laminated Timber has low impact on the environment and provides an environmentally sustainable alternative to traditional building materials. Evergreen will seek Gold LEED (leadership in energy and environmental design) certification from the U.S. Green Building Council for its New Facility.

The lower level of the New Facility will include a gymnasium with bleachers and seating that can accommodate the entire student body. The lower level will also feature classrooms to support Evergreen’s music program. The parking garage will have an entrance on grade at this level on Evans Avenue, off of Peninsula

Boulevard. Individuals will be able to access the building through the lower level after parking. The first floor includes offices, meeting rooms, a central kitchen, a teaching kitchen and a multi-functional cafeteria with a stage. The cafeteria will have a mezzanine level accessible by stairs and an elevator that brings in light, warmth and additional functionality to this space. Floors 2-4 will include classrooms on each floor. In addition, they will include offices, meetings rooms and outside spaces. The New Facility has been designed to provide outdoors spaces at each level providing opportunities for school occupants to be connected with the outdoors. The fourth floor will include a large multifunctional space that can serve as an additional cafeteria and multipurpose room for school activities and events. See “Project Costs – Table B-3: Estimated Project Costs” herein.

Transfer of Grades to New Facility upon Completion and Transition Plan

Upon completion of the New Facility, the Charter School anticipates moving grades 5-12 to the New Facility at 495 Peninsula Boulevard from the current locations of 120 Greenwich Street, 436 Front Street and 94 Fulton Avenue. Total enrollment capacity of all sites upon completion of the New Facility is shown in the Table B-2 below:

TABLE B-2: GRADE COMPOSITION BY FACILITY UPON COMPLETION OF NEW FACILITY			
2024-2025 SCHOOL YEAR			
Grade Level	Enrollment	Capacity	Location
K-1	250	300+	605 Peninsula Boulevard, Hempstead, NY
2-4	375	400+	436 Front Street, Hempstead, NY
5-12	550	750	495 Peninsula Boulevard, Hempstead, NY (New Facility)
Total Enrollment	1,175	1,650	Includes grades K-12

Phase I and Phase II Environmental Studies

Phase I Environmental Site Assessment

On September 27, 2021, H2M Architects and Engineers submitted a Phase I Environmental Site Assessment (herein, “Phase I ESA”) to the Charter School with respect to 27-33 Laurel Avenue, 37 Laurel Avenue, Hempstead, Nassau County New York (herein, “Subject Property”). The purpose of this Phase I ESA was to identify recognized environmental conditions including the presence or likely presence of any hazardous substances or petroleum products in, on, or at the site of the Subject Property due to a release to the environment, under conditions indicative of a release to the environment, or under conditions that pose a material threat of a future release to the environment. Consideration was given to the potential impacts to soil and ground water. The Phase I ESA report revealed one recognized environmental condition (“REC”) and one environmental concern:

Historical and Current Usage of the Adjacent and Nearby Properties (REC): Several adjacent and nearby properties were historically used as gasoline filling stations and/or auto repair facilities, and some of these properties continue to be used as such. Historical gasoline stations were likely to have single-walled unregistered USTs and to have stored other petroleum products on site, which have the propensity to leak. Petroleum spills are also common at these facilities and, if transpired, would have likely impacted groundwater in the area. Contaminated groundwater can volatilize into a vapor which may result in a vapor encroachment issue, which can impact indoor air quality of onsite structures.

Environmental concern: The subject property was utilized for residential purposes from the 1930s until the demolition of a residence prior to April 2020. Because use of pesticides and/or herbicides for pest control is common in residences, an assessment of potential subsurface contamination should be conducted in the event of site redevelopment or other soil disturbance activities. Additionally, based on the age of the structures, there may be a potential for asbestos containing materials, lead based paints and PCBs within the building’s construction materials which are not within the scope of the Phase I ESA.

While the Phase I did not identify any remediation recommendations nor are any required by State law, in light of the findings of the report, H2M Architects and Engineers provided a verbal recommendation that the design and construction of the New Facility incorporate soil vapor mitigation measures. Such measures may include a soil

vapor barrier and or a sub-slab depressurization system. To address this recommendation, the Construction Contract includes the installation of a subsurface waterproof barrier as well as a subsurface vapor barrier for the New Facility.

On May 28, 2021, Langan Engineering submitted a Phase I Environmental Site Assessment (herein, “Phase I ESA”) to the Charter School with respect to 495 Peninsula Boulevard, Hempstead, Nassau County, New York (herein, “Subject Property”). The purpose of the Phase I ESA was to identify recognized environmental conditions including the presence or likely presence of any hazardous substances or petroleum products in, on, or at the site of the Subject Property due to a release to the environment, under conditions indicative of a release to the environment, or under conditions that pose a material threat of a future release to the environment. Consideration was given to the potential impacts to soil and ground water. The Phase I report revealed three REC and one de minimus condition:

Historical Underground Storage Tanks (USTs) (REC): Municipal records and the EDR radius report indicate two gasoline underground storage tanks were historically located within the exterior loading area on the northwestern part of the Subject Property. The storage tanks were removed in 1993. Potential undocumented releases of petroleum from the historical USTs may have adversely impacted soil, groundwater, and soil vapor at the Subject Property.

Historical On-Site Vehicle Repair (REC): A vehicle repair facility occupied the Subject Property between 1961 and 2000. Documented chemicals stored at the facility included lacquer and lacquer thinner, metal conditioning chemicals, and varnish remover. Potential undocumented releases of petroleum from the historical vehicle repair operations may have adversely impacted soil, groundwater, and soil vapor at the Subject Property.

Historical Use of Adjoining and Surrounding Properties (REC): Several vehicle repair facilities and filling stations were located on adjoining and surrounding properties, including a vehicle repair at 491 Peninsula Boulevard, a filling station with petroleum tanks at 505 Peninsula Boulevard, a truck sales facility at 490 Peninsula Boulevard, a filling station and vehicle repair facility at 473 Peninsula Boulevard and 468 Peninsula Boulevard, and a vehicle repair facility located at 445 Peninsula Boulevard. Potential undocumented releases of petroleum or other hazardous substances associated with petroleum storage and vehicle repair may have adversely impacted soil, groundwater, and soil vapor at the Subject Property.

De minimis condition: Localized staining indicative of incidental leaks from parked vehicles was observed on the concrete pavement in the loading dock area. Based on the apparent limited cumulative volume of spilled material and the absence of exposure pathways to subsurface soil, the staining is considered de minimis.

Phase II Environmental Site Assessment

On July 2, 2021, Langan Engineering submitted a Phase II Environmental Site Investigation (herein, “Phase II”) to the Charter School with respect to 495 Peninsula Boulevard, Hempstead, Nassau County, New York (herein, “Subject Property”). The purpose of the Phase II is to investigate potential impacts from recognized environmental conditions (RECs) identified in the Phase I ESA for the Subject Property.

The Phase II indicated underground utilities but not underground storage tanks (USTs) within the Subject Property. Surficial historic fill material was encountered in four of five soil borings. Petroleum-like odors, staining, photo-ionization detector (PID) readings above background and other indicators of potential impacts were not observed. Semi-volatile organic compounds (SVOCs) and dissolved metals were detected in two groundwater samples and SVOCs were detected in one soil sample. SVOCs are commonly encountered in historic fill and metals and SVOCs are common indicators of groundwater quality associated with the conditions in the soil and/or infiltration of surface water containing dissolved road salt. One volatile organic compound (VOC) tetrachloroethene (PCE) was contained in one sub-slab soil vapor sample at a concentration above the minimum threshold for recommended soil vapor mitigation for occupied structures. Corresponding soil and groundwater samples did not contain concentrations of PCE or petroleum-related VOCs above Title 6 of the New York Codes, Rules and Regulations Part 375 Restricted Use Restricted-Residential Soil Cleanup Objectives (RURR SCOs) or New York State Department of Environmental Conservation Technical and Operational Guidance Series 1.1.1 Ambient Water Quality Standards and Guidance Values.

Langan Engineering issued an addendum to the Phase II on July 14, 2021, after receiving laboratory results on additional soil samples collected. The soil samples contained lead at a concentration which marginally exceeds the RURR SCOs. No other metal compounds were detected at concentration above the RURR SCOs. The lead detected was not associated with other indications of potential impacts.

While the Phase II did not identify any remediation recommendations nor are any required by State law, in light of the findings of the report, Langan Engineering provided a verbal recommendation that the design and construction of the New Facility incorporate soil vapor mitigation measures. Such measures may include a soil vapor barrier and or a sub-slab depressurization system. To address this recommendation, the Construction Contract includes the installation of a subsurface waterproof barrier as well as a subsurface vapor barrier for the New Facility.

Copies of the above-referenced environmental reports are on file with the Borrower and are available upon request.

Project Costs

The following table below, Table B-3 outlines estimated project costs.

TABLE B-3: ESTIMATED PROJECT COSTS	
<u>Building Costs</u>	
Construction/Rehabilitation Expenditures*	\$32,862,739
Plumbing, HVAC, Electrical, Fire, Security	12,936,813
Site Work/General Conditions	4,813,630
Other (Insurance, Fees)	3,383,176
	\$53,996,358
<u>Other Related Costs</u>	
Architectural/Engineering Fees	\$2,282,685
LISC Loan Payoff (land acquisition)	2,451,264
FF&E	1,118,250
Additional Owner Direct Costs	2,487,161
	\$8,339,361
Total Project Costs	\$62,335,719
* Includes approximately \$1,241,508 of contingency.	

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Set forth below are renderings of the proposed New Facility.

Exterior Perspective



Gymnasium



Classroom



Cafeteria



Project Construction

Contractor

The Charter School has entered into an agreement for the construction of the New Facility (the “Construction Contract”) with Consigli Construction Co, Inc. (the “Contractor”) dated October 18, 2022. The Contractor is a northeast based general contractor that was established in 1905 and maintains its reputation as a premier builder of academic institutions in the tristate area. The Contractor has completed over 120 educational projects in the last 5 years, with \$800M in educational projects completed on Long Island. A sample of educational projects completed by the Contractor include Bronx High School of Science, Edward W. Brooke Charter School, New York Institute of Technology, and Collin County Community College. In addition to out-of-the ground construction, the Contractor has performed interior restorations for dozens of schools in the past decade alone, including the Inwood Academy for Leadership Charter School, Candlewood Middle School, and multiple school buildings for the Garden City public schools.

Construction Contract

The Construction Contract includes a fixed guaranteed price agreement set forth in the AIA A133 – Guaranteed Maximum Price Amendment, dated November 7, 2022 (“GMP”) to construct the New Facility at a contract price of \$53,996,358 (with GMP allowance values of \$6,390,153 and GMP hold values of \$281,500 that are included in and not in addition to the contract price) with the ability of the Charter School to request change orders as described below. Upon execution of the Construction Contract, the Contractor became contractually bound to provide labor and materials for the New Facility and to complete construction at the fixed price by October 7, 2024, subject to adjustments as contained in the Construction Contract and including change orders, subject to certain alternates limitations and exclusions as set forth therein. The GMP price includes all costs of the work and further development reasonably inferable from the contract documents, drawings and specifications. Such further development does not include changes in scope, systems, kinds and quality of materials, finishes, or equipment, all of which, if accepted and approved by the Charter School, shall be incorporated by change order. The GMP includes a contingency equal to 2.5% of the estimated cost of the work (the "Construction Contingency"). The Construction Contingency is established for the Contractors exclusive use to pay costs of the work, but not specifically itemized in the GMP summary and not includable in a change order. The Contractor will review all Construction Contingency expenditures with the Charter School on a monthly basis prior to spending to obtain the Charter School’s approval. If the Construction Contingency has been fully expended, the Construction Manager shall exclusively bear such costs which, but for exceeding the amount of the Construction Contingency, would otherwise have been deducted from the Construction Contingency. Liquidated damages will not be included in the Construction Contract.

The GMP is subject to additions and deductions by change order as provided in the Construction Contract and the completion date shall be subject to adjustment as provided in the Contract Documents.

The Loan Agreement provides that the Charter School shall cause the New Facility to be completed in accordance with the terms of the AIA A133-2019 Standard Form of Agreement between Charter School and the Contractor. In the event that a change order issued under the GMP Contract causes the total cost of the New Facility to exceed \$53,996,358.00 (the “Contract Sum”), such change order shall be subject to the prior approval of the Trustee. The Trustee shall approve any such Change Order upon the receipt of (1) funds for deposit in the Project Fund (Taxable) in an amount sufficient to pay the additional amount required by the change order above and beyond the Contract Sum, and (2) a certificate from the Charter School’s architect that such change order will not negatively impact the New Facility’s capacity to house up to 750 students at the 5th grade through 12th grade levels as originally designed and intended by the Architect.

The Charter School will require the Contractor to provide a Subcontractor Default Insurance (SDI) policy for the project. Such SDI policy will be in lieu of a performance bond. The SDI policy is a two-party agreement between the Contractor and the insurer who issues the SDI policy in which the insurer undertakes to indemnify the Contractor against loss resulting from a subcontractor default. The SDI policy term is March 1, 2022 through March 1, 2024 and shall be issued by Hudson Excess Insurance Company in favor of the Contractor and shall have an aggregate limit of \$50,000,000. The SDI policy only covers subcontractor defaults and does not provide the Charter School, nor the Holders of the Series 2022 Bonds, with protection against a default by the Contractor. The SDI policy gives control to the Contractor, as the insured, to expedite recovery and maintain the project schedule while providing coverage for extended overhead, inefficiencies and delay costs. The coverage is triggered by a subcontractor default without need for a court decision. Accordingly, by insuring the Contractor, the SDI policy provides indirect benefits to the Charter School and the Bondholders. The Charter School will not have the ability to submit a claim against the SDI policy and the SDI policy will not protect against subcontractor’s filing mechanics liens against the New Facility.

The construction of the improvements for the New Facility described herein is generally subject to all typical construction related risks. Such risks include, among others, labor disputes, defective building materials, schedule delays, shortages in various labor trades, fire or other property or casualty damage, unanticipated subsoil conditions and financial difficulties on the part of or disputes with a construction manager, key suppliers, contractors or subcontractors. There can be no assurance that construction problems of the types described above, or other problems, will not frustrate the planned completion of any part of the project.

Despite the above-described precautions, there are always risks associated with new construction. See generally “RISK FACTORS.” For example, even though the Construction Contract will contain a stipulated sum, there can be no guaranty that actual construction costs will not exceed such amount, and hence exceed the amount available to the Charter School for construction purposes. Further, contingency amounts may be insufficient to cover additional costs arising due to factors such as unforeseen site conditions or contract omissions.

There are potential risks relating to environmental liability associated with the ownership or operation of, or secured lending with respect to, any real property. See “APPENDIX B: Phase I and Phase II Environmental Studies” for a summary of environmental assessments previously performed on the Land.

Architect

The Charter School entered into an agreement (the “Architect Agreement”) with Martin Hopp Architect PLLC located at 250 W. 24th Street, New York, New York (the “Architect”), pursuant to which the Architect has agreed to perform certain design and construction administration and management tasks with respect to construction of the New Facility. Founded in 2013, the Architect has built a wide-ranging portfolio consisting of educational, commercial and residential projects. Notably, the Architect has worked extensively with Ascend Public Charter Schools in Brooklyn on fourteen projects.

Under the Architect Agreement, the Architect is required to design the New Facility in accordance with all local, state, and federal codes and standards. Moreover, the Architect is required to perform certain ongoing administrative responsibilities, including visiting the site at appropriate intervals to become familiar with the progress and quality of work, reviewing and certifying amounts due to the General Contractor, and advising the Charter School in writing regarding rejection of non-conforming work. The Architect and Owner’s Representative (defined below) will provide sign-off on construction fund disbursements.

Owner’s Representative

The Charter School has entered into an agreement (the “Owner’s Representative Agreement”) with NorthStar Museums and Education, a Pennsylvania based LLC (the “Owner’s Representative”), pursuant to which the Owner’s Representative has agreed to monitor and advise the Charter School regarding the status of the construction schedule and cost, as well as the quality of design and construction. In this role, the Owner’s Representative will provide project oversight to facilitate the Charter School’s review of the ongoing viability of construction from a cost perspective, as well as provide the Charter School with input and options regarding alternatives for enhanced economic efficiency and cost savings proposals, including coordinating lien waivers from contractors. In this role, the Owner’s Representative will also assume responsibility for all day-to-day communications, inquiries and information requests from project vendors. Both the Architect and Owner’s Representative are responsible for reviewing and approving Project construction invoices. The Owner’s Representative has managed multiple charter school expansion and construction projects totaling over two million square feet of charter school space including the Classical Charter Schools, Philip’s Academy Charter School, and the Academy of Urban Leadership Charter School.

The Construction Contract, Architect Agreement and Owner’s Representative Agreement will be collaterally assigned to the Trustee. Copies of the Construction Contract, Architect Agreement and Owner’s Representative Agreement are available upon request.

Permitting, Design and Construction Schedule

Pursuant to Education Law § 2852(9-a), Evergreen Charter School is only subject to limited local zoning review for the purposes of locating the New Facility. In connection with the New Facility, the Village of Hempstead Planning Board granted the Charter School site plan approval on September 19, 2022. The Charter School filed appropriate water, sewer and traffic plans with Nassau County and the Nassau County Department of Public Works conditionally approved the Charter School’s application with respect to the New Facility pursuant to General Municipal Law § 239-f on October 25, 2022. The Department of Public Works granted conditional approval on October 25, 2022 subject to the to the submission of documentation related to the installation of APS (accessible pedestrian signals) Traffic Signal Plans and Pavement Marking Plans and contacting the Nassau County Department

of Public Works, Permits Division, prior to commencing construction as County work permit(s) may be required. The Installation of the APS and the tie in of traffic signals to the County's network is expected to coincide with the final stages of construction and will require feedback from the County. The Pavement Markings will be determined and installed based on the ultimate location of the pedestrian ramps crosswalks and signals.

The Architect, Martin Hopp, has completed construction documents and submitted stamped and signed drawings for review to the Village of Hempstead Building Department on July 13, 2022. The building permit necessary for the construction of the facility is expected be issued by December 15, 2022.

The construction of the New Facility is not subject to any other local discretionary approvals.

The Architect completed architectural construction documents for the New Facility and a fixed price contract was entered into on October 18, 2022.

Despite the above-described precautions, there are always risks associated with new construction. See generally "RISK FACTORS – Construction Costs and Completion of Construction." For example, even though the Construction Contract contains a fixed price, there can be no guaranty that actual construction costs will not exceed such amount, and hence exceed the amount available to the Charter School for construction purposes. Further, contingency amounts may be insufficient to cover additional costs arising due to factors such as unforeseen site conditions or contract omissions. In addition, although a Subcontractor Default Insurance policy will be required to protect against costs associated with transferring a project to a new contractor, disputes can arise as to their enforcement and in any event they cannot protect against timing delays when projects run into difficulty (due to performance of contractors or any other reason). Such timing delays could cause operational difficulties for the Charter School.

There are potential risks relating to environmental liability associated with the ownership or operation of, or secured lending with respect to, any real property. See "APPENDIX B-1: ENVIRONMENTAL ASSESSMENTS" for a summary of environmental assessments previously performed on the New Facility.

Charter

General

The New York State Education Law provides for the creation of charter schools to provide opportunities for teachers, parents, and community members, and to establish and maintain schools that operate independently of existing schools and school districts in order to: (i) improve student learning and achievement; (ii) increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are at-risk of academic failure; (iii) encourage the use of different and innovative teaching methods; (iv) create new professional opportunities for teachers, school administrators and other school personnel; (v) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and (vi) provide schools with a method to change from rule-based to performance-based accountability systems by holding charter schools accountable for meeting measurable student achievement results. A charter governs such matters as the recipient's authority to operate, student performance, financial management, and governance and operations. Pursuant to New York State Education Law § 2851-1-3, the term of a proposed charter cannot exceed five years.

The Charter School received its original charter from the Board of Regents of the State of New York, for and on behalf of the State Education Department on January 13, 2009 for a five-year term through and including January 12, 2014. The Charter School received charter renewals for a First Renewal Term from January 13, 2014 to June 30, 2014, a Second Renewal Term from July 1, 2014 to June 30, 2017, a Third Renewal Term July 1, 2017 to June 30, 2022 and a Fourth Renewal Term July 1, 2022 to June 30, 2025.

Summary of NYSED Renewal Site Visit Report – June 10, 2022

The NYSED Charter School Office (CSO) conducted a renewal site visit of the Charter School in December 2021. The CSO team conducted interviews with the Charter School's leadership, teachers, staff, students, and parents, reviewed various due diligence items produced by the Charter School, and observed classrooms. The CSO evaluated

the Charter School using NYSED’S 2015 Charter School Performance Framework Rating which outlines ten benchmarks in three key areas of charter school performance: (1) educational success, (2) organizational soundness, and (3) faithfulness to charter and law.

Although the Report concluded that the Charter School met eight of the ten benchmarks, it rated the school as “Approaches” in one benchmark and “Falls Far Below” in another benchmark. The complete Report can be accessed at the NYSED website through this link: <http://www.nysed.gov/common/nysed/files/programs/charter-schools/evergreenren2022.pdf>

A brief description of the CSO’s determination under each benchmark is provided below.

Benchmark 1 - Student Performance: Over this charter term, the trajectory for this benchmark has been a Meets, due to consistently high student proficiency rates relative to the district of location. The Charter School currently serves kindergarten through Grade 10, but the most recent NYSTP 3-8 Assessment data is from school year (SY) 2018-2019, since state assessments were not administered in SY 2019-2020 due to the COVID-19 pandemic, and 2020-2021 data are based on limited student participation in state assessments. The Charter School received a “meets” rating for BM 1 on the CSO 2020 Mid-term Site Visit Report, and from SYs 2015-2016 to 2018-2019 state assessment data show student proficiency rates at significant double digit percentage points above Hempstead UFSD. The 2018-2019 administration of the NYSTP 3-8 Assessments for ELA showed “all student” proficiency at 23 percentage points above the district of location (DoL); students with disabilities (SWD) proficiency at 15 percentage points above the DoL; and English language learner (ELL) proficiency at 20 percentage points above the DoL. Proficiency data from the 2018-2019 NYSTP 3-8 Assessments in mathematics showed performance of “all students” 20 percentage points above the DoL; SWD proficiency in math was seven percentage points above the DoL; and ELL proficiency was 18 percentage points above the DoL.

Benchmark 2 - Teaching and Learning: Over this charter term, the trajectory for this benchmark has been a Meets, due to consistently effective instructional practices, careful curricular planning, attention to standards-based and data-driven instruction, and generally strong student supports.

Benchmark 3 - Culture, Climate, and Family Engagement: Over this charter term, the trajectory for this benchmark has declined from an Exceeds to a Meets. The Charter School still has consistently high levels of family and community engagement, a nurturing school culture, and careful attention to student and family social-emotional needs.

Benchmark 4 - Financial Condition: Over this charter term, the trajectory for this benchmark has been consistent as a Meets, due to annual composite scores indicating good financial health. The Charter School appears to be in very good financial condition as evidenced by performance on key indicators derived from Evergreen’s independently audited financial statements. A financial composite score is an overall measure of financial health based on a weighting of primary reserves, equity, and net income. A charter school with a score between 1.5 and 3.0 is generally considered to be in good financial health. The Charter School’s 2020-2021 composite score is 2.55.

Benchmark 5 - Financial Management: Over this charter term, the trajectory for this benchmark has been consistent as a Meets, as the independent auditor has not identified deficiencies in internal controls that could be considered material weaknesses. NYSED CSO reviewed the Charter School’s 2020-2021 audited financial statements to determine whether the independent auditor observed sufficient internal controls over financial reporting. The auditor did not identify deficiencies in internal controls that could be considered material weaknesses.

Benchmark 6 - Board Oversight and Governance: Over this charter term, the trajectory for this benchmark has declined from a Meets to an Approaches based on the need for developed capacity and expertise in K - Grade 12 instruction and school management.

Benchmark 7 - Organizational Capacity: Over this charter term, the trajectory for this benchmark has improved to a Meets, due to the Charter School’s effective academic leadership team and its healthy professional climate.

Benchmark 8 - Mission and Key Design Elements: Over this charter term, the trajectory for this benchmark has been consistent as a Meets, due to fidelity to the Charter School’s mission and key design elements. Charter School stakeholders share a common and consistent understanding of the Charter School’s mission and key design elements

outlined in the charter. The Charter School has fully implemented the key design elements in the approved charter and in any subsequently approved revisions.

Benchmark 9 - Enrollment, Recruitment, Retention: Over this charter term, the trajectory for this benchmark has been consistent as a Meets. ELL enrollment remains below the district of location for most years of the charter term, albeit within the single-digit range. Evergreen consistently maintains sufficient enrollment demand for the Charter School to meet the enrollment plan outlined in its charter. ELL enrollment has been below the DoL for all but one year of the charter term, and in May 2021 the Charter School was issued a Notice of Concern for failing to enroll a comparable number of ELLs (minus six percentage points in SY 2019-2020) when compared to the DoL. SY 2020-2021 data likewise indicates ELL enrollment at six percentage points below the district. In its renewal application, the Charter School outlined various recruitment strategies to attract and retain subgroup populations. The Charter School renewal application asserts that the director of finance and operations provides data on recruitment efforts, and enrollment outcomes and trends are responded to “in a targeted way.”

Benchmark 10 - Legal Compliance: Over this charter term, the trajectory for this benchmark has declined from an Approaches to a Falls Far Below, due to non-compliance or lack of oversight regarding revision requests, facility use, school policy documents, and attention to board requirements, including board conflict of interest and financial disclosure forms.

According to the report, the Charter School has failed to provide the CSO with accurate and consistent information regarding the number of facilities and parcels it leases, owns, is acquiring, and actively uses. In response to a January 2022 request, the Charter School reported it owns six properties and leases four at the time. All but one of the six facilities acquired by the Charter School were obtained without the knowledge or approval of the CSO, and the Charter School’s annual reports fail to accurately reflect the number, location, and planned use of its facilities. As of the date of this report, NYSED is investigating a formal complaint filed by the Hempstead Union Free School District against the Charter School, alleging violations of the charter and the law related to the Charter School’s facility in Franklin Square, NY. See “APPENDIX B: Investigations.” See also “RISK FACTORS - Hempstead UFSD Complaint” in this Official Statement for additional information regarding the Hempstead UFSD Complaint.

Multiple school policies require revisions to be in compliance with state laws and regulations. In May 2021, the Charter School was issued a Notice of Deficiency with Request for a Corrective Action Plan for holding and scheduling fewer than twelve board of trustee meetings per year. Based on information submitted with the school’s annual reports, fewer than twelve meetings were held for all but two calendar years between SY 2011- 2012 and SY 2019-2020. After being apprised of this concern by the CSO, only eleven meetings were reported held in 2018-2019 and 2019-2020. Also, in May 2021, the CSO issued the Charter School a Notice of Concern for: Failing to enroll a comparable number of ELLs (minus six percentage points in SY 2019-2020) when compared to the DoL. Failing to follow charter school revision requirements by not seeking CSO approval for charter revisions and implementing them without CSO approval, particularly as concerns changes to its staffing structure and facility, moves, purchases, and leases.

In May 2021, the Charter School submitted a CAP for its annual board meeting deficiency. The CAP was accepted in June 2021 after the CSO requested revisions multiple times, and will be terminated when the school has a record of maintaining monthly board meetings for one school year following issuance of the CAP. The renewal application asserts that deficiencies related to the number of board of trustees’ meetings and classification of uncertified teachers have been resolved for the upcoming charter term. The Charter School has submitted a charter revision to lease a space in Hempstead that will be used to house the grades that are currently in the Franklin Square School District and as a “swing space” during construction of the New Facility. This move will bring all grades back into Hempstead while the construction project progresses and is currently under CSO review.

As of the 2022-2023 school year, all Charter School facilities are located within the Village of Hempstead. All facilities as well as land owned by the Charter School have been entered into the New York State Charter School Portal for review and approval as necessary. See “Investigations” on B-44.

School's Response to NYSED Report and Action Plan Summary

The Charter School furnished a response to the CSO's report which was initially released as dated May 26, 2022. The Charter School identified factual errors and disputed some representations contained in the report. CSO revised the report with respect to some of the Charter School's comments and the Charter School received the revised report on June 10, 2022.

In addition, the Charter School was required to submit an Action Plan to the CSO within three weeks of receiving the final site visit report. The Action Plan outlines steps the Charter School will take to meet the framework standards and ten benchmarks as evaluated by CSO. The Charter School's Action plan to meet or continue to meet each benchmark is summarized below.

The description of the Charter School's Action Plan set forth below contains statements which should be considered "forward-looking statements" that are generally identifiable by the words such as "intend," "expect," or similar words. The achievement of certain expectations contained in such forward-looking statements involve uncertainties which may cause actual results to be materially different from the performance implied by such forward-looking statement.

Benchmark 1 - Student Performance: The Charter School's administration intends to continue to engage in data-driven instruction, using strategies such as administering i-Ready diagnostics and standards mastery assessments/growth monitoring in grades K-8 in ELA and math to support student achievement. This approach is intended to lead to strong performance on the NYS exams each year. At the middle and high school level, The Charter School intends to focus on using Depth of Knowledge (DOK) to support academic rigor and to help teachers ask higher order thinking questions. The Charter School intends to continue to scale the high school and will develop and implement high-quality courses through 12th grade. This fall the school will enroll students in the 11th grade, and the first graduating class of seniors will enroll in 2023-24.

Benchmark 2 - Teaching and Learning: The Charter School's administration intends to continue to implement co-teaching in classrooms. Evergreen intends to continue to implement the workshop model with fidelity, which is a key design element. The Charter School intends to continue to offer robust supports for students with IEPs/504 Plans and students who are learning English as a New Language.

Benchmark 3 - Culture, Climate, and Family Engagement: The Charter School's administration intends to continue to use a whole-child approach to behavior management with a focus on positive incentives and restorative practices. Parent engagement will remain a priority. Throughout the school year, parents will be invited to attend parent-teacher conferences, participate in Board meetings, attend functions such as concerts and cultural events, and participate in parent workshops on a variety of topics related to school and everyday life. Professional Development (PD) will be provided and focus on social-emotional learning.

Benchmark 4 - Financial Condition: The Charter School's administration intends to maintain a composite score above a 1.5 each year, through the careful management of the school's resources. The Charter School intends to remain in compliance with best practices for working capital. The Board's Treasurer and Finance Committee expects to be responsible for helping to ensure stable working capital to meet current needs. The Charter School's CPA is expected to continue to support the leadership and Board to ensure the Charter School remains fiscally sound. The Board intends to continue to receive and review financial statements prepared by the CPA which provide detailed data.

Benchmark 5 - Financial Management: The Charter School's administration intends to continue to hire a reputable and experienced auditor to complete an annual audit in a timely manner. This audit is expected to be conveyed to NYSED each year as part of the annual reporting process. The Charter School's Board, Director of Finance and Operations, and CPA remain aware of the issues that have surfaced in the past with local school districts refusing to pass per-pupil revenue to the Charter School in accordance with the law. The Charter School intends to continue to communicate with NYSED and requests intercepts when necessary to ensure all student revenue is received. The Board intends to continue to use thoughtful, sound budgeting strategies to provide exemplary long-term fiscal direction to the Charter School.

Benchmark 6 - Board Oversight and Governance: The Charter School's Board intends to undertake a review, supported by legal counsel, of the school's policies to identify areas for improvement. While the Charter School has maintained up to date policies throughout its charter, these were not entered into the new recent portal system created by the Charter School Office in December 2020. The Charter School intends to ensure that policies are submitted via the portal. A Board Policy Manual is expected to be created to house each updated policy in one place, and this will be submitted to NYSED, via the portal, in accordance with revision guidance provided by the school's liaison. The Board intends to establish an updated strategic action plan. A Board training is intended be held, facilitated by a charter school expert, to provide professional development to the Board of Trustees in regard to compliance and the obligations of charter schools per New York's laws and regulations.

Benchmark 7 - Organizational Capacity: To support the high school expansion, the Charter School hired a consultant in 2021 with extensive capacity who has relevant experience to serve as an advisor and thought partner to the Principal and High School Director. This strategy is expected to continue into 2022-23. The Charter School intends to continue to use the Danielson Framework for Teaching (FFT) to support professional growth and development among instructional staff.

Benchmark 8 - Mission and Key Design Elements: The Charter School's administration intends to continue to prioritize daily school programming that highlights and integrates language instruction in Spanish for all students, the celebration of cultures, with an emphasis on Hispanic culture, and culturally diverse activities and instructional resources. The Charter School intends to continue to employ an emphasis on being a "Green" school that integrates the study of ecology throughout the curriculum. The Charter School intends to continue to promote healthy life choices. Evergreen intends to hold workshops for families on topics such as health and nutrition each month throughout the school year.

Benchmark 9 - Enrollment, Recruitment, Retention: The Charter School's administration intends to continue to proactively conduct outreach and recruit students who are English language learners. The Charter School intends to continue to maintain sufficient enrollment demand for the school with the goal of ensuring meeting its enrollment plan and having a diverse student body. The Charter School has established systems in place to ensure students' retention remains strong. Effective programming to meet the needs of ELLs, students who are identified as at-risk academically, students who are economically disadvantaged or housing insecure, and students who have IEPs, continues to be implemented.

Benchmark 10 - Legal Compliance: The Charter School's administration intends to ensure the CSO is kept informed about the facilities plan and will continue to make progress toward completion of the construction project to house upper grades in a permanent facility. The Charter School was unaware that it had to enter all of its properties in the new portal system that was introduced in December of 2020. As of May 2022, all properties are listed in the portal. This is intended to be kept updated. Additionally, the Charter School better understands how to fill out annual report forms to document each property. The Charter School was also unaware it had to document locations on its annual report that were vacant, not used by students. The Charter School intends to ensure the Board meets each month every year. As of June 2022, more 14 Board meetings were held for the school year 2021-2022 school year, and a minimum of one was held each month. The Charter School also held meetings each month during the 2020-2021 school year. The Charter School looks forward to confirming with NYSED that the Notice of Deficiency and Corrective Action Plan have been satisfied. The Charter School's Board intends to undertake a review, supported by its consultant attorney from Barton Gilman, of the Charter School's policies to identify areas for improvement.

Charter Renewal

Under the terms of the New York State Education Law, charters may be renewed, upon application for renewal, for a term of up to five years. In connection with charter renewal, New York State Education Law requires applicants to submit:

- (i) A report of progress in achieving the educational objectives set forth in the charter;
- (ii) A detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private;

- (iii) Copies of each of the annual reports of the charter school required by the Charter Schools Article of the New York State Education Law, including charter school report cards and certified financial statements;
- (iv) Indications of parent and student satisfaction; and
- (v) The means by which the charter school will meet or exceed enrollment and retention targets as prescribed by the board of regents, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced-price lunch program which shall be considered by the board of regents prior to approving such charter school's application for renewal.

The New York Education Law requires that charter renewal applications be submitted to the charter entity no later than six months prior to the expiration the Charter; provided, however, that the charter entity may waive the deadline for good cause shown. The Charter provides that no later than the first of July in the year prior to expiration of such charter, the Charter School may provide the Board of Regents with an application to renew such charter. When a charter entity determines not to renew a charter it may seek to have operations at the charter school cease as of the time of the non-renewal determination, meaning, as a practical matter, in some cases a charter schools may cease operations a semester earlier than the stated term of the non-renewed charter would otherwise allow.

Charter Revocation

A charter may be terminated by the charter entity upon any of the following statutory grounds:

- (i) If the charter school's outcome on student assessment measures adopted by the Board of Regents falls below the level that would allow the Commissioner of Education to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three school years;
- (ii) Serious violations of law;
- (iii) Material and substantial violation of the charter, including fiscal mismanagement;
- (iv) When the public employment relations board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of subdivision one of § 209-a of the civil service law involving interference with or discrimination against employee rights under article fourteen of the civil service law; or
- (v) Repeated failure to comply with the requirement to meet or exceed enrollment and retention targets of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced-price lunch program pursuant to targets established by the Board of Regents.

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

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

The Board of Regents may place a charter school falling within the provisions of subdivision one of this section on probationary status to allow the implementation of a remedial action plan. The failure of a charter school to comply with the terms and conditions of a remedial action plan may result in summary revocation of the school's charter.

See “RISK FACTORS - Hempstead UFSD Complaint” in this Official Statement for a discussion regarding a complaint to the NYS Commissioner of Education alleging the Charter School was in violation of Education Law and its charter.

Governance and Management

The Charter School operates as a New York education corporation and as such is governed by the law applicable to such entities as well as its bylaws. The Charter School's bylaws provide that the Charter School is managed, controlled and directed by a board of trustees (the “Board”). The Board ensures all systems and structures are in place for an effective operation. The Board also oversees and assesses the Charter School's educational progress and works to raise funds to meet operational and capital needs, including managing and developing the annual operational budget and demonstrate financial viability to an independent auditor.

Board of Trustees

The Charter School's Bylaws provide that the Board shall conduct or direct the affairs of the Charter School and exercise its powers, subject to the New York Education Law (the “Education Law”), the New York Not-for-Profit Corporation Law (the “NPCL”), the Charter School's charter and bylaws. The Board shall have all such powers enumerated for boards of directors under the Education Law, the NPCL, the Charter School's Charter and these Bylaws, including, but not limited to, the following specific powers: to elect and remove Trustees; to select and remove Officers, agents and employees of the Charter School; to prescribe powers and duties for them; and to fix their compensation; to conduct, manage and control the affairs and activities of the Charter School, and to make rules and regulations; to enter into contracts, leases and other agreements which are, in the Board's judgment, necessary or desirable in obtaining the purposes of promoting the interests of the Charter School; to carry on the business of operating the Charter School and apply any surplus that results from the business activity to any activity in which the Charter School may lawfully engage; to act as trustee under any trust incidental to the Charter School's purposes, and to receive, hold, administer, exchange and expend funds and property subject to such a trust; to acquire real or personal property, by purchase, exchange, lease, gift, devise, bequest, or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, convey or otherwise dispose of such property; to borrow money, incur debt, and to execute and deliver promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities, subject to the provisions of the NPCL and any limitations noted in the Bylaws; to indemnify and maintain insurance on behalf of any of its Trustees, Officers, employees or agents for liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, subject to the applicable provisions of the NPCL and the limitations noted in the Bylaws; to approve the mission statement and policies that guide management and implementation of the Charter School's programs.

The Board shall consist of not less than seven or more than fifteen trustees. The Board shall be divided into three classes as nearly equal in number as possible for purposes of staggering their terms of office. The terms of office of the first class expire at the first succeeding annual meeting of the Board, the second class at the second succeeding annual meetings and the third class at the third succeeding annual meeting of the Board. Following the expiry of these initial terms, the term of each Board trustee shall continue for three years.

An annual meeting shall be held in the month of June of each year for the purpose of electing Trustees making and receiving reports on corporate affairs and transacting such other business. The Board holds at least ten business meetings annually to conduct, manage, and control the affairs and activities of the Charter School. Presently, the Board oversees the following committees: Executive, Finance, Education and Accountability, and Personnel. Currently, there are eight Board Trustees. Brief biographical information pertaining to current trustees of the Board is provided below.

Gil Bernardino, Board Chair

Gil Bernardino co-founded Evergreen Charter School in 2008, together with his wife, Dr. Sarah Brewster. He currently serves as the President of the Board of Trustees. He has dedicated his life to the service of others and has an accomplished career encompassing strengths in administration and management of a non-profit social service agency. Mr. Bernardino worked as teacher in Madrid before moving to New York in 1974. In 1980, Mr. Bernardino founded Circulo de la Hispanidad, a not-for-profit organization based in Long Island. The organization has offices in Long Beach and Hempstead and provides education, youth, housing, domestic violence, HIV/AIDS, a food pantry, recreation and cultural programming for the community. Mr. Bernardino has extensive experience in administration, education, management, fundraising, and development. He started Circulo de la Hispanidad with a small grant of \$20,000 and now the organization serves over 5,000 individuals annually and with a budget over \$3,000,000. Together with Dr. Brewster he oversaw the construction of New York's first Gold LEED facility built by a 501(c)(3) organization. In his current role as President of the Board of Trustees, he works closely with administration to support the implementation and vision of the Charter School. He has been instrumental in helping the Charter School plan for its expansion and growth including its New Facility. His knowledge of budgets, finances, administration, education, and the community provide vital support for the Charter School.

Sarah Brewster, Vice Chair

Dr. Sarah Brewster is the Co-Founder and Vice President of the Board of Evergreen Charter School. Dr. Brewster holds a Bachelor's degree from Cornell University, Master degrees from Columbia University in Social Work and Philosophy, as well as a Doctorate degree from Columbia University in Educational Policy. She also holds her Juris Doctorate from Hofstra University. Dr. Brewster has combined her social work, education, and law degrees to work for social justice, education and environmental causes both on Long Island and throughout the world. She has extensive experience as a community advocate in her role working with immigrant and minority communities on Long Island. She also is an experienced administrator and grant writer and has secured millions of dollars in funds for Circulo de la Hispanidad and Evergreen Charter School over tenure with both institutions. In addition, she has expertise overseeing the development of Circulo de la Hispanidad's 35,000 square foot gold LEED facility in Hempstead. Dr. Brewster brings a wealth of knowledge to the board in her role as Vice Chair. She is deeply involved in the community and is attuned to the culture and needs of the community.

Jose Canosa, Treasurer

Jose Canosa is the Treasurer of the Board of Evergreen Charter School. Mr. Canosa has served on the Board since 2012 with the Executive, Finance, and Education and Accountability Committees. Mr. Canosa is an attorney. He worked at Legal Aid for ten years helping vulnerable populations. His legal expertise and expertise in the field of special education is a valuable asset to the Board.

Gladys Rodriguez, Member

Gladys Rodriguez is the Secretary of the Board of Evergreen Charter School. Ms. Rodriguez has served on the Board since 2009 with the Executive, Finance, and Personnel Committees. Ms. Rodriguez works for the Nassau County Department of Social Services. Her involvement in many diverse projects and organizations over the years has given her a wealth of knowledge. She is a former Trustee with the Village of Hempstead and is extensively involved in the community. Ms. Rodriguez is also the Executive Vice-President of the CSEA local 830 Nassau County Department of Social services of approximately 1,000 employees.

Nancy Iglesias, Member

Nancy Iglesias is a Member of the Board of Evergreen Charter School. Ms. Iglesias has served on the Board since 2012 with the Executive, Personnel, and Education and Accountability Committees. Ms. Iglesias works in marketing and consulting specializing in strategic management and is the owner of N Studios. Ms. Iglesias brings her knowledge as a member of the Babylon Village Zoning Board of Appeals to Evergreen in addition to her knowledge as a business entrepreneur and community supporter.

Yvonne Mowatt, Member

Yvonne Mowatt is a Member of the Board of Evergreen Charter School. Ms. Mowatt has served on the Board since 2009 with the Executive, Finance, and Personnel Committees. Prior to her retirement, Ms. Mowatt worked as an executive in the financial industry and as an administrator for the Girl Scouts of Nassau County. Her knowledge of the community has been fundamental to Evergreen's growth.

Ariel Sotelo, Member

Ariel Sotelo is a Member of the Board of Evergreen Charter School. Mr. Sotelo has served on the Board since 2009 with the Executive, Finance, Personnel, and Education and Accountability Committees. Mr. Sotelo works at Circulo de la Hispanidad. His background in the legal field has lent support to Evergreen. In addition, he is also active in the community and bring community knowledge to the project.

Luis Ras, Member

Luis Ras is a Member of the Board of Evergreen Charter School. Mr. Ras has served on the Board since 2009 with the Executive and Personnel Committees. Mr. Ras works as an attorney and is a developer and manager of a housing development. His legal, managerial and developer experience is a huge asset to Evergreen.

The Table B-4 below summarizes the membership and terms of office of the Charter School's board members.

TABLE B-4: SUMMARY OF BOARD MEMBERS				
Name	Position	Profession	Year Joined	Current Term Expiration
Gil Bernardino	Chair	Executive Director, Círculo de la Hispanidad	2009	2023
Jose Canosa	Treasurer	Attorney	2012	2024
Sarah Brewster	Vice Chair	Chief Director of Services and Operations, Círculo de la Hispanidad	2009	2024
Gladys Rodriguez	Secretary	Human Services Advocate	2009	2025
Nancy Iglesias	Member	Marketing and Consulting	2012	2023
Yvonne Mowatt	Member	Retired Financial Executive	2009	2024
Ariel Sotelo	Member	Housing Director, Círculo de la Hispanidad	2009	2023
Luis Ras	Member	Attorney/Property Management	2009	2023

Conflict of Interest Policy

Pursuant to the terms of the Charter, the Board requires that each trustee, who has served on the Board during an academic year, file a Disclosure of Financial Interest by a Non-for-Profit Charter School Education Corporation Trustee Report (the "Disclosure Report") with the Board of Regents. The Disclosure Report must set forth and attest to transactions between the Charter School and a trustee and any entity with which such trustee is affiliated, as such transactions may be defined by the Board of Regents.

The Charter School's Code of Ethics prohibits its Trustees, officers and employees from engaging in any "self-dealing transactions," except as approved by the Board. "Self-dealing transaction" means a transaction to which the school is a party and in which one or more of the Trustees has a material financial interest. Any Trustee or officer having an interest in a contract, other transaction or program presented to or discussed by the Board of Trustees for authorization, approval, or ratification shall make a prompt, full and frank disclosure to the Board of his or her interest prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known

to such person about the contract or transaction, which might reasonably be construed to be adverse to the Board's interest. Trustees, officers, or employees of any single external organization shall hold no more than 40 percent of the total seats comprising the Board of Trustees. Trustees shall not use his or her position with the Charter School to acquire any gift or privilege worth \$50 or more that is not available to a similarly situated person, unless that gift is for the use of the Charter School. Trustees shall report to the Board of Trustees their acceptance of any gift or privilege worth \$25 or more from any person or organization that is or may potentially do business with or provide services to the Charter School. Such reporting must occur at the next board meeting following receipt of the gift.

The CSO's site visit report raised conflict of interest concerns over board members who have an association with Circulo de la Hispanidad, which CSO claims were not addressed to their satisfaction. Circulo de la Hispanidad is a not-for-profit which is the landlord of the Charter School's location at 605 Peninsula Boulevard. The Charter School responded that the three board members who are associated with Circulo de la Hispanidad have had such association since the inception of the Charter School in 2009, and that the Charter School is unclear how to further address the issue to CSO's satisfaction. The Charter School also furnished adequate information to the CSO in response to their concern over a board member who had a family member employed by the Charter School.

Committees of the Board of Trustees

The Charter School's Bylaws state that the Board, by resolution or resolutions adopted by a majority of the entire Board, may create a committee of the Board for any purpose, and the Board shall appoint members to and designate the chairs of such committees. A committee of the Board will consist of not fewer than three Trustees, who shall serve at the pleasure of the Board, except that any executive committee of the Board, if appointed, shall comprise not fewer than five Trustees. Current active committees include the following:

- **Finance:** This committee is responsible for selecting an audit firm on an annual basis, reviewing the Policies and Procedures manual on an annual basis, and reviewing the monthly financial statements.
- **Education and Accountability:** This committee supports the Executive Director/Principal in developing and evaluating the Charter School's educational program.
- **Executive:** This committee oversees charter compliance and accountability and reviews how to support the mission of the Charter School.
- **Personnel:** This committee is responsible for matters involving the Charter School's employees and hiring process.

Fiscal Policies and Operational Procedures of the Charter School

The Charter School is committed to developing and maintaining financial policies and operational procedures that ensure sound internal controls, fiscal responsibility, transparency and accountability in accordance with the generally accepted accounting principles ("GAAP") practiced in the United States, the rules and regulations established by the Financial Accounting Standards Board ("FASB"), and standard operational procedures for charter schools. The Charter School will follow all the relevant laws and regulations that govern charter schools within the City and State of New York. As a nonprofit organization, the Charter School is entrusted with funds granted by the Federal, State and City government agencies, corporate, philanthropic foundations, and individual contributors.

The Charter School's Finance Committee, led by the Board Treasurer, monitors the Charter School's financial management and works closely with the Director of Finance and Operations and the CPA to ensure the Charter School remains fiscally sound. The Board receives reports from the Director of Finance and Operations monthly, monitoring information about enrollment, receivables, and other financial information. The Board is responsible for setting the annual budget, monitoring actual spending in alignment with the budget, and for making important decisions about how to invest resources to best support the academic program. The Board carefully reviews the independent annual audit and has been engaged in the extensive process of acquiring land and constructing new facilities to ensure all grades K-12 are housed in safe and appropriate facilities in Hempstead. Every year the Charter

School must go through an independent 3rd party audit. Evergreen shares the NYSED Charter School Audit Guide with the independent auditor each year. Evergreen has never in its history had a significant deficiency or material weakness in internal controls reported to the Board by independent auditors.

Fiscal Year and Budgeting: The fiscal year of the Charter School is from July 1st to June 30th. The Board provides long-term direction through thoughtful, sound budgeting. The Board approves the operating budget from year to year, in addition to providing oversight and governance anytime new investments, projects or initiatives are considered. The Board also has provided long-term fiscal direction by actively supporting the strategic priority to expand grades through high school, which included the acquisition of land, site development, and the construction of a new building. The Board is actively involved in making decisions by providing authorizations, reviewing contracts, and approving expenditures.

Accounting System: The Board receives monthly financial information from the Director of Finance and Operations detailing overall financial condition and the status of receivables and payables. The Director of Finance and Operations reports directly to the Board of Trustees and ensures compliance with federal, state, and local government policies and procedures pertaining to finance and operations. Evergreen has a team of bookkeepers to implement the business operations of the Charter School. A contracted Certified Public Accountant (CPA) consultant also works closely with the Business Office and with the Director of Finance and Operations to ensure the Charter School remains compliant and fiscally viable. The CPA prepares financial reports and oversees the processing and reporting of financial activities for Evergreen. The CPA also develops and recommends internal controls designed to help safeguard assets and works with the Director to implement these controls.

In addition, the Board receives and reviews monthly financial statements prepared by the CPA which provide detailed data regarding the School's fiscal standing. The CPA compares the actual financial performance year-to-date to a year-to-date budget and explanations of the variances. The report also has a detailed financial projection to show variances and projected financial results as compared to the original approved budget. Management receives this same financial report on a monthly basis. The Board also receives reports directly from the Principal, and other key administrators to review academic data and other reports, which supports decision making about how to best support the educational program.

Records will be maintained for the periods sufficient to satisfy Internal Revenue Service ("IRS") regulations, federal grant requirements, Office of Management and Budget A-133 Compliance Statement audit requirements, if applicable, and other legal needs as may be determined. The Charter School's financial statements are audited annually by an independent audit firm selected by the Board.

Cash Management: The Charter School maintains a checking account, escrow account and savings account and has kept significant cash balances in savings to earn interest. The Charter School utilizes its accounts in a way that safely maximizes its overall interest income. Any irregularities shall immediately be reported to the Director of Finance and Operations.

Administration and Faculty

Listed below are members of the Charter School's key administrators, along with a brief description of the responsibilities of their respective positions and biographical information pertaining to each.

Elena Litescu – Acting Principal, Elementary (2-5) & High School Director

Elena Litescu is the Acting Principal for the Charter School. She is also the Director of the High School and Elementary School Grades 2-5. She previously served as the Assistant Principal for Grades K-3 from 2019 to 2020. Dr. Litescu leads the overall performance, management, and operation of the Charter School. She monitors the curriculum quality and ensures instruction and assessments are aligned to state standards. Dr. Litescu also provides relevant data and information to the Board of Trustees for support and oversight. Dr. Litescu received her Bachelor of Science in Education from Bucharest University and her Doctorate of Education from Northeastern University.

Christine M. Weigand – Elementary (K-1) School Director

Christine Weigand is the Elementary School Director Grades K-1 and has served in this role since 2018. Ms. Weigand previously served as the Director of Curriculum and Instruction at the Charter School from 2015 to 2018. Ms. Weigand oversees the daily operations of the Charter School, including reviewing lesson plans, facilitating staff meetings, organizing school programs and clubs, fostering relations with parents, and developing professional staff development strategies. Ms. Weigand received her Master of Science in Elementary Education from Long Island University.

Frances Echevarria – Middle School Director

Frances Echevarria was recently promoted to Middle School Director in 2022. Dr. Echevarria's background in psychology and organizational leadership has been a great support to the Charter School. Dr. Echevarria has previously served as an Assistant Principal in Polk County, Florida in addition to other capacities. She will oversee the Charter School's middle school students from grades 6 to 9, provide direct support and supervision to staff. She received her doctorate in organizational leadership from NOVA Southeastern University, and her Master's in psychology from New York University.

Ana Paulina Morrón – Director of Data and Attendance

Ana Morrón is responsible for Data at the Charter School in addition to other tasks. She brings over ten years of teaching and research experience to the Charter School. A Ph.D. candidate, Ms. Morrón, brings a wealth of knowledge and expertise to the Charter School and has provide direct support to staff helping to understand data to drive instruction. She is completing her doctorate at Rutgers University. She has a Bachelor of Arts in English and Religion from Williams College.

Lisett Knox – Director of Finance and Operations

Lisett Knox is the Director of Finance and Operations. As such, she is responsible for overseeing all finance and related operations. She works directly with Evergreen's CPA to oversee the finances of the Charter School. She manages payroll, human resources, and other related areas. In addition, she oversees all school operations including registration, facilities and related areas. She has been at the Charter School since 2013. Her background in finance and in human relations are a great asset to the Charter School.

Employees and Labor Relations

The Charter School currently has a staff size of over 198 employees, including administrators, specialty staff, teachers, kitchen and food services staff, maintenance and other professionals that support the operation of the Charter School. The Charter School retained approximately 95% of its staff from 2020-21 academic year to the 2021-22 academic year.

All of the Charter School's teachers, support staff and additional employees are employees of and are compensated by the Charter School. Teachers are employed pursuant to annual employment contracts. The Charter School believes that the faculty, administration and the Board have a strong and collaborative working relationship. The Charter School monitors its teachers and makes determinations about their ongoing status with the Charter School. The Charter School considers relations with the teachers to be excellent.

None of the employees are represented by any collective bargaining unit and there currently are no efforts to unionize. Full-time employees currently receive medical, vision, dental, life insurance, and accidental disability and dismemberment, as well as short-term and long-term disability insurance coverages at no cost. Eligible Charter School employees have the option of enrolling in the Charter School's retirement plan.

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The Table B-5 below contains a breakdown of the Charter School's employment numbers in various positions from the 2020-2021, 2021-2022, and 2022-2023 school year.

TABLE B-5: STAFF AND TEACHERS			
Category	2020-21	2021-22	2022-23
Leadership	4	5	6
Operations & Facilities	1	1	1
Administrative Staff	13	14	31
Teachers	36	43	55
Specialty Teachers	3	4	8
Math Specialists	3	3	4
Student Support Services	7	9	9
Foreign Language	8	9	11
Reading	3	3	3
Teacher ENL	6	8	10
Physical Education Teachers	4	5	6
Music Teachers	3	3.5	4
Teacher Spec Ed	5	7	8
Substitute Teachers	3	3	4
Lunch/School Aides	20	25	31
Chefs	5	6	7
Total	124	148.5	198

The Table B-6 below details the Charter School's teacher retention rate from the 2020-2021 school year to the 2021-2022 school year.

TABLE B-6: TEACHER RETENTION		
Employed at End of 2020-21	Teachers Who Returned in 2021-2022	Retention Rate
81	77	95%

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The Table B-7 below details the Charter School’s student to teacher ratio from the 2020-2021 school year to the 2021-2022 school year.

TABLE B-7: STUDENT TO TEACHER RATIO*		
Grade	2020-21	2021-22
K	8.8:1	8.7:1
1	8.8:1	8.7:1
2	8.8:1	8.7:1
5	8.8:1	8.7:1
6	8.8:1	8.7:1
7	8.8:1	8.7:1
8	8.8:1	8.7:1
9	8.8:1	8.7:1
10		8.7:1

Retirement Plan

The Charter School offers a 403 (b) plan for all full-time and part-time employees. Participation in the plan is voluntary. Employees can make pretax contributions up to IRS limits for each calendar year. The Charter School matches 100% of an employee’s contribution up to 5% of the employee’s annual compensation. For the years ended June 30, 2022 and 2021, the Charter School’s matching contribution were \$205,188 and \$220,426 respectively. Such plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the plan’s participants and beneficiaries.

COVID19 – Response and Preparedness

In response to the novel coronavirus (“COVID-19”), the Charter School implemented a reopening plan that aligns with the requirements of New York City’s Department of Health (“DOH”) rules and requirements. In planning for the school reopening, the Charter School gathered feedback and suggestions from all stakeholders (board members, students, all school staff members, parents and the local health department). When developing the reopening plan, the following actions were taken: (1) Reviewing ongoing guidance from federal, state and local agencies to make recommendations for compliance; (2) Ensuring prompt and clear communication regarding the reopening strategy for short and long term; (3) Establishing the infrastructure to conduct screenings with fidelity in various areas, such as academic, social and emotional well-being with the anticipation of regression; (4) Ensuring the students’ voices and parents’ feedback are considered before implementing any changes, and providing opportunities for these changes to be delivered systematically.

The Charter School’s reopening plan addressed the following three key areas:

Health and Safety – Maintaining the health, safety, and wellness for all of the Charter School’s constituents is paramount. Monitoring and prevention is a priority. Screenings for staff, students and visitors were conducted daily.

* Includes school support staff.

Parents were advised to check their child's temperature before sending them to school. A student with a fever or showing any signs of illness should be kept home.

Teaching and Learning – Maximizing student learning and the ability to thrive (achievement gap reduction, academic growth, class scheduling, visitations and observations) is a central focus. The social and emotional learning curriculum will be intentionally and meaningfully embedded into the core academic subject areas and across all aspects of school operating strategies. Evergreen will ensure that students spend part of the day participating in physical and self-care activities. The Charter School will ensure that the curriculum is aligned to the NYS Learning Standards and can be instructed if needed in formats that allow for fully in person instruction, hybrid model or any abrupt switch to full remote instruction.

Social-Emotional Needs/Support Systems – Developing wraparound support systems for students, families and staff will be a priority. Administration will support the school community with adopting and responding to reentry plans. Efforts will be prioritized to address social and emotional learning as well as mental and behavioral health needs. The Charter School will ensure all policies and recommendations are culturally sensitive and ensure equity and access for all.

The Charter School adopted the following strategies and practices to meet these three key areas:

Social distancing: The Charter School will enforce social distancing at all times in the Charter School's facilities and grounds, including on buses. The daily morning assembly and other school-wide events such as meetings, ceremonies, workshops, and conferences will be held virtually via video platform. Students will be placed six feet apart in their desks with clear barriers. Student belongings will be stored in plastic covered bins assigned to each student, and access to lockers and cubbies will not be allowed to prevent gathering in communal spaces. Students will also be assigned individual devices and learning tools (notebooks, instruments, writing supplies, etc.)

Protective Personal Equipment: All staff, students and visitors will be required to wear a face mask when entering the Charter School buildings, particularly when they are within six feet distance of another person, when on the bus, stairwells, or other confined areas. A medical exemption from use of a face covering is available to students. Proper signage will be posted reminding students and staff to wear face coverings. The Charter School nurse will instruct students the proper way to wear and dispose of masks and teach the students proper hygienic behaviors.

Screening: The Charter School will play an important role in encouraging parents to take their child's temperature prior to coming to school each day and look for signs of illness. If a student has a fever or any symptoms in the past fourteen days, they will not they may not attend school. A screening questionnaire will also be filled out daily by staff and visitors and once weekly by students. Temperature screenings will be taken once daily for staff and twice daily for students, using non-contact thermometers at different points of entry. A student with a positive temperature will be isolated and their parents will be instructed to take them home.

Hygiene, Cleaning and Disinfection: Evergreen will follow hygiene, cleaning and disinfection requirements outlined by the CDC and Department of Health. Routine cleaning will occur during the school day on frequently touched or used spaces such as chairs, tables, desks, door handles, and restrooms throughout the school. Bilingual signage will be posted to remind staff and students of social distancing, face coverings, and hand washing.

Ventilation: Evergreen will maintain adequate and required ventilation to increase airflow in classrooms and other indoor spaces. Windows will be opened as possible and air filters will be set to the highest MERV rating. Outdoor spaces will also be utilized as much as possible and group sizes will be monitored during outdoor activities such as recess and physical education.

Safety Drills: The Charter School will continue to meet the requirement to conduct eight evacuations and four lockdown drills for each group, while maintaining social distancing, wearing face masks, and by implementing a staggered evacuation schedule. However, in case of a real emergency, maintaining distance will not be the first priority.

Transportation: Students will be required to wear face coverings during transportation to and from school on buses and vans. Students will not be permitted to eat or drink while in transit. Masks will be provided for any student who does not have one prior to entering the bus.

Food Services: Evergreen will continue to provide school breakfast and lunch to all students. Students will have breakfast and lunch in their classroom at their desk while adhering to social distancing guidelines. Students will properly wash their hands before and after meals.

Isolation of Infected Individuals: The Charter School will develop a protocol for safely caring for any student or staff member should the develop symptoms of COVID-19 during the school day. A student will be given proper care and remain in the designated isolation space while waiting for their parent or guardian to pick them up. Parents will be instructed to contact their healthcare provider to seek immediate care and treatment of the student. A determination for return of the student to school will be done in consultation with the local health department and the student's healthcare provider in accordance with CDC and state guidelines.

Containment and Contact Tracing: In the event of a positive COVID-19 test of any individual who was on Charter School premises, including students, staff, parents and visitors, Evergreen will notify the state and local health department. Evergreen will maintain a plan to support efforts in tracing all contacts of the individual who tested positive. The school has a Raptor and a Biometric time clock system tracking the access and physical presence of visitors and staff in the building throughout the day.

Cohorts: The course schedule will be generated to maintain the cohort classes. It will be simple and clearly defined and will included scheduled times shared across grades so students can attend grade specific virtual lessons, activities, and events that align to NYS Learning Standards. Evergreen will share the class schedule will all families. Since students spend more time in their classrooms, frequent breaks will be included in the daily schedule, with more individual movement encouraged. Special area teachers will bring their materials into each classroom instead of students moving to other spaces.

Access to Technology and Connectivity: Evergreen will ensure that all students have access to a device. Prior to the start of the school year, each student will be assigned a Chromebook or iPad. The Charter School will establish technology support to help students use their devices and are comfortable in operating them.

Communication: Communication has always been a top priority for Evergreen. The Charter School will continue to provide all communications in English and Spanish utilizing the school's website, phone, email and text messaging blasts, and the Remind App. Evergreen will also conduct polls and surveys to gather feedback from parents and students.

Vulnerable Population: The Charter School will take into account the needs of vulnerable populations and offer special options for students and staff who have a higher risk of severe illness. These options will ensure vulnerable populations can still participate in educational activities and where appropriate, the Charter School will accommodate their specific circumstances. The school will identify and document any modifications to social distancing, PPE or other health measure that may be necessary for its vulnerable population. All modifications will minimize risk of COVID-19 exposure for students, faculty and staff to the greatest extent possible.

Remote Learning: Parents have the choice to have their child participate in a remote only learning program for the school year and will be allowed to revisit the option every quarter. Remote instruction will be provided on a five-day week schedule. The Charter School will ensure all students have access to devices, internet, and instructional materials. The remote instruction will consist of synchronous and asynchronous learning opportunities, digital assignments, independent practice and assessment. Student progress will be monitored.

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Instructional Delivery and Assessment: The Charter School will utilize Classroom Websites and Google Classroom for virtual learning. Instruction will be delivered in the form of Zoom sessions, self-recorded videos made by teachers, tutorials from vetted websites, and self-paced differentiated assessment tools. Evergreen will utilize a variety of assignments, examples include (but not limited to):

- Web-based components of existing curricular programs
- Video tutorials with curriculum aligned questions
- Self-paced leveled assignments (Raz-Kids, iReady, Zearn)
- Essay/short responses
- Journal entries
- Research projects
- Math computations (using apps)
- Voice recordings
- Ebooks

Weekly lesson plans will continue to include differentiation for all learners. Special education teachers, ELL teachers, and support staff will continue to individualize learning for their students. The Charter School will assess student learning using exit tickets, teacher-created summative assignments using Google platforms, and online assignments through resources such as iReady, Raz-Kids, Zearn, Pearson Realize, Edulastic and Wizard.

The Charter School continues to make modifications as needed based upon federal and local public health data/guidance. The school has worked closely with Nassau County Department of Health officials to ensure compliance and safety for its school. Staff, administrators and school stakeholders maintain fluid communication to ensure the continued safety of all.

Enrollment

Enrollment in the Charter School is open to any child who is qualified under the laws of New York for admission to a public school in compliance with State law, which provides that admission of students cannot be limited on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry. The Charter School must demonstrate good faith efforts to attract and retain a comparable or greater enrollment of students with disabilities and limited English proficient students when compared to the enrollment figures for such students in the school district in which the Charter School is located. According to the Department of Education, at least 84% of all students enrolled in the Charter School are defined as economically disadvantaged. Approximately 83% of students enrolled in the Charter School are Hispanic or Latino, 8.6% are Black or African American, and 7.5% American Indian or Alaska Native, pursuant to data submitted to the Department of Education from the Charter School as of 2022.

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The following Table B-8 sets forth data provided by the Charter School regarding its historical and projected enrollment. Information through 2021-22 is actual data as of January 2022.

TABLE B-8: HISTORICAL AND FUTURE PROJECTED ENROLLMENT BY GRADE LEVEL										
Grades	Historical					Enrolled	Projected			
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Kindergarten	75	75	125	125	125	125	125	125	125	125
First	75	75	75	125	125	125	125	125	125	125
Second	50	75	75	75	125	125	125	125	125	125
Third	50	50	75	75	75	125	125	125	125	125
Fourth	50	50	50	75	75	75	125	125	125	125
Fifth	50	50	50	50	75	75	75	125	125	125
Sixth	50	50	50	50	50	75	75	75	125	125
Seventh	50	50	50	50	50	50	75	75	75	125
Eighth		50	50	50	50	50	50	75	75	75
Ninth				40	50	50	50	50	75	75
Tenth					50	50	50	50	50	75
Eleventh						50	50	50	50	50
Twelfth							50	50	50	50
Total	450	525	600	715	850	975	1,100	1,175*	1,250*	1,325*

Source: the Charter School.

* Enrollment above 1,100 is subject to future charter revision approval by the Board of Regents.

The table above includes projected enrollments that are based upon assumptions made by the Charter School. There are usually differences between the projected and actual results, because events and circumstances frequently may not occur as expected, and those differences may be material. Investors are cautioned that reliance on any of these forward-looking statements involves risks and uncertainties.

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The Table B-9 below reflects demographics information of the Charter School and Hempstead UFSD.

TABLE B-9: DEMOGRAPHICS OF CHARTER SCHOOL AND HEMPSTEAD SCHOOL DISTRICT		
	Charter School*	Hempstead UFSD†
Special Education	8.35%	10.8%
Free and Reduced Lunch Eligible	77.45%	69%‡
African American/Black	8.66%	21%
American Indian/Alaskan Native	7.52%	less than 1%
Asian	less than 1%	1%
Hispanic	83.19%	75%
Multi-Racial	-	1%
Native Hawaiian/ Pacific Islander	-	less than 1%
White	less than 1%	2%

*Data as of September 20, 2022.

†2020-2021 school year data, more recent data unavailable.

‡2019-2020 school year data, more recent data unavailable.

Application Process/Lottery/Waitlist

Evergreen Charter School conducts an open application process that begins in January every year for incoming students. The Charter School attracts new applicants from an annual lottery until all available vacancies are filled. Overall, enrollment demand remains extraordinarily high. For the spring 2022 lottery there were 620 applicants by the April 1, 2020 deadline for approximately 125 seats. The Charter School continued to receive applications after its lottery date. The Charter School received an additional 666 applications through June for a total of 1,286 applications. For the 2021 school lottery there were 604 applications for approximately 125 seats. To increase lottery efficiency the Charter School contracts with an electronic lottery company called Lotterease.

The lottery is a fair and transparent lottery system and Evergreen has no control over the demographics of admitted students. The only mechanism for leadership to use to influence subgroup enrollment is to continue to recruit in good faith and in strategic ways – and the documented enrollment compared to the district show that the strategies used have been successful. Evergreen also has maintained a healthy waiting list and high student retention. Retention rates for all students and subgroups typically are extremely strong (often approaching or exceeding 90 percent). The all student retention rate has consistently exceeded the district of location over time, and each subgroup outperforms the district as well.

Overview of Admissions Process

The Charter School has used Lotterease since 2020. Lotterease is used to collect new student applications, run our lottery and to manage our waiting lists. Parents can also apply in person, and the school assists them by entering their information in the Lotterease portal to ensure their applications are included in the lottery process.

Lotterease is an automated and fair system that is used by hundreds of schools in the nation. The Charter School has set up preferences within the system based on the following criteria: 1) Children of our employees, 2) Siblings, 3) Hempstead residents and 4) Other districts.

Lottery Transparency and Fairness

Lotterease is an independent lottery system that ensures the lottery is conducted in a fair and transparent way. Lotterease is also used to manage the waitlist. As Lotterease is an independent system, the school staff do not have the ability to manipulate or adjust the lottery outcome. They must work within the requirements of the system. In addition, all activity that takes place with respect to a student's application is tracked in a history log that you can view at any time by logging into the parent portal.

Recruitment Efforts

The Charter School recruitment efforts include advertising in the local papers such as the Beacon/LI Nassau Herald. We also send and drop off flyers and applications to local churches in our area including African American and Hispanic churches as well as community-based organizations and entities. The Charter School displays banners on Charter School buildings and in busy local cross streets in the middle of Hempstead. Over the years the demographics in Hempstead have changed and we are seeing an increase in the number of applications by Hispanics. Approximately 75% of our selected students in the lottery this past April are of Hispanic descent and the other 25% are African and Caribbean American or of mixed raced.

The following Table B-10 listed below reflects the Charter School application summary for the 2022-23 academic year:

TABLE B-10: ADMISSIONS APPLICATION SUMMARY				
Grade	Approved Charter Enrollment for 2022-2023	Available Seats for 2022-2023	Number of Applications Received	Total Number of Students on Waiting List
Kindergarten	125	125	325	200
1	125	0	109	109
2	125	0	83	83
3	125	0	72	72
4	75	0	84	84
5	75	0	103	103
6	75	0	135	135
7	50	0	118	118
8	50	0	107	107
9	50	0	95	95
10	50	0	37	37
11	50	0	18	18
Totals	975	125	1286	1161

*Source: the Charter School

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The following Table B-11 details the number of students on the Charter School’s historical waiting list per grade.

TABLE B-11: HISTORICAL WAIT LIST DATA			
	School Year		
Grade	2020-21	2021-22	2022-23
K	94	57	200
1	30	46	109
2	20	47	83
3	32	35	72
4	32	46	84
5	41	45	103
6	41	56	135
7	35	49	118
8	15	39	107
9	10	40	95
10	N/A	19	37
11	N/A	N/A	18
12	N/A	N/A	N/A
Total	350	479	1161
Source: The Charter School			

Student Retention

Student retention is an important priority. This is another area where data provided by NYSED show strong performance. Overall, Evergreen retained students at a higher rate than Hempstead UFSD every year for the last five years (2015-16 to 2019-20), and in two of those years, the gap was +9 percentage points.

In addition to outperforming the retention rates in the Hempstead UFSD for all students, Evergreen also exceeded the Hempstead UFSD for each of the three subgroups in 2017-18 and 2018-19. In 2019-20, Evergreen exceeded Hempstead UFSD for all students and English-language learners (“ELLs”) and fell slightly below the Hempstead UFSD for students with disabilities (“SWDs”) and economically disadvantaged students (“EDs”). The slight dip in SWD retention was caused by four students who returned to the district because of a change in placement by the Hempstead UFSD’s Committee on Special Education (“CSE”) requiring special settings; because the Charter School is small, the loss of a few students makes a large impact on the percentages. Every effort is made to work with the CSE and families to ensure students with disabilities are able to stay enrolled, but sometimes these circumstances are inevitable, and decisions are made in the best interest of the child by the recommendation of the CSE.

Efforts will continue to ensure retention for all students remains strong. In addition to the responsive and effective programmatic features described in response 4 (above) and in Benchmarks 2 and 3, during COVID-19 a priority was placed on bringing ELL and SWD students to the physical buildings four or five days a week to support their needs. Family engagement efforts are frequent and ongoing, and attendance is carefully monitored with immediate follow-up when students are not present.

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The Table B-12 below reflects the Charter School's student retention numbers for the 2020-2021 and 2021-2022 school years.

TABLE B-12: STUDENT RETENTION			
Enrollment at End of 2019-20	Enrollment Eligible to Return	Students Who Returned for 2020-2021	Retention Rate
650	650	590	90.77%
Enrollment at End of 2020-21	Eligible to Return	Students Who Returned for 2021-2022	Retention Rate
715	715	671	93.85%

Competing Schools

The Charter School is one of two authorized charter schools in the Hempstead UFSD, in addition to the Academy Charter School – Uniondale, which is located in the neighboring Uniondale Union Free School District and Roosevelt's Children's Academy Charter School, which is located in the neighboring Roosevelt Union Free School District. For the 2020-21 academic year, there were 14 traditional public schools serving an estimated 6,825 students in the Hempstead UFSD. Materials published by the New York State Education Department, School Accountability Status, indicate the Charter School has been "in good standing" in each of the years in which it was subject to evaluation. The Charter School believes that it competes for students with schools that neighbor its existing campuses and, to a lesser degree, with other schools in the Hempstead UFSD.

The following Table B-13 provides a summary of the competitive charter schools that are within a four-mile radius of the Charter School.

TABLE B-13: COMPETING CHARTER SCHOOL POPULATIONS				
School Name	Grades Served	Enrollment*	Distance (miles from the Charter School)	2019-20 Overall Accountability Rating
Academy Charter School	K-12	1,752	1	Good Standing
Academy Charter School – Uniondale	K-7, 9-11	1,225	3.5	Good Standing
Roosevelt Children's Academy Charter School	K-8	645	4	Good Standing

*Enrollment for 2022-2023 school year.

Source: Data available from the State University of New York Charter School Institute.

The Charter School faces constant competition for students and there can be no assurance that it will continue to attract and retain the number of students that are needed to generate revenues in an amount necessary to pay debt service on the Series 2022 Bonds. See "RISK FACTORS – Competition for Students."

Adequate Yearly Progress Status

In the past, each state assessed whether such state's public schools had met Adequate Yearly Progress ("AYP") measurements mandated by the federal government but developed by such state. However, during July 2012, the Obama administration announced that it would waive certain provisions of the federal No Child Left behind Act of 2001 (the "NCLB"). As part of the waiver, certain states, including New York, were permitted to substitute their own accountability system in place of AYP.

In December 2015, former President Obama signed into law the Every Student Succeeds Act of 2015 (the "ESSA"), largely replacing the NCLB. The ESSA grants states more flexibility to comply with federal mandates,

eliminating the needs for continuing federal waivers, and specifically allowing states to develop, implement and time student assessments. The ESSA also allows states to develop its own educational standards, which may or may not include adoption of the Common Core standards. Accountability criteria are now developed by states within broadly defined federal criteria. Under the NCLB the remedies for failing schools were specific and difficult. Under the ESSA, failing schools must be corrected, but the remedies are left to the states and are broadly defined. In summary, the ESSA has largely replaced the NCLB, granting states more local control of education and allowing the states to determine accountability and compliance.

Materials published by the New York State Education Department, School Accountability Status, indicate the Charter School has been “in good standing” in each of the years in which it was subject to evaluation. In New York, a school that receives Title I funds is considered to be in good standing if it has not been identified as a School in Need Improvement, in Corrective Action, Planning for Restructuring or Restructuring. Schools in improvement status under Title I must provide school choice for their students. Those in need of improvement in year two and beyond must also provide Supplemental Education Services to eligible students.

Student Performance/Assessment

Assessment and Program Evaluation:

A range of diagnostic, formative and summative assessments are administered to evaluate student mastery and progress, in addition to annually required testing in English Language Arts, math and science, the NYSITELL and NYSESLAT for English language learners, Regents Examinations, and FLACS Checkpoint A and Checkpoint B assessments in Spanish. Assessment results are carefully analyzed and used to inform instruction and review the academic program.

- DIAL-4: This is a global, one-time screening tool for incoming Kindergarteners to provide both a total score and area scores for motor, concepts, language, self-help and social development.
- i-Ready diagnostics and standards mastery monitoring assessments are regularly administered in ELA and math. In addition, the Curriculum Associates Ready Instruction and Ready Assessment books are used in ELA during support sessions on Saturdays.
- IXL or Castle Learning: When students have tested out of i-Ready (such students taking Geometry in 9th grade because they completed Algebra in 8th grade), IXL, Castle Learning or a similar program is used.
- Fountas and Pinnell benchmark assessment systems are administered to students in grades K-5, and sometimes to 6th graders.
- Curriculum program assessments are used (such as myView and myPerspectives, Science 21, Zearn, and EngageNY, etc). The program assessments may be implemented with complete fidelity or may be refined; for example, the EngageNY mid-module and end-of-module math assessments have been refined by ECS to include more spiral review and multiple-choice items.
- Teacher-constructed formative assessments, such as exit tickets, rubrics and self-assessments are regularly utilized.
- Teacher-constructed quizzes and assessments are also administered throughout modules.
- Edulastic formative assessments are also used in grades 6-9.
- Castle Learning was implemented for the first time in 2020-21 for benchmarking and to provide practice for state exams.
- Prior year state exams are administered annually, one in math and one in ELA, with the support of Rally Education Test Prep books. The practice exams help students feel comfortable with the format and test experience. The results are analyzed with the reading and math specialists, the literacy and math consultants, and the Directors and Principal. The exercise involves looking at every question, linking it to a standard(s), and identifying priority areas used to drive instruction in the classroom.

Teachers administer a variety of assessments, and the routine analysis and use of data sets are critical to classroom instruction. With the support of instructional leaders and the math and ELA consultants, teachers analyze data frequently to establish targeted plans to tailor, re-teach, reinforce and differentiate instructional strategies so students master each required standard, and to provide ample opportunities for students to extend and stretch their thinking. An expert math and ELA consultant are dedicated to both the K-5 and upper school levels (for a total of four consultants) to reflect their area of expertise. The Directors of each school level and the DCI are also closely involved

in ensuring high-quality data analysis drives instruction, as are the school-based math and reading specialists. The leadership team analyzes and reports on the academic performance and progress of cohorts of students on an aggregate and disaggregated basis, in comparison to the prior years' results, and against the results of the district, city and state when appropriate. This analysis supports evidence-based program evaluation, which informs decisions related to instruction, organizational structure, curriculum revisions, and resource allocation. Data are shared with the Board at general and committee meetings, which allows the Board to effectively allocate resources toward the academic program in alignment with student need and faculty recommendations.

Teachers use performance data both independently and in teams during common planning periods as well, and school-wide professional development sessions are scheduled to focus on data. Data help to identify and group students who need additional support through Response to Intervention (RTI) and/or Academic Intervention Services (AIS), and teachers use data to inform their instructional plans at the classroom level (for instance, to establish leveled guided reading groups). Teachers also use assessment results to guide their students through the process of self-reflection to monitor individual progress and set attainable goals in order to achieve complete mastery. Students engage in this process more independently as they become more familiar with these processes and as they move up into the upper elementary and middle school grades.

SchoolTool is used to house assessment data. This system is being connected with report cards and provides a parent portal. Detailed disaggregated data reports to inform the evaluation of quality and effectiveness of the program can be generated by class, grade, subgroup, or school-wide using the individual assessment programs outlined above.

For the 2019-20 academic year, due to the school closures related to COVID-19, the Department of Education cancelled all elementary and intermediate-level state assessments, and Regents Exams. Tables B-14 below sets forth Comparative Assessment Results for relevant jurisdictions from the 2017-18, 2018-19 and 2020-2021 School Years. These results are the most up-to-date available.

TABLE B-14: COMPARATIVE ASSESSMENT RESULTS (% PROFICIENT OR ADVANCED PROFICIENT) *									
	2017-18 School Year			2018-19 School Year			2020-21 School Year		
Grade/Exam	Charter School	Hempstead UFSD	New York State	Charter School	Hempstead UFSD	New York State	Charter School	Hempstead UFSD	New York State
Grade 3 ELA	34%	29%	51%	72%	33%	52%	59%	29%	60%
Grade 4 ELA	42%	30%	47%	50%	31%	48%	65%	38%	62%
Grade 5 ELA	33%	24%	37%	21%	25%	38%	41%	26%	47%
Grade 6 ELA	42%	21%	49%	28%	23%	47%	60%	32%	62%
Grade 7 ELA	54%	16%	40%	54%	13%	40%	51%	25%	49%
Grade 8 ELA	-	-	-	66%	26%	48%	60%	38%	59%
	2017-18 School Year			2018-19 School Year			2020-21 School Year		
Grade/Exam	Charter School	Hempstead UFSD	New York State	Charter School	Hempstead UFSD	New York State	Charter School	Hempstead UFSD	New York State
Grade 3 Math	64%	33%	54%	64%	36%	55%	55%	28%	53%
Grade 4 Math	53%	26%	48%	52%	31%	50%	38%	20%	47%
Grade 5 Math	49%	29%	44%	47%	28%	46%	57%	17%	42%
Grade 6 Math	49%	11%	44%	42%	15%	47%	63%	24%	39%
Grade 7 Math	40%	14%	41%	35%	13%	43%	41%	12%	40%
Grade 8 Math	-	-	-	34%	-	33%	35%	-	20%

* Source: Data available from the New York State Education Department. The New York State Education Department did not administer state standardized tests during the 2019-2020 school year due to the COVID-19 pandemic.

Other Assessments Used to Monitor Progress at the Charter School

In addition to teacher-prepared tests and mandated New York State Elementary and Middle School Assessments, students take a series of curriculum-based exams which include the New York State English as a Second Language Achievement Tests (“NYSESLAT”) administered in grades K through 12 to all English Language Learners (ELLs). ELLs are students who, by reason of foreign birth or ancestry, speak or understand a language other than English and speak or understand little or no English, and require support to become proficient in English. The Charter School administers assessments for ELA, Mathematics, Social Studies, and Science in each grade every six weeks. The Charter School develops the ELA and Mathematics exams based on previous state assessments, often using released test items. The Charter School also administers teacher-created assessments in Social Studies and Science based on the curricular units to measure students’ mastery of the standards.

Debt Summary

The Charter School has no outstanding long-term debt as of June 30, 2022, other than as follows:

To date, the Charter School has drawn down approximately \$2,400,000 from a Local Initiatives Support Corporation (LISC) Loan to acquire 495 Peninsula Boulevard. The LISC loan is secured by a mortgage against all of the Charter School’s properties and the Charter School expects to pay off this loan from proceeds of the Bonds simultaneously with the issuance of the Bonds.

Circulo de la Hispanidad (“Círculo”) a not-for-profit organization based in Long Island through a related holding company, owns and leases to the Charter School a building located at 605 Peninsula Boulevard in the Village of Hempstead that houses the Charter School’s administrative headquarters and also provides classrooms for the Charter School’s students from grades K-1. In 2019, the Issuer issued its \$14,540,000 Tax-Exempt and Taxable Revenue Refunding Bonds, Series 2019 (Circulo Real Property Holding Corporation/Evergreen Charter School Project) (the “2019 Bonds”) for the benefit of Circulo Real Property Holding Corporation and the Charter School. As of August 1, 2022, the 2019 Bonds remain outstanding in the par amount of \$13,475,000. See “RELATIONSHIP AMONG PARTIES” in this Official Statement.

Litigation

Reference is made to the description of any material litigation as described in this Official Statement. See “ABSENCE OF MATERIAL LITIGATION - The Charter School” in this Official Statement.

See also “RISK FACTORS - Hempstead UFSD Complaint” in this Official Statement for a discussion regarding a complaint to the NYS Commissioner of Education alleging the Charter School was in violation of Education Law and its charter.

Future Plans

Except with respect to the issuance of the Series 2022 Bonds, the Charter School does not anticipate incurring any additional long-term indebtedness in the foreseeable future.

On March 27, 2020, Congress passed, and the President signed into law the CARES Act. Eligible Local Educational Agencies (“LEAs”) can apply to the New York State Education Department (NYSED) for Elementary and Secondary School Emergency Relief Funds (ESSER) funds. The Charter School has been allocated \$2,001,241 in Cares Act funds.

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The Table B-15 below summarizes the CARES funding that the Charter School has received or is expected to be received to date.

TABLE B-15: SUMMARY OF CARES FUNDING					
<u>Funding</u>	<u>Amount</u>	<u>Purpose</u>	<u>Revenue Fiscal Year(s)</u>	<u>Expended Fiscal Year(s)</u>	<u>Notes</u>
CARES Act ESSER	140,946	To support technology needs to allow for remote and related learning including Chromebooks, iPads and Google Chrome extensions.	2020-2021	2020-2021	Spent down
ESSER 2	572,842	To support academic enrichment and support for students. In addition funding covers desk shields, and items to ensure for health and safety of students and staff.	2022-2024	\$113,246 Remaining to be claimed as of June 30, 2022	To be spent down until 9/30/2023
ESSER 3	1,287,453	To support academic enrichment. Funding covers support staff including special education teachers, math consultants, professional development, promethean boards, literacy consultants etc.	2022-2025	\$628,286 Remaining to be claimed as of June 30, 2022	To be spent down until 9/30/2024

The American Rescue Plan Act of 2021 will provide \$122.7 billion for PreK-12 education through the Elementary and Secondary School Emergency Relief (ESSER III) fund — including at least \$28 billion for afterschool and summer learning programs and other evidence-based strategies for addressing learning loss. Emergency relief dollars will go to State Education Agencies and LEAs for distribution to schools. For charter schools that operate as their own LEAs, funds will go directly to those schools. Based on the proportion of students enrolled in public charter schools, an estimated \$7 billion will be available to meet their needs.

Basic Tuition

The Table B-16 below shows the basic tuition rates for the school districts which the majority of the Charter School's students reside from for the current and previous three fiscal years.

TABLE B-16: BASIC TUITION				
<u>DISTRICT</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
Hempstead UFSD	\$19,578	\$19,770	\$21,120	\$22,562
Uniondale UFSD	\$21,983	\$21,683	\$22,330	\$23,045

New York charter schools such as the Charter School may not charge tuition and have no taxing authority. The principal source of charter school funding in New York is "Charter School Basic Tuition" that charter schools are paid by the school district of the residence of the students attending the charter schools, and the amount of aid received by an individual school is based on a variety of factors.

Investigations

On January 14, 2022, Regina Armstrong, Superintendent of the Hempstead Union Free School District, delivered a complaint to the Commissioner of Education alleging the Charter School was in violation of Education Law and its charter by establishing a charter school in Franklin Square Union Free School District. The Commissioner

is investigating the complaint at this time. The complaint seeks as remedy the denial of the Charter School's application for renewal of its charter, or if the charter has already been renewed, that the Board of Regents reverse the decision to renew the Charter School's charter. The Charter School operated grades 5-10 at a facility located at 990 Holzheimer Street, Franklin Square, NY from 2019-2022 pursuant to a three-year lease that has at this point expired. Given the Charter School no longer operates the facility in question, even if any wrongdoing is found on behalf of the Charter School, the Charter School anticipates there to be no adverse impact on its continued existence and operation.

See "RISK FACTORS - Hempstead UFSD Complaint" in this Official Statement for additional information regarding the Hempstead UFSD Complaint.

The Charter School reported that it did inform the Charter School Office of the properties it owns and leases via email, however the information was not submitted into the new portal system that was introduced in December 2020. The Charter School has proceeded to submit all currently owned properties and leased sites to the New York State Charter School Office Portal, and the sites were formally approved in September 2022. Furthermore, the Charter School submitted a consent request related to the financing of the New Facility to the Charter School Office through the new portal system and received a charter revision approval on December 12, 2022.

Management Discussion & Analysis

Per the Charter School's audited financial statements for the fiscal years ended June 30, 2020, and June 30, 2021, the Charter School generated net income of \$572,033 and \$1,350,596, respectively. For fiscal year ended June 30, 2022, the Charter School generated net income of \$4,565,945. After removing non-cash expenses, the net income available for debt service in fiscal year 2022 (as shown in Table B-17) is \$5,055,952.

This increase in net income in fiscal year 2022 is mainly attributed to enrollment growth of 135 students coupled with 6% increases in per pupil funding year over year (while maintaining modest increases in expenses) which increased gross revenues by \$3.5 million. In addition, the recognition of one-time ESSER II funds, ESSER III funds, and Paycheck Protection Program Loan (the "PPP Loan") related revenues in fiscal year 2022, totaled \$2,221,278. The Charter Schools expects to expend the remaining ESSER II and ESSER III funds totaling \$741,533 through fiscal year 2025.

The Charter School's unrestricted cash balances have fluctuated from fiscal year 2020 to fiscal year 2022, even after taking into account the continued positive net income performances of Evergreen. The decrease in cash from fiscal year 2019 to fiscal year 2020 was due to outstanding state receivables owed to the Charter School totaling approximately \$1,502,700, that were expected but not received by June 30, 2020 and the purchase of land by the Charter School related to the New Facility totaling \$878,264. Both of these items are denoted in the audits found in Appendix C. The subsequent increase in cash in fiscal year 2021 was in part due to the positive net income result for the year (\$1,730,885 after removing non-cash expenses) and the receipt of \$1,102,514 of PPP Loan funds that were not recognized as revenue since the PPP Loan was not yet forgiven. This cash position was partially offset by the purchase of property and equipment totaling approximately \$1,058,762.

Although the Charter School had over \$4.5 million in net income in fiscal year 2022, Evergreen's cash balance remained relatively flat from fiscal year 2021 to fiscal year 2022. This was due to multiple reasons: the \$1,102,514 PPP Loan was forgiven and subsequently recorded as revenue in fiscal year 2022, even though the cash proceeds from the PPP Loan were received in the prior fiscal year 2021. ESSER and child nutrition funds totaling \$1,879,347 were also recorded as revenue, although the cash has not yet been received by the Charter School. The Charter School also incurred expenses of approximately \$2 million that were related to the Project and the New Facility that are not expected to be reimbursed to the school by the Series 2022 Bonds.

Continued enrollment growth, positive state funding, and sound fiscal management will help continue the Charter School's trend of positive net income, and cash reserves are estimated to build to 189 days cash on hand by the end of fiscal year 2024.

Projected Revenues and Expenditures

EVERGREEN CHARTER SCHOOL

Historical and Projected Financials

Preliminary, Subject to Change

(Years Ending June 30)

	Actual 2019A	Actual 2020A	Actual 2021A	Actual 2022A	Budget 2023E	Budget 2024E	Budget 2025E	Budget 2026E	Budget 2027E
Enrollment (Actual / Projected)	525	600	715	850	975	1,100	1,175	1,250	1,325
REVENUES									
Base Per Pupil Revenues	10,308,571	11,610,550	14,050,475	17,493,893	21,510,490	24,993,880	27,465,382	30,060,586	32,778,597
Governmental Revenues	811,719	732,352	761,460	1,111,736	1,112,920	1,182,392	1,257,863	1,333,335	1,408,807
PPP Loan Forgiveness	-	-	-	1,102,514	-	-	-	-	-
Charter School Expansion Grant	-	-	-	-	1,049,648	200,352	-	-	-
ESSER 2 Grants	-	-	-	459,597	56,623	56,623	-	-	-
ESSER 3 Grants	-	-	-	659,167	209,429	209,429	209,429	-	-
Other Local Income	108,445	36,073	51,061	52,476	115,883	118,780	121,750	124,794	127,913
TOTAL REVENUES	11,228,735	12,378,975	14,862,996	20,879,383	24,054,993	26,761,456	29,054,425	31,518,715	34,315,317
OPERATING EXPENSES									
Personnel									
Administrative Staff	973,653	1,027,824	1,138,940	1,456,235	2,062,176	2,303,222	2,384,526	2,425,026	2,485,652
Instructional Staff	3,601,526	4,421,146	5,311,071	6,311,059	7,374,216	8,242,287	8,893,550	9,565,514	10,114,876
Other Non-Instructional Staff	649,460	760,384	1,070,636	1,183,876	1,380,720	1,537,350	1,648,333	1,844,216	1,952,357
Payroll Taxes	491,116	583,679	706,941	841,410	1,018,972	1,139,414	1,218,493	1,307,384	1,376,703
Fringe / Employee Benefits	574,710	651,982	770,866	751,898	1,135,797	1,419,736	1,581,201	1,729,344	1,891,875
Retirement / Pension	72,633	146,644	210,078	205,188	307,782	337,495	370,075	405,802	444,977
Total Personnel	6,363,098	7,591,659	9,208,532	10,749,666	13,279,664	14,979,503	16,096,178	17,277,286	18,266,440
Contracted Services	223,500	307,143	283,645	450,846	505,009	557,935	455,044	476,709	498,466
School Operations									
Classroom / Teaching Supplies & Materials	42,000	74,000	100,000	129,302	148,317	167,332	178,741	190,150	202,287
Supplies & Materials other	218,755	255,953	250,353	253,664	287,170	286,185	306,749	304,452	325,154
Equipment / Furniture / Telephone	65,000	63,000	93,000	252,604	98,294	106,833	98,265	103,566	108,883
Student Services / Mobile Classrooms	78,250	136,000	91,708	140,582	116,654	127,305	92,644	98,558	104,750
Staff Development & Recruitment	217,500	179,000	138,000	236,826	185,371	187,530	171,402	173,437	175,501
School Meals / Lunch	365,000	477,000	395,000	628,595	721,035	813,476	868,940	924,404	979,869
Travel (Staff)	3,500	3,000	3,500	2,422	4,500	5,077	5,423	5,769	6,137
Other	118,000	155,726	182,000	391,421	208,765	235,529	251,588	267,647	284,731
Total School Operations	1,108,005	1,343,679	1,253,561	2,035,416	1,770,106	1,929,268	1,973,753	2,067,984	2,187,313
Facility O&M (Including Lease Payments)									
Lease Expense	1,463,000	1,857,898	1,894,372	1,923,512	2,332,182	2,355,648	1,813,107	1,771,418	1,788,560
Insurance	45,000	61,000	80,000	171,258	196,443	221,628	236,739	251,850	266,961
Janitorial	40,000	75,000	81,000	90,000	93,600	97,344	101,238	105,287	109,499
Repairs & Maintenance	180,000	147,000	151,000	197,922	187,550	194,114	200,908	207,940	215,218
Utilities	108,000	137,000	180,000	204,810	208,906	213,084	217,346	221,693	226,127
Total Facility O&M	1,836,000	2,277,898	2,386,372	2,587,502	3,018,681	3,081,818	2,569,338	2,558,188	2,606,365
TOTAL OPERATING EXPENSES	9,530,603	11,520,379	13,132,111	15,823,431	18,573,460	20,548,524	21,094,314	22,380,166	23,558,584
Net Operating Income Available for DS	1,698,132	858,596	1,730,885	5,055,952	5,481,533	6,212,932	7,960,111	9,138,548	10,756,734
LEASE / DEBT SERVICE ("DS") COVERAGE RATIO									
605 Peninsula Boulevard, Hempstead	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
120 Greenwich Street, Hempstead	263,000	296,000	244,372	251,703	259,254	267,032	-	-	-
990 Holzheimer Street, Franklin Sq.	-	361,898	450,000	471,809	-	-	-	-	-
436 Front Street, Hempstead	-	-	-	-	522,928	538,616	554,774	571,418	588,560
94 Fulton Street, Hempstead	-	-	-	-	350,000	350,000	58,333	-	-
Est. Total Facility Lease Expense	1,463,000	1,857,898	1,894,372	1,923,512	2,332,182	2,355,648	1,813,107	1,771,418	1,788,560
Estimated Series 2022 Debt Service ("DS")									
Bond Principal	-	-	-	-	-	-	720,000	1,015,000	-
Bond Interest	1,837,095	3,984,063	-	-	1,837,095	3,984,063	3,984,063	3,984,063	3,937,663
Ongoing Fees	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Less: Capitalized Interest	(1,350,000)	(1,900,000)	(200,000)	-	(1,350,000)	(1,900,000)	(200,000)	-	-
Less: DSRF Earnings (assumed 2% earnings)	(45,714)	(99,138)	(99,138)	(99,138)	(45,714)	(99,138)	(99,138)	(99,138)	(99,138)
Est. Total Series 2022 Debt Service	453,882	1,997,424	3,697,424	4,617,424	453,882	1,997,424	3,697,424	4,617,424	4,866,024
DS Coverage Ratio					12.08x	3.11x	2.15x	1.98x	2.21x
DS as % of Total Revenues					2%	7%	13%	15%	14%
Lease and DS Coverage Ratio	2.16x	1.46x	1.91x	3.63x	2.80x	1.97x	1.77x	1.71x	1.89x
Lease and DS as % of Total Revenues	13%	19%	13%	9%	12%	16%	19%	20%	19%
DAYS CASH ON HAND									
Beginning Balance Cash (Unrestricted)	1,139,911	2,661,914	597,124	2,255,718	2,285,500	7,313,151	11,528,659	15,791,346	20,312,470
Plus Net Income After Lease/DS Payments	1,698,132	858,596	1,730,885	5,055,952	5,027,651	4,215,508	4,262,687	4,521,124	5,890,709
Plus (Minus) Adjustments to Cash	(176,129)	(2,923,386)	(72,291)	(5,026,170)	-	-	-	-	-
Ending Balance (Unrestricted)	2,661,914	597,124	2,255,718	2,285,500	7,313,151	11,528,659	15,791,346	20,312,470	26,203,179
Operating Expenses without 2022 Debt Service	9,530,603	11,520,379	13,132,111	15,823,431	18,573,460	20,548,524	21,094,314	22,380,166	23,558,584
Unrestricted Days Cash on Hand Ratio	102	19	63	53	144	205	273	331	406

1. Per pupil revenues are assumed to increase 2.76% per year beginning FY2024.

2. Salary expenses are assumed to increase 2.5% per year. Other expenses assumed to increase proportional to the projected increase in enrollment.

3. 120 Greenwich Street and 94 Fulton Street leases will be cancelled upon completion of the New Facility.

4. Operating expenses exclude depreciation and amortization expenses.

5. DCOH calculations shown above includes facility lease expenses and excludes interest expenses as a part of operating expenses.

6. FY2023 Enrollment is actual enrollment as of August 2022.

7. The \$2,923,386 adjustment to cash in FY2020 is due to a combination of outstanding state receivables owed to the Charter School, and the purchase of land by the Charter School. The (\$72,291) adjustment to cash in FY2021 is related to the \$1,730,885 of net income (after removing non-cash expenses), the Charter School receiving the PPP loan proceeds of \$1,102,514, but not recording as a revenue since the loan was not yet forgiven, and the purchase of property and equipment of \$1,058,762.

8. The \$5,026,170 adjustment to cash in FY2022 was due to (i) the forgiveness of the PPP loan (\$1,102,514) in FY2022 which prompted the school to record this as revenue although the cash was recorded in FY2021, (ii) ESSER funds (\$1,118,764) and child nutrition and title (\$760,583) grants being recorded as revenue, although cash was not received in FY2022, (iii) approximately \$2.0 million of expenses related to the Project that are not expected to be reimbursed by 2022 Bond Proceeds.

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

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APPENDIX C

AUDITED FINANCIAL STATEMENTS

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EVERGREEN CHARTER SCHOOL

**Financial Statements
and
Supplementary Information
For the Years Ended
June 30, 2022
and
June 30, 2021**

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Independent Auditor's Report

To the Board of Trustees of
Evergreen Charter School

Opinion

We have audited the accompanying financial statements of Evergreen Charter School (the "School") which comprise the statement of financial position as of June 30, 2022 and June 30, 2021 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2022 and June 30, 2021 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Condon O'Meara McGinty & Donnelly LLP

October 26, 2022

EVERGREEN CHARTER SCHOOL

Statement of Financial Position

Assets

	June 30	
	2022	2021
Current assets		
Cash	\$ 2,285,500	\$ 2,255,718
Government contracts receivable	4,031,197	2,230,611
Other receivables	175,776	92,515
Prepaid expenses and security deposits	<u>599,759</u>	<u>336,474</u>
Total current assets	7,092,232	4,915,318
Restricted cash	100,000	100,000
Property and equipment, net	7,929,992	3,964,453
Real estate deposit	<u>-</u>	<u>110,000</u>
Total assets	<u>\$15,122,224</u>	<u>\$ 9,089,771</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 1,852,605	\$ 1,483,612
PPP loan	<u>-</u>	<u>1,102,514</u>
Total current liabilities	1,852,605	2,586,126
Loan payable	<u>2,200,029</u>	<u>-</u>
Total liabilities	4,052,634	2,586,126
Net assets without donor restrictions	<u>11,069,590</u>	<u>6,503,645</u>
Total liabilities and net assets without donor restrictions	<u>\$15,122,224</u>	<u>\$ 9,089,771</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Statement of Activities

	Year Ended June 30	
	<u>2022</u>	<u>2021</u>
Support and revenue		
Public School Districts – student enrollment	\$17,493,893	\$13,916,199
Government contracts and grants	3,337,514	895,736
Other	<u>47,976</u>	<u>51,061</u>
Total support and revenue	<u>20,879,383</u>	<u>14,862,996</u>
Expenses		
Program services		
Regular education		
Elementary school	9,144,564	7,701,719
Middle school	3,655,283	3,107,612
High school	895,282	828,493
Special education	<u>377,733</u>	<u>386,820</u>
Total program services	14,072,862	12,024,644
Supporting activities		
Management and general	<u>2,240,576</u>	<u>1,487,756</u>
Total expenses	<u>16,313,438</u>	<u>13,512,400</u>
Increase in net assets without donor restrictions	4,565,945	1,350,596
Net assets without donor restrictions, beginning of year	<u>6,503,645</u>	<u>5,153,049</u>
Net assets without donor restrictions, end of year	<u>\$11,069,590</u>	<u>\$ 6,503,645</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Statement of Functional Expenses
For the Years Ended June 30, 2022 and June 30, 2021

	2022						2021					
	Regular Education				Supporting Activities Management and General	Total	Regular Education				Supporting Activities Management and General	Total
	Elementary School	Middle School	High School	Special Education			Elementary School	Middle School	High School	Special Education		
Salaries and wages	\$ 4,889,020	\$ 2,180,252	\$ 340,721	\$ 207,398	\$ 1,310,596	\$ 8,927,987	\$ 4,043,794	\$ 1,947,358	\$ 353,818	\$ 236,529	\$ 934,751	\$ 7,516,250
Payroll taxes and fringe benefits	965,789	430,692	67,307	40,970	258,898	1,763,656	901,183	433,980	78,850	52,712	208,315	1,675,040
Professional fees	124,976	34,242	16,212	9,133	208,596	393,159	74,285	23,203	6,686	7,368	122,587	234,129
Contracted services	8,937	5,552	2,360	1,340	39,498	57,687	11,050	7,845	2,995	1,715	30,907	54,512
Equipment rental/lease	25,143	4,432	1,405	867	5,479	37,326	30,138	12,759	1,695	1,662	6,569	52,823
Food	380,412	159,967	73,264	14,594	-	628,237	290,906	64,720	21,573	12,256	-	389,455
Insurance	101,657	31,114	13,619	3,978	20,890	171,258	50,498	12,674	4,225	2,512	9,929	79,838
Library	1,396	333	642	56	-	2,427	1,434	2,131	79	118	-	3,762
Maintenance and repairs	200,819	31,738	13,880	6,898	43,587	296,922	74,194	43,876	9,339	4,750	18,770	150,929
School expansion	-	-	-	-	-	-	-	4,935	8,979	-	-	13,914
Mobile classroom	37,940	-	-	902	-	38,842	39,566	-	-	1,286	-	40,852
Occupancy	1,403,616	331,194	132,875	44,683	11,144	1,923,512	1,399,840	250,799	236,915	22,617	14,905	1,925,076
Other	175,907	42,179	28,477	7,865	13,892	268,320	126,215	26,819	13,609	5,719	9,078	181,440
Supplies and materials	292,099	146,577	98,988	15,049	95,096	647,809	247,091	98,101	42,460	14,451	57,109	459,212
Staff development	121,095	53,045	36,885	5,019	-	216,044	67,523	47,370	13,006	4,156	-	132,055
Telephone	25,332	12,320	5,308	1,202	7,598	51,760	24,411	7,066	2,216	1,256	4,964	39,913
Transportation (student)	3,152	35,189	28,255	1,584	-	68,180	-	-	-	-	-	-
Travel	1,164	526	468	56	208	2,422	1,883	1,093	394	109	-	3,479
Utilities	117,779	36,269	15,916	4,757	30,061	204,782	113,109	24,355	13,752	5,637	22,278	179,131
Depreciation and amortization	268,331	119,662	18,700	11,382	71,932	490,007	204,599	98,528	17,902	11,967	47,293	380,289
Interest	-	-	-	-	123,101	123,101	-	-	-	-	301	301
Total	\$ 9,144,564	\$ 3,655,283	\$ 895,282	\$ 377,733	\$ 2,240,576	\$16,313,438	\$ 7,701,719	\$ 3,107,612	\$ 828,493	\$ 386,820	\$ 1,487,756	\$13,512,400

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Statement of Cash Flows

	For the Year Ended June 30	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase in net assets without donor restrictions	\$ 4,565,945	\$ 1,350,596
Adjustments to reconcile increase in net assets without donor restrictions to net cash provided by operating activities		
Depreciation and amortization	490,007	380,289
Amortization of deferred loan costs	52,858	-
Forgiveness of PPP loan	(1,102,514)	-
(Increase) decrease in assets		
Government contracts receivable	(1,800,586)	(397,154)
Other receivables	(83,261)	39,721
Prepaid expenses and security deposits	(263,285)	(68,317)
Increase in liabilities		
Accounts payable and accrued expenses	<u>368,993</u>	<u>444,707</u>
Net cash provided by operating activities	<u>2,228,157</u>	<u>1,749,842</u>
Cash flows from investing activities		
Purchases of property and equipment	(4,455,546)	(1,058,762)
Real estate deposit	<u>110,000</u>	<u>(110,000)</u>
Net cash (used in) investing activities	<u>(4,345,546)</u>	<u>(1,168,762)</u>
Cash flows from financing activities		
Proceeds from PPP loan	-	1,102,514
Proceeds from loan payable	2,385,034	-
Loan costs	<u>(237,863)</u>	<u>-</u>
Net cash provided by financing activities	<u>2,147,171</u>	<u>1,102,514</u>
Net increase in cash	29,782	1,683,594
Cash, beginning of year	<u>2,355,718</u>	<u>672,124</u>
Cash, end of year	<u>\$ 2,385,500</u>	<u>\$ 2,355,718</u>
Consists of:		
Unrestricted	\$ 2,285,500	\$ 2,255,718
Restricted	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 2,385,500</u>	<u>\$ 2,355,718</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements
June 30, 2022 and June 30, 2021****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.

In July 2022, Friends of Evergreen CS LLC (the “LLC”) was incorporated. The School is the sole member of the LLC and for tax purposes, the LLC will be treated as a disregarded entity.

Basis of presentation

Net assets of the School are reported in each of the following two classes: (a) net assets without donor restrictions, and (b) net assets with donor restrictions.

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 contributions without donor restrictions.

As of June 30, 2022 and June 30, 2021, the School has no net assets with donor restrictions.

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, 2022 and June 30, 2021, the School has no cash equivalents.

Allowance for doubtful accounts

As of June 30, 2022 and June 30, 2021, the School’s management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management’s experience, the aging of the receivables, subsequent receipts and current economic conditions.

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.

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements (continued)****June 30, 2022 and June 30, 2021****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Deferred loan costs

Deferred loan costs are being amortized over the term of the related loan.

Revenue recognition

The School is funded through various government grants and through tuition based upon a per pupil allocation from public school districts in which the students are registered.

Contributions are considered to be available for general 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. Management is of the opinion that any potential disallowances will not be material to the accompanying financial statements.

Contributed nonfinancial assets

A number of volunteers have donated their 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. Expenses attributable to more than one functional category are allocated based on time and effort.

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.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued)

June 30, 2022 and June 30, 2021

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

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 public schools, government grants 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 October 26, 2022, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncement

The FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) (the "ASU"). This ASU, effective for the School's fiscal year ended June 30, 2023, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments on the statement of financial position and disclosing key information about leasing arrangements. Management is in the process of determining the impact of this ASU on its financial statements.

Note 2 – Liquidity and availability of financial assets

The School's working capital and cash flows vary due to timing of payments received from public school districts, government grants and other revenue items.

The following is a summary of the School's financial assets as of June 30, 2022 and June 30, 2021 that are available to pay general expenditures within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash – unrestricted	\$ 2,285,500	\$ 2,255,718
Government contracts receivable	4,031,197	2,230,611
Other receivables	<u>175,776</u>	<u>92,515</u>
Total	<u>\$ 6,492,743</u>	<u>\$ 4,578,844</u>

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued) June 30, 2022 and June 30, 2021

Note 2 – Liquidity and availability of financial assets (continued)

In addition to the above financial assets, as of June 30, 2022 and June 30, 2021, the School has restricted cash of \$100,000 (see note 3). To manage liquidity the School maintains a \$900,000 line of credit with a bank that may be drawn upon as needed during the year (see note 5).

Note 3 – 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 4 – Property and equipment

A summary of the property and equipment as of June 30, 2022 and June 30, 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 3,171,535	\$ 2,136,976
Buildings	1,161,218	-
Leasehold improvements	1,402,400	1,299,629
Furniture and equipment	2,212,742	1,776,625
Construction in progress	<u>2,156,299</u>	<u>435,418</u>
Sub-total	10,104,194	5,648,648
Less: accumulated depreciation and amortization	<u>2,174,202</u>	<u>1,684,195</u>
Total	<u>\$ 7,929,992</u>	<u>\$ 3,964,453</u>

During the 2021 fiscal year, the School wrote off \$102,680 of fully depreciated assets.

During May 2021, the School entered into an agreement of sale for the purchase of a new property for a total cost of \$2,200,000. As of June 30, 2021, the School had made a real estate deposit toward the purchase totaling \$110,000. The School closed on the sale in October 2021 at a total cost of \$2,186,927. The School intends to use the property for the expansion of the middle school and high school and its recreational and educational activities.

Note 5 – Commitments

Community Center lease

In April 2019, the School entered into a lease agreement with Circulo Real Property Holding Corporation (the “Corporation”), a related party, to rent space at its Community Center. The lease commenced on the date of the closing of the Agency’s Town of Hempstead Local Development Corporation Revenue Bonds Series 2019 (the “Bonds”), which was August 2019, and terminates and expires on the date that none of the Bonds remain outstanding and no Bonds or other debt issued to refund any of the Bonds remain outstanding (“Refunding Bonds”).

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued)

June 30, 2022 and June 30, 2021

Note 5 – Commitments (continued)

Community Center lease (continued)

The lease requires payments in an amount equal to the principal and interest payments due on the Bonds 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. The lease payments also will include any amounts required to restore any debt service reserve fund for the Bonds or any Refunding Bonds to its required funding level as noted in the Bond documents, any amounts required to restore the Repair Fund, any Bonds Trustee fees and expenses, any TOHLDC fees and expenses imposed under the Bond documents and all other sums, cost, expenses, charges or other payments that the School assumes, agrees or is obligated to pay pursuant to any provision of the lease or under the Bond documents. The lease requires the School to deposit \$25,000 with the Bond Trustee upon the commencement of the lease and annually for the next nine years for security for the full and faithful performance by the School of all repair, maintenance and replacement obligations. The School is also subject to certain financial covenants as defined in the lease. The lease agreement also contains certain restrictive borrowing covenants.

Church leases

In April 2022, the School entered into a lease for additional space with a church expiring June 30, 2024. The lease requires monthly payments of \$25,384 through June 2023 and increasing to \$26,146. The School has the option to extend the lease for two additional one year periods.

In December 2021, the School entered into two leases for two additional spaces with a church, both commencing on July 1, 2022 and expiring June 30, 2028. The lease requires monthly payments of \$8,059 and \$35,518 in 2023, with annual increases of 3% per year thereafter.

In May 2022, the School entered into a lease for additional space with a church commencing on September 1, 2023 and expiring August 31, 2024. The lease requires monthly payments of \$27,500 through August 2023 and increasing to \$30,000 per month thereafter. The School has the option to extend the lease for one or two years with rent increases of 3% per year.

As of June 30, 2022, the future minimum annual payments under the lease agreements are as follows:

<u>Fiscal Year</u>	<u>Community Center</u>	<u>Church Leases</u>	<u>Total</u>
2023	\$ 1,195,684	\$ 1,102,536	\$ 2,298,220
2024	1,202,935	1,207,367	2,410,302
2025	1,194,024	614,774	1,808,798
2026	1,199,190	571,417	1,770,607
2027	1,202,973	588,559	1,791,532
2028 and thereafter	20,983,549	606,217	21,589,766
Total	<u>\$ 26,978,355</u>	<u>\$ 4,690,870</u>	<u>\$ 31,669,225</u>

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements (continued)****June 30, 2022 and June 30, 2021****Note 5 – Commitments (continued)**Church leases (continued)

Rental expense for the 2022 and 2021 fiscal years was approximately \$1,899,000 and \$1,885,000, respectively.

Line of credit

The School has a \$900,000 revolving line of credit with a bank. The line bears interest at the Wall Street Journal's Prime Rate plus .5%. The line is secured by all assets of the School and expires February 2023. As of June 30, 2022 and June 30, 2021, there was no balance outstanding under the line.

Construction project

In August 2021, the School entered into a contract with an architect for the design of a new school building for approximately \$1,711,000. As of June 30, 2022, work completed under this agreement totaled approximately \$968,000.

Bond financing

The School is currently pursuing bond financing to construct a secondary school facility to house its upper grades. The School received approval from the Town of Hempstead's Local Development Corporation for the sale of up to \$75,000,000 in bond financing. The School plans to construct an 85,000 square foot building on vacant land owned by the School. The bond financing is expected to be completed by the end of the 2022 calendar year.

Note 6 – PPP loan

During July 2020, the School applied for and in August 2020 received \$1,102,514 under the Paycheck Protection Program ("PPP") which was a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The School had elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the School was legally released. Any amounts not forgiven were subject to interest at a fixed rate of 1% for a five year-term. During February 2022, the loan was forgiven in total.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued)

June 30, 2022 and June 30, 2021

Note 7 – Loan payable

During October 2021, the School entered into a loan agreement with a Corporation whereby the School can draw up to \$4,310,000 for the purchase and development of a piece of property, closing costs on the loan and the funding of an interest reserve up to \$375,000 to be held by the Corporation. The School has the ability to draw down on the loan through October 1, 2024. The loan requires interest at a fixed rate of 4.75% per annum and is due and payable on November 1, 2024 at which time the outstanding loan balance, together with accrued and unpaid interest, is due in full. There are no prepayment penalties on the loan. As of June 30, 2022, the School drew down \$2,385,034 on the loan. The loan is subject to a financial covenant and the School must maintain unrestricted cash on hand of at least 30 days of the School's total annual expenses (excluding depreciation). The School has a restrictive loan covenant and cannot sell or lease any portion of the property, except in the ordinary course of business. The loan is secured by a mortgage on the School's real and personal property.

As of June 30, 2022, the loan is due to be paid as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 2,385,034
Less: deferred loan costs	<u>(185,005)</u>
Total	<u>\$ 2,200,029</u>

Note 8 – 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 2022 and 2021, the School contributed \$205,188 and \$220,426 to the plan, respectively.

Note 9 – 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 Circulo de la Hispanidad, Inc. (the "Agency"), a not-for-profit organization who is the sole member of the Circulo Real Property Holding Corporation. During the 2022 and 2021 fiscal years, the School reimbursed the Agency approximately \$90 and \$3,000, 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 organizations. Effective August 2019, the School is responsible for substantially all building expenses. In addition, the School entered into a lease agreement with the Corporation to rent space (see note 5).

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements (continued)**
June 30, 2022 and June 30, 2021**Note 10 – Tax status**

The School is exempt from federal 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.

EVERGREEN CHARTER SCHOOL

**Schedule of Expenditures
of Federal Awards
For the Year Ended June 30, 2022**

<u>Grantor</u>	<u>CFDA #</u>	<u>Contract #</u>	<u>Expenditure Period</u>	<u>Federal Grant</u>
United States Department of Agriculture passed through:				
New York State Education Department – Child Nutrition Management System	10.555	N/A	09/01/21 – 06/30/22	\$ 558,259
New York State Education Department – Child Nutrition Management System	10.553	N/A	09/01/21 – 06/30/22	<u>186,936</u>
Sub-total				<u>745,195</u>
United States Department of Education passed through:				
The University of the State of New York – State Education Department – CRRSA-ESSER 2	84.425D	5891214500	03/13/20 - 09/30/23	96,633
The University of the State of New York – State Education Department – CRRSA-ESSER 3	84.425U	5880214500	03/13/20 – 09/30/24	471,855
The University of the State of New York – State Education Department – Title IA	84.010	0021224500	09/01/21 – 08/31/22	174,002
The University of the State of New York – State Education Department – Title IIA	84.367	0147224500	09/01/21 – 08/31/22	29,150
The University of the State of New York – State Education Department – Title IIIA	84.365A	0293224500	09/01/21 – 08/31/22	<u>30,248</u>
Sub-total				<u>801,888</u>
United States Department of Health and Human Services passed through:				
The University of the State of New York – State Education Department – Title IV	93.472	0204224500	09/01/21 – 08/31/22	<u>11,337</u>
Total expenditures of federal awards				<u>\$ 1,558,420</u>

EVERGREEN CHARTER SCHOOL**Notes to Schedule of Expenditures of Federal Awards
June 30, 2022****Basis of presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Evergreen Charter School (the “School”) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect cost rate

The School has elected not to use the 10 percent de minimis 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 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, 2022 and June 30, 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

Cordon O'Meara McGrath & Donnelly LLP

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

To the Board of Trustees of
Evergreen Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Evergreen Charter School (the "School")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 McGrath & Donnell LLP

EVERGREEN CHARTER SCHOOL

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

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
not considered to be material weaknesses? _____ yes √ none reported

Noncompliance material to financial
statements noted? _____ yes √ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes √ no

Significant deficiency(cies) identified
not considered to be material weaknesses? _____ yes √ none reported

Type of auditor’s report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR Section 200.516(a)? _____ yes √ no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Management System
10.555	Child Nutrition Management System

Dollar threshold used to distinguish
between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? _____ yes √ no

EVERGREEN CHARTER SCHOOL

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section II –Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2022.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2022.

EVERGREEN CHARTER SCHOOL

**Financial Statements
and
Supplementary Information
For the Years Ended
June 30, 2021
and
June 30, 2020**

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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, 2021 and June 30, 2020 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2021 and June 30, 2020 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 29, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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 McIntyre & Donnelly LLP

September 29, 2021

EVERGREEN CHARTER SCHOOL

Statement of Financial Position

Assets

	June 30	
	2021	2020
Current assets		
Cash	\$ 2,280,718	\$ 597,124
Government contracts receivable	2,230,611	1,833,457
Other receivables	92,515	132,236
Prepaid expenses and security deposits	336,474	268,157
Total current assets	4,940,318	2,830,974
Restricted cash	75,000	75,000
Property and equipment, net	3,964,453	3,285,980
Real estate deposit	110,000	-
Total assets	\$ 9,089,771	\$ 6,191,954

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 1,483,612	\$ 1,038,905
PPP loan	1,102,514	-
Total liabilities	2,586,126	1,038,905
Net assets without donor restrictions	6,503,645	5,153,049
Total liabilities and net assets without donor restrictions	\$ 9,089,771	\$ 6,191,954

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Statement of Activities

	For the Year Ended June 30	
	2021	2020
Support and revenue		
Public School Districts – student enrollment	\$13,916,199	\$11,630,043
State grants	364,305	456,345
Federal grants	531,431	256,514
Other	<u>51,061</u>	<u>36,073</u>
Total support and revenue	<u>14,862,996</u>	<u>12,378,975</u>
Expenses		
Program services		
Regular education		
Elementary school	7,701,719	6,814,670
Middle school	3,107,612	3,058,249
High school	828,493	-
Special education	<u>386,820</u>	<u>406,507</u>
Total program services	12,024,644	10,279,426
Supporting activities		
Management and general	<u>1,487,756</u>	<u>1,527,516</u>
Total expenses	<u>13,512,400</u>	<u>11,806,942</u>
Increase in net assets without donor restrictions	1,350,596	572,033
Net assets without donor restrictions, beginning of year	<u>5,153,049</u>	<u>4,581,016</u>
Net assets without donor restrictions, end of year	<u>\$ 6,503,645</u>	<u>\$ 5,153,049</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

**Statement of Functional Expenses
For the Years Ended June 30, 2021 and June 30, 2020**

	2021						2020				
	Regular Education			Supporting Activities Management			Regular Education			Supporting Activities Management	
	Elementary School	Middle School	High School	Special Education	and General	Total	Elementary School	Middle School	Special Education	and General	Total
Salaries and wages	\$ 4,043,794	\$ 1,947,358	\$ 353,818	\$ 236,529	\$ 934,751	\$ 7,516,250	\$ 3,336,310	\$ 1,648,917	\$ 215,377	\$ 951,858	\$ 6,152,462
Payroll taxes and fringe benefits	901,183	433,980	78,850	52,712	208,315	1,675,040	748,618	369,992	48,327	213,583	1,380,520
Professional fees	74,285	23,203	6,686	7,368	122,587	234,129	141,816	23,470	8,684	98,899	272,869
Contracted services	11,050	7,845	2,995	1,715	30,907	54,512	9,717	7,010	1,497	24,527	42,751
Equipment rental/lease	30,138	12,759	1,695	1,662	6,569	52,823	31,209	8,031	1,424	-	40,664
Food	290,906	64,720	21,573	12,256	-	389,455	457,926	1,727	16,675	-	476,328
Insurance	50,498	12,674	4,225	2,512	9,929	79,838	45,198	4,136	2,131	9,420	60,885
Library	1,434	2,131	79	118	-	3,762	2,680	697	123	-	3,500
Maintenance and repairs	74,194	43,876	9,339	4,750	18,770	150,929	81,888	36,869	5,131	22,675	146,563
School expansion	-	4,935	8,979	-	-	13,914	-	-	-	-	-
Mobile classroom	39,566	-	-	1,286	-	40,852	33,724	-	1,223	-	34,947
Occupancy	1,399,840	250,799	236,915	22,617	14,905	1,925,076	1,150,421	528,503	63,148	61,826	1,803,898
Other	126,215	26,819	13,609	5,719	9,379	181,741	119,095	24,066	5,450	7,115	155,726
Supplies and materials	247,091	98,101	42,460	14,451	57,109	459,212	306,410	53,474	15,548	68,715	444,147
Staff development	67,523	47,370	13,006	4,156	-	132,055	94,214	73,374	6,080	-	173,668
Telephone	24,411	7,066	2,216	1,256	4,964	39,913	10,944	6,851	769	3,398	21,962
Transportation (student)	-	-	-	-	-	-	326	169,545	-	-	169,871
Travel	1,883	1,093	394	109	-	3,479	2,436	272	98	-	2,806
Utilities	113,109	24,355	13,752	5,637	22,278	179,131	86,343	24,513	4,789	21,167	136,812
Depreciation and amortization	204,599	98,528	17,902	11,967	47,293	380,289	155,395	76,802	10,033	44,333	286,563
Total	\$ 7,701,719	\$ 3,107,612	\$ 828,493	\$ 386,820	\$ 1,487,756	\$ 13,512,400	\$ 6,814,670	\$ 3,058,249	\$ 406,507	\$ 1,527,516	\$ 11,806,942

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Statement of Cash Flows

	For the Year Ended June 30	
	2021	2020
Cash flows from operating activities		
Increase in net assets without donor restriction	\$ 1,350,596	\$ 572,033
Adjustments to reconcile increase in net assets without donor restriction to net cash provided by (used in) operating activities		
Depreciation and amortization	380,289	286,563
(Increase) decrease in assets		
Government contracts receivable	(397,154)	(1,502,700)
Other receivables	39,721	(80,392)
Prepaid expenses and security deposits	(68,317)	(85,473)
Increase in liabilities		
Accounts payable and accrued expenses	444,707	219,665
Net cash provided by (used in) operating activities	<u>1,749,842</u>	<u>(590,304)</u>
Cash flows from investing activities		
Purchases of property and equipment	(1,058,762)	(1,474,486)
Real estate deposit	<u>(110,000)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(1,168,762)</u>	<u>(1,474,486)</u>
Cash flows from financing activities		
Proceeds from PPP loan	<u>1,102,514</u>	<u>-</u>
Net increase (decrease) in cash	1,683,594	(2,064,790)
Cash, beginning of year	<u>672,124</u>	<u>2,736,914</u>
Cash, end of year	<u>\$ 2,355,718</u>	<u>\$ 672,124</u>
 Consists of:		
Unrestricted	\$ 2,280,718	\$ 597,124
Restricted	<u>75,000</u>	<u>75,000</u>
Total	<u>\$ 2,355,718</u>	<u>\$ 672,124</u>

See notes to financial statements.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements June 30, 2021 and June 30, 2020

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

Net assets of the School are reported in each of the following two classes: (a) net assets without donor restrictions, and (b) net assets with donor restrictions.

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 contributions without donor restrictions.

As of June 30, 2021 and June 30, 2020, the School has no net assets with donor restrictions.

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 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, 2021 and June 30, 2020, the School has no cash equivalents.

Allowance for doubtful accounts

As of June 30, 2021 and June 30, 2020, the School’s management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management’s experience, the aging of the receivables, subsequent receipts and current economic conditions.

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.

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Revenue

All contributions are considered to be available for general 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. Management is of the opinion that any potential disallowances will not be material to the accompanying financial statements.

In-kind services

A number of volunteers have donated their 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. Expenses attributable to more than one functional category are allocated based on time and effort.

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.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. The economic impact of the coronavirus on the School's future financial operations is not readily determinable.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued) June 30, 2021 and June 30, 2020

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

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 public schools, 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 29, 2021, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and availability of financial assets

The School's working capital and cash flows vary due to timing of payments received from public school districts, government grants and other revenue items.

The following is a summary of the School's financial assets as of June 30, 2021 and June 30, 2020 that are available to pay general expenditures within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Cash – unrestricted	\$ 2,280,718	\$ 597,124
Government contracts receivable	2,230,611	1,833,457
Other receivables	<u>92,515</u>	<u>132,236</u>
Total	<u>\$ 4,603,844</u>	<u>\$ 2,562,817</u>

In addition to the above financial assets, as of June 30, 2021 and June 30, 2020, the School has restricted cash of \$75,000 (see note 3). To manage liquidity the School maintains a \$900,000 line of credit with a bank that may be drawn upon as needed during the year (see note 5).

Note 3 – 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.

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020

Note 4 – Property and equipment

A summary of the property and equipment as of June 30, 2021 and June 30, 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,136,976	\$ 2,117,583
Leasehold improvements	1,299,629	1,242,115
Furniture and equipment	1,776,625	1,180,288
Construction in progress	<u>435,418</u>	<u>152,580</u>
Sub-total	5,648,648	4,692,566
Less: accumulated depreciation and amortization	<u>1,684,195</u>	<u>1,406,586</u>
Total	<u>\$ 3,964,453</u>	<u>\$ 3,285,980</u>

During the 2021 fiscal year, the School wrote off fully depreciated assets totaling \$102,680. During the 2020 fiscal year the School wrote off \$231,633 of fully depreciated assets.

During May 2021, the School entered into an agreement of sale for the purchase of a new property for a total cost of \$2,200,000. As of June 30, 2021, the School had made a real estate deposit toward the purchase totaling \$110,000. During 2020, the School purchased two additional properties for a total cost of \$878,264. The School intends to use the properties for the expansion of the middle school and high school and its recreational and educational activities.

Note 5 – Commitments

Community Center lease

In April 2019, the School entered into a lease agreement with Círculo Real Property Holding Corporation (the “Corporation”), a related party, to rent space at its Community Center. The lease commenced on the date of the closing of the Agency’s Town of Hempstead Local Development Corporation Revenue Bonds Series 2019 (the “Bonds”), which was August 2019, and terminates and expires on the date that none of the Bonds remain outstanding and no Bonds or other debt issued to refund any of the Bonds remain outstanding (“Refunding Bonds”).

EVERGREEN CHARTER SCHOOL

Notes to Financial Statements (continued) June 30, 2021 and June 30, 2020

Note 5 – Commitments (continued)

Community Center lease (continued)

The lease requires payments in an amount equal to the principal and interest payments due on the Bonds 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. The lease payments also will include any amounts required to restore any debt service reserve fund for the Bonds or any Refunding Bonds to its required funding level as noted in the Bond documents, any amounts required to restore the Repair Fund, any Bonds Trustee fees and expenses, any TOHLDC fees and expenses imposed under the Bond documents and all other sums, cost, expenses, charges or other payments that the School assumes, agrees or is obligated to pay pursuant to any provision of the lease or under the Bond documents. The lease requires the School to deposit \$25,000 with the Bond Trustee upon the commencement of the lease and annually for the next nine years for security for the full and faithful performance by the School of all repair, maintenance and replacement obligations. The School is also subject to certain financial covenants as defined in the lease. The lease agreement also contains certain restrictive borrowing covenants.

Church leases

In August 2017, the School entered into a three year lease for additional space which expired August 14, 2020. The School exercised the option to extend the lease and the lease is now due to expire June 30, 2022. The lease requires monthly payments of \$13,871 with annual increases of 3% per year thereafter.

In August 2019, the School entered into a second lease for additional space with a church expiring June 30, 2022. The lease requires monthly payments of \$29,167 through June 2020 and increasing to \$37,500 per month thereafter. The School has the option to extend the lease for a term of one year.

Rental expense for the 2021 and 2020 fiscal years was approximately \$1,885,000 and \$1,777,000, respectively.

As of June 30, 2021, the future minimum annual payments under the lease agreements are as follows:

<u>Fiscal Year</u>	<u>Community Center</u>	<u>Church Leases</u>	<u>Total</u>
2022	\$ 1,197,403	\$ 701,604	\$ 1,899,007
2023	1,195,684	-	1,195,684
2024	1,202,935	-	1,202,935
2025	1,194,024	-	1,194,024
2026	1,199,190	-	1,199,190
2027 and thereafter	<u>22,186,520</u>	<u>-</u>	<u>22,186,520</u>
Total	<u>\$ 28,175,756</u>	<u>\$ 701,604</u>	<u>\$ 28,877,360</u>

EVERGREEN CHARTER SCHOOL**Notes to Financial Statements (continued)****June 30, 2021 and June 30, 2020****Note 5 – Commitments (continued)****Line of credit**

The School has a \$900,000 revolving line of credit with a bank. The line bears interest at the Wall Street Journal's Prime Rate plus .5% which as of June 30, 2021 was 3.75%. The line is secured by all assets of the School and expires February 2022. As of June 30, 2021 and June 30, 2020, there was no balance outstanding under the line.

Note 6 – PPP loan

During July 2020, the School applied for and in August 2020 received \$1,102,514 under the Paycheck Protection Program ("PPP") which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The School has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the School is legally released. Any amounts not forgiven are subject to interest at a fixed rate of 1% for a five year-term.

Note 7 – 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 2021 and 2020, the School contributed \$264,736 and \$144,919 to the plan, respectively.

Note 8 – 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 Circulo de la Hispanidad, Inc. (the "Agency"), a not-for-profit organization who is the sole member of the Corporation. During the 2021 and 2020 fiscal years, the School reimbursed the Agency approximately \$3,000 and \$47,000, 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 organizations. Effective August 2019, the School is responsible for substantially all building expenses. In addition, the School entered into a lease agreement with the Corporation to rent space (see note 5).

Note 9 – Tax status

The School is exempt from federal 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, 2021 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 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in 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.

Cordm O'Meara McGinty & Donnelly LLP

September 29, 2021

EVERGREEN CHARTER SCHOOL

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

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

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APPENDIX D

GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS

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APPENDIX D

GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS

CERTAIN DEFINITIONS

As used in the Official Statement, the following terms shall have the respective meanings set forth below, except as the context otherwise requires:

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

Additional Indebtedness shall mean, with respect to the Institution, (a) all indebtedness, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed, (b) all deferred indebtedness for the payment of the purchase price of property or assets purchased, including, without limitation, capitalized leases, (c) all guaranties, endorsements, assumptions and other contingent obligations in respect of, or to purchase or otherwise acquire, indebtedness of others, and (d) all indebtedness secured by any mortgage, pledge or Lien existing on property owned, subject to such mortgage, pledge or Lien, whether or not indebtedness secured thereby shall have been assumed. In computing the amount of Additional Indebtedness at any time there shall be excluded (a) any operating leases, (b) all indebtedness subordinate to the Bonds, and (c) any particular item of indebtedness if before the maturity thereof there shall have been deposited with the lender, creditor, trustee or other proper depository the necessary funds (or evidences of such Additional Indebtedness) for the payment, redemption or satisfaction of such item of Additional Indebtedness (and such funds or evidences of such Additional Indebtedness shall thereafter be excluded from any computation of the assets of the Institution).

Additional Parity Indebtedness shall mean any Additional Indebtedness of the Institution intended to be secured on a parity basis as to payment with the Bonds and/or sharing in a parity lien of the Mortgage on the Mortgaged Property and/or payments therefor are to be made by operation of the Custody Agreement on a parity basis with payments to be made pursuant to the Loan Agreement and the terms of which, including, without limitation, principal and interest payment dates, shall be satisfactory to the Trustee.

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

Annual Debt Service shall mean, for any Fiscal Year, and subject to the provisions of the Indenture and the Loan Agreement, the amount required to pay the interest and principal for Long-Term Indebtedness (including lease rentals under capitalized leases) in such Fiscal Year, excluding “funded interest” from the proceeds of the Bonds and excluding interest earnings on the Debt Service Reserve Fund at the then current interest rate per annum, to be determined on the assumption that the Bonds will be retired at the stated maturities thereon except those Bonds which are required by the Indenture to be redeemed prior to their stated maturities from sinking fund payments by the Institution is required, by the Loan Agreement and the Indenture, to make for such purpose, which Bonds will be assumed to be retired on their respective scheduled mandatory redemption dates.

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

Approved Project Operations shall mean the facility located on an approximately 1.25 acre parcel of land located at 495 Peninsula Boulevard, 27-33 Laurel Avenue and 37 Laurel Avenue, Village of Hempstead, Town of Hempstead, Nassau County, New York, to be operated by the Institution as a public charter school providing educational services to students.

Assignment of ALR shall mean, collectively, the Assignment of Assignment of Leases and Rents (Building Loan) and the Assignment of Assignment of Leases and Rents (Indirect Loan) relating to the Facility, each

dated as of December 1, 2022, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Contracts shall mean the Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated as of December 1, 2022, from the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

Assignment of Leases and Rents shall mean, collectively, the Assignment of Leases and Rents (Building Loan) and the Assignment of Leases and Rents (Indirect Loan) relating to the Facility, each dated as of December 1, 2022, and each from the Institution to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Building Loan) and the Assignment of Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of December 1, 2022, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

Authorized Denomination shall mean, in the case of the Initial Bonds, \$5,000 or any integral multiple of \$5,000 in excess thereof.

Authorized Principal Amount shall mean, in the case of the Initial Bonds, \$75,045,000.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairman or Chief Executive Officer, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named in Exhibit C - “Authorized Representative” to the Loan Agreement or any other officer or employee of the Institution who is authorized to perform specific duties under the Loan Agreement or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Loan Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Available Cash Balance shall mean the sum of the Institution’s cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market).

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

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

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

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

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

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

Bond Resolution shall mean the resolution of the Issuer adopted on July 26, 2022, authorizing the Project and the issuance of the Initial Bonds, as amended by the resolution of the Issuer adopted on December 20, 2022.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of December 1, 2022, among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

Business Day shall mean any day that shall not be:

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

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

Change Order shall have the meaning specified in the Loan Agreement.

Charter Agreement shall mean the Fourth Renewal Charter Agreement, dated June 14, 2022, granted by the Board of Regents of the State University of New York to the Institution, as renewed from time to time.

Charter Schools Act shall mean the New York Charter Schools Act of 1998, as amended (N.Y. Educ. Law Section 2850 et seq.).

Closing Date shall mean December 29, 2022, the date of the initial issuance and delivery of the Initial Bonds.

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

Completed Improvements Square Footage shall mean approximately 99,000 square feet, the square footage of the Improvements upon completion of the Project Work.

Completion Deadline shall mean December 7, 2024.

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

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

Conduct Representation shall mean any representation by the Institution under Section 2.2(t) of the Loan Agreement, or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Consigli shall have the meaning specified in the Loan Agreement.

Continuing Disclosure Agreement shall mean, with respect to the Initial Bonds, the Continuing Disclosure Agreement, dated the Closing Date, between the Institution and the Trustee, as dissemination agent,

pursuant to the Loan Agreement and, as to any Series of Additional Bonds, the continuing disclosure agreement executed by the Institution.

Contract Sum shall have the meaning specified in the Loan Agreement.

Contracts shall have the meaning specified in the Assignment of Contracts.

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

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

Custodian shall mean Manufacturers and Traders Trust Company, in its capacity custodian under the Custody Agreement, its successors and assigns, and any successor Custodian pursuant to the Custody Agreement.

Custody Agreement shall mean the Custody Agreement, dated as of December 1, 2022, among the Institution, the Custodian and the Trustee, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

Custody Agreement Notice shall mean the notice prepared by the Trustee, in the form set forth in Exhibit F to the Indenture, in accordance with the provisions of the Custody Agreement and the Indenture.

Days Cash on Hand shall mean, for any Fiscal Year of the Institution, the number of days determined by dividing the product of Available Cash Balance and three hundred sixty-five (365) by Operating Expenses for such Fiscal Year.

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

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

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

Debt Service Reserve Fund Requirement shall mean, (i) with respect to the Series 2022B Bonds, the Debt Service Reserve Fund Requirement (Taxable), (ii) with respect to the Series 2022A Bonds, the Debt Service Reserve Fund Requirement (Tax-Exempt), or (iii) with respect to a Series of Additional Bonds for which a separate debt service reserve fund is established, the debt service reserve fund requirement established for that Series of Bonds in the related Supplemental Indenture.

Debt Service Reserve Fund Requirement (Taxable) shall mean, with respect to the Series 2022B Bonds, (a) the initial amount of \$34,347.32 or (b) if less than the applicable amount in (a), the maximum annual debt service of the Series 2022B Bonds, calculated from time to time as of any date on which a portion of the Series 2022B Bonds is refunded or defeased and deemed no longer Outstanding, as applicable, either of which amount shall not exceed the least of (i) 10% of the original principal amount of the Series 2022B Bonds, or if any Series 2022B Bonds are issued with original issue discount, 10% of the proceeds of such Series 2022B Bonds, (ii) the maximum annual debt service on the Series 2022B Bonds, or (iii) 125% of the average annual debt service on the Series 2022B Bonds.

Debt Service Reserve Fund Requirement (Tax-Exempt) shall mean, with respect to the Series 2022A Bonds, (a) the initial amount of \$4,922,565.18 or (b) if less than the applicable amount in (a), the maximum annual debt service of the Series 2022A Bonds, calculated from time to time as of any date on which a portion of the Series 2022A Bonds is refunded or defeased and deemed no longer Outstanding, as applicable, either of which amount shall not exceed the least of (i) 10% of the original principal amount of the Series 2022A Bonds, or if any Series 2022A Bonds are issued with original issue discount, 10% of the proceeds of such Series 2022A Bonds, (ii) the maximum annual debt service on the Series 2022A Bonds, or (iii) 125% of the average annual debt service on the Series 2022A Bonds.

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

Determination of Taxability shall mean:

(i) (A) the adoption, promulgation or enactment of any federal statute or regulation, or any determination, decision, decree or ruling made by the Commissioner or any District Director of the Internal Revenue Service;

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

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

(D) the admission in writing by the Institution;

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

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

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) of this definition shall be considered to exist unless (1) the Holder or former Holder of the Tax-Exempt Bond involved in such proceeding (a) gives the Issuer, the Institution and the Trustee prompt notice of the commencement thereof and (b) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (a) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. A Bondholder shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Institution, upon delivery by

the Bondholder to the Institution of a letter from the Bondholder's accountant stating that, in his or her reasonable opinion, interest on the Tax-Exempt Bonds is includable in the gross income of such Bondholder for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Tax-Exempt Bond in the computation of minimum or indirect taxes.

Disability Aid shall mean those certain federal and State payments payable to the Institution for operations at the Facility attributable to students with disabilities.

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

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

Education Aid shall mean, collectively, all School District Payments, State Education Operating Aid, Disability Aid and any Other Education Aid payable to the Institution pursuant to the New York State Education Law or federal law for the payment of operations of the charter school at the Facility.

Education Aid Funding Period shall mean each period from and including the Closing Date, and from and including each succeeding State Education Operating Aid Payment Date, through and including the calendar day preceding each subsequent State Education Operating Aid Payment Date.

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

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

Estimated Project Cost shall mean \$53,996,358.00.

Event of Default shall have the meaning specified in the Indenture.

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Tax-Exempt Bond becomes includable for federal income tax purposes in the gross income of any Holder thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of the Institution.

Excess Net Revenues shall mean Gross Revenues, less Operating Expenses, Annual Debt Service on Long-Term Indebtedness, payments on any capital leases, and any Debt Service Reserve Fund deficiency payments..

Facility shall mean, collectively, the Facility Personalty and the Facility Realty.

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

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

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

Fiscal Year shall mean, with respect to the Institution, a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

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

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

GMP Contract shall have the meaning specified in the Loan Agreement.

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

Government Obligations shall mean the following:

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

Gross Revenues shall mean, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Institution, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, Education Aid, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Institution; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

Hazardous Materials shall include any flammable, explosive, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum constituents, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials, pollutants, or toxic pollutants, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251, et seq.), Articles 17 and 27 of the New

York State Environmental Conservation Law, and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule or regulation.

Improvements shall mean:

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

Indemnified Parties or **Indemnified Party** shall mean the Issuer, the Trustee, the Bond Registrar and the Paying Agents, and any director, member, officer, employee, servant, agent (excluding for this purpose the Institution, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision.

Indenture shall mean the Indenture of Trust, dated as of December 1, 2022, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with the Indenture.

Independent when used with respect to any Person means such a Person who (i) is independent in fact, (ii) does not have a direct financial interest or any material indirect financial interest in the Institution, and (iii) is not connected with the Institution as an officer, employee, promoter or member of the governing body.

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

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

Independent Financial Consultant shall mean a firm (and not an individual) which (a) is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of the Institution or any Affiliate thereof, (b) is a firm having the skill and experience necessary to render the particular report required by the provision of the Loan Agreement in which such requirement appears, and (c) is Independent.

Initial Bonds shall mean, collectively or individually, as applicable, the Series 2022A Bonds and/or the Series 2022B Bonds.

Institution shall mean Evergreen Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York, and its successors and assigns.

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

Interest Payment Date shall mean, with respect to the Initial Bonds, June 15 and December 15 of each year, commencing June 15, 2023 (or, if any such day is not a Business Day, the immediately succeeding Business

Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

Issuer shall mean the Town of Hempstead Local Development Corporation, a local development corporation organized and existing under the laws of the State, and its successors and assigns.

Issuer's Unassigned Rights shall mean, collectively,

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

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

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

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

(v) [reserved];

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

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

Land shall mean that certain lot, piece or parcel of land in the Village of Hempstead, Town of Hempstead, Nassau County, New York, generally known by the street address (i) 495 Peninsula Boulevard, (ii) 27-33 Laurel Avenue, and (ii) 37 Laurel Avenue, all as more particularly described in "Description of the Land" attached to the Indenture and the Loan Agreement, together with all easements, rights and interests appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to the Loan Agreement.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the Town of Hempstead, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

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

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

Loan Agreement shall mean the Loan Agreement, dated as of December 1, 2022, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

Loan Payment Date shall mean the fifteenth (15th) day of each January, March, May, July, September and November, commencing January 15, 2023 (or, if any such day shall not be a Business Day, the immediately preceding Business Day).

Long-Term Debt Service Coverage Ratio shall mean, for any Fiscal Year of the Institution, or other specified period, the ratio determined by dividing the Net Income Available for Debt Service by the debt service due in that Fiscal Year. When calculating the Long-Term Debt Service Coverage Ratio, capitalized interest shall be counted as income.

Long-Term Indebtedness shall mean any Additional Indebtedness of the Institution other than Short-Term Indebtedness and indebtedness subordinate to the Bonds.

Loss Event shall mean an event by which the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Institution and those authorized to exercise such right are parties, or if the temporary use of the Facility shall be so taken by condemnation or agreement.

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

Management Consultant shall mean an Independent professional firm or corporation hired by the Institution, and acceptable to the Majority Holders pursuant to the Loan Agreement as described under the heading “Financial Covenants.”

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

Mortgage shall mean, collectively, the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of December 1, 2022, and each from the Institution to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture.

Mortgaged Property shall mean the Facility, together with the other property set forth in the granting clauses of the Mortgage.

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

Net Income Available for Debt Service shall mean, for any period of determination thereof, Gross Revenues of the Institution for such period, plus all interest earnings on moneys held in the Debt Service Reserve Fund (Tax-Exempt) established under the Indenture, minus the Institution’s total Operating Expenses for such period but excluding (i) any profits or losses which would be regarded as extraordinary items under GAAP, (ii) cancellation of indebtedness income, (iii) proceeds of Bonds or any other Indebtedness permitted by the Loan Agreement, (iv) proceeds of insurance policies, other than the policies for business interruption insurance, maintained by or for the benefit of the Institution, the proceeds of any sale, transfer or other disposition of the Facility or any other of the

Institution's assets by the Institution, and any condemnation or any other damage award received by or owing to the Institution and (v) interest expense.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

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

Operating Expenses shall mean fees and expenses of the Institution, including maintenance expenses, repair expenses, utility expenses, real estate taxes, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Institution, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of the Institution not otherwise mentioned in the Loan Agreement or the Indenture, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which may be reasonably be expected to be incurred in accordance with GAAP, all in such amounts as reasonably determined by the Institution; provided however, "Operating Expenses" shall not include (i) those expenses which are actually paid from any revenues of the Institution which are not Gross Revenues, and (ii) spending for items accounted for as capital expenditures under GAAP, expenses or other amounts paid into and from the Repair and Replacement Fund, or replenishments of the Debt Service Reserve Fund (Tax-Exempt).

Operations Commencement Date shall mean the date by which the Issuer shall have received a signed certificate of an Authorized Representative of the Institution certifying that the Project Completion Date has occurred and that the Facility is in fact being occupied, used and operated for the Approved Project Operations.

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

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

Other Education Aid shall mean any federal or State payments, other than School District Payments, State Education Operating Aid or Disability Aid, payable to the Institution for the purpose of funding operations of the Institution at the Facility.

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

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

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

(A) moneys, and/or

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

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

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

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Permits shall have the meaning specified in the Assignment of Contracts.

Permitted Encumbrances shall mean:

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

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

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

(iv) utility, access and other easements and rights-of-way, restrictions and exceptions that an Authorized Representative of the Institution certifies to the Issuer and the Trustee will not materially interfere with or impair the Institution's use and enjoyment of the Facility as provided in the Loan Agreement;

(v) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Institution delivered to the Issuer and the Trustee,

either singly or in the aggregate, render title to the Facility unmarketable or materially impair the property affected thereby for the purpose for which it was acquired or purport to impose liabilities or obligations on the Issuer;

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

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

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

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

(x) any purchase money security interest in movable personal property, including equipment leases and financing;

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

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

(xiii) any lien, security interest, encumbrances or charge which exists in favor of the Trustee or to which the Trustee shall consent in writing; and

(xix) any lien securing Additional Parity Indebtedness.

Person shall mean an individual or any Entity.

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

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

Project shall mean (1) the acquisition of an approximately 1.25 acre parcel of land located at 495 Peninsula Boulevard, 27-33 Laurel Avenue and 37 Laurel Avenue, Village of Hempstead, Town of Hempstead, Nassau County, New York, together with the existing improvements thereon, (2) the construction of an approximately 85,000 square foot, multi-level building consisting of four stories plus a basement and utilized roof space and the renovation of an existing approximately 14,000 square foot warehouse structure, all located on such land, and (3) the acquisition of certain machinery, equipment, furnishings and other tangible personal property necessary for

completion of such Improvements (collectively, the “**Facility**”), which Facility will be operated by the Institution as a public charter school providing educational services to students.

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

Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer shall have received a signed and complete certificate of an Authorized Representative of the Institution in substantially the form of the “Form of Project Completion Certificate” attached as an exhibit to the Loan Agreement, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (iii) the Issuer shall have received a copy of a certificate of occupancy or a temporary certificate of occupancy issued by the Village of Hempstead Department of Buildings, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature, and (v) the Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Project Cost Budget shall mean that certain budget for costs of the Project Work as set forth by the Institution in the Loan Agreement.

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

Project Costs (Taxable) shall mean the costs of issuance with respect to the Initial Bonds, the interest on the Taxable Bonds during the construction and renovation of the Project Work or other Project Costs (Tax-Exempt) not paid from the Tax-Exempt Bonds, and shall not include (i) fees or commissions of real estate brokers or (ii) operational costs.

Project Costs (Tax-Exempt) shall mean:

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

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

(iii) the interest on the Tax-Exempt Bonds during the construction and renovation of the Project Work;

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

(v) the cost of acquisition of the Facility Realty;

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

(vii) the payment of the Costs of Issuance with respect to the Initial Bonds;

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

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

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

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

Project Documents shall mean, collectively, the Continuing Disclosure Agreement, the Facility Lease Agreement and the Security Documents.

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

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

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

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

Promissory Notes shall mean, (i) with respect to the Initial Bonds, collectively, those certain Series 2022A Promissory Note and Series 2022B Promissory Note in substantially the forms attached to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and the Indenture.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Series 2022A Bonds being purchased pursuant to the Indenture if such Series 2022A Bonds were being optionally redeemed pursuant to the Indenture on the date such Series 2022A Bonds are being so purchased, plus accrued interest thereon to the date of purchase.

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

- (i) Government Obligations;
- (ii) Commercial paper, rated at least P-1 by Moody’s or at least A-1 by S&P, issued by a corporation or banking institution organized under the laws of the United States of America or any state thereof;
- (iii) Direct and general long term obligations of any state of the United States of America to which the full faith and credit of the state is pledged and that are rated in either of the two highest rating categories by Moody’s and S&P;
- (iv) Direct and general short term obligations of any state of the United States to which the full faith and credit of the state is pledged and that are rated in the highest rating category by Moody’s and S&P;

(v) Interest-bearing demand or time deposits with or certificates of deposit issued by a national banking association or a state bank or trust company that is a member of the Federal Deposit Insurance Corporation ("FDIC") and that are (a) continuously and fully insured by the FDIC, or (b) with a bank that has outstanding debt, or which is a subsidiary of a holding company which has outstanding debt, rated in either of the two highest rating categories by Moody's and S&P, or (c) continuously and fully secured by obligations of the type described in (i) and (ii) above that have a market value at all times at least equal to the principal amount of the deposit and are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;

(vi) Repurchase agreements, the maturity of which are less than thirty (30) days, entered into (a) with a bank or trust company rated at least P-1 by Moody's and A-1 by S&P and organized under the laws of the United States, (b) with a national banking association, insurance company, or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation, in each case rated at least P-1 by Moody's and A-1 by S&P, or (c) with a dealer which is rated at least P-1 by Moody's and A-1 by S&P. The repurchase agreement must be continuously and fully secured by obligations of the type described in (i), (ii), (iii), (iv) or (v) above which have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreement and which are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;

(vii) Money market mutual funds with assets in excess of \$2,000,000,000 investing in obligations of the type specified in (i), (ii), (iii), (iv), (v) or (vi) above, including funds for which the Trustee or an affiliate of the Trustee serves as investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (a) the Trustee charges and collects fees and expenses from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to the Indenture and (c) services performed for such funds and pursuant to the Indenture may converge at any time; and

(viii) An investment agreement or other investment arrangement with any bank, trust company, national banking association or bank holding company in the United States, with any domestic branch of a foreign bank, or with any surety or insurance company, provided, that, (i) such investment agreement or other investment arrangement shall permit the full principal amount of the moneys so placed together with the investment income agreed to be paid to be available for use as and when required under the Indenture, and (ii) the Person with whom such investment agreement or other investment arrangement is made must be a Person whose unsecured or uncollateralized short term debt obligations are assigned a rating by S&P of SP 1+ or better or a Person assigned a financial strength rating of AAA by S&P, and whose domestic assets shall be in excess of \$10,000,000,000.

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

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

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

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

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

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

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

Refunding Bonds shall mean one or more Series of Additional Bonds that may be authenticated and made available for pick-up upon original issuance to refund all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds.

Reimbursement Resolution shall mean, collectively, the resolutions adopted by the Institution on July 14, 2022.

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

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

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

Repair and Replacement Fund Requirement shall mean an amount equal to \$100,000 to be funded in approximately equal installments on each Loan Payment Date over five (5) years from the Closing Date.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC.

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form attached as an exhibit to the Loan Agreement.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in the Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

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

S&P shall mean S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a Delaware limited liability company, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

School District shall mean any applicable school district, as referenced in Section 2856 of the Charter Schools Act, which is obligated to make payments to the Institution pursuant to the Charter Schools Act.

School District Payments shall mean any and all payments made to or for the benefit of the Institution with respect to its operations at the Facility pursuant to the Charter Schools Act.

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

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its Participants or otherwise, a book-entry system to record ownership of book-

entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

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

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Notes, the Indenture, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage, the Assignment of Mortgage, the Custody Agreement, the Assignment of Contracts, the Assignment of Leases and Rents and the Assignment of ALR.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series 2022A Bonds shall mean the Issuer's \$74,525,000 Education Revenue Bonds (Evergreen Charter School Project), Series 2022A authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2022B Bonds shall mean the Issuer's \$520,000 Taxable Education Revenue Bonds (Evergreen Charter School Project), Series 2022B authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Short-Term Indebtedness shall mean any Additional Indebtedness incurred, assumed or guaranteed by the Institution maturing not more than 365 days after it is incurred.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

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

Special Record Date shall mean a special record date for the payment of Defaulted Interest, which shall be fixed in the manner set forth in the Indenture.

State shall mean the State of New York.

State Education Operating Aid shall mean all New York State Education Department operating aid payments appropriated for the purpose of funding operating expenses of the Institution with respect to its operations at the Facility on a per-pupil basis.

State Education Operating Aid Payment Dates shall mean each July 1, September 1, November 1, January 1, March 1, and May 1, or such other dates as may in the future be established as the payment dates for Education Aid.

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

Taxable Bonds shall mean the Series 2022B Bonds and any Additional Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean the Series 2022A Bonds and any Additional Bonds as to which, at the time of original issuance, there shall be delivered to the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the interest on such Bonds is excluded from gross income for federal income tax purposes.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect, or with the consent of the Issuer, a single member limited liability company, whose sole member is a Tax-Exempt Organization and is therefore a disregarded entity for federal income tax purposes.

Tax Regulatory Agreement shall mean the Tax Regulatory Agreement, dated the Closing Date, from the Issuer and the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Town shall mean the Town of Hempstead, Nassau County, New York.

Trustee shall mean Manufacturers and Traders Trust Company, Buffalo, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns appointed in the manner provided in the Indenture.

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

Valuation Date shall mean June 15 of each year commencing June 15, 2023.

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

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a summary of certain provisions of the Indenture of Trust (the "Indenture") relating to the Series 2022 Bonds. This summary does not purport to be complete, and reference is made to the Indenture for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Indenture and are included for ease of reference only.

Defaulted Interest. Interest on any Initial Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Initial Bond on the relevant Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the "**Special Record Date**") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in the Indenture. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Institution of such Special Record Date and, in the name and at the expense of the Institution, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each owner of an Initial Bond entitled to such notice at the address of such owner as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the forms attached as exhibits to the Indenture, duly executed by the Trustee, shall be entitled to any right or benefit under the Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under the Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under the Indenture. The Trustee shall note, with respect to each Bond to be authenticated under the Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

Additional Bonds. So long as the Promissory Notes, the Loan Agreement and the other Security Documents are each in effect, and the prior written consent of the Holders of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds shall have been obtained (except such consent shall not be required with respect to refunding all or a portion of any Outstanding Bonds to achieve interest cost savings), one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith. In addition, the Institution and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly. Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the

Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Chairman or Chief Executive Officer of the Issuer, authorizing and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Notes, the Loan Agreement, the Custody Agreement, the Assignment of Leases and Rents, the Assignment of Contracts and the Mortgage, the Facility referred to therein and the premises related or subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Tax-Exempt Bonds Outstanding to become includable in gross income for federal income tax purposes;

(4) except in the case of a Series of Refunding Bonds refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Institution to the effect that each Security Document to which it is a party continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;

(5) written evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that it has reviewed the documentation pertaining to the issuance of the Series of Additional Bonds, and that the issuance of such Series of Additional Bonds will not result in a withdrawal, a suspension or a reduction of the long and short-term ratings, if applicable, then assigned to any Series of Outstanding Bonds by such Rating Agency;

(6) an original, executed counterpart of the new Promissory Notes and the amendment to each Security Document;

(7) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any;

(8) an amount of money for deposit in the applicable Debt Service Reserve Fund such that the aggregate amount on deposit in such Fund shall be at least equal to the applicable Debt Service Reserve Requirement after giving effect to the issuance of such Series of Additional Bonds; and

(9) evidence satisfactory to the Trustee that the additional Indebtedness of the Institution incurred in connection with the issuance of the Additional Bonds complies with the requirements of the Loan Agreement.

Upon the request of the Institution, one or more Series of Refunding Bonds may be authenticated and made available for pick-up upon original issuance to refund all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Indenture and of the resolution authorizing said Series of Refunding

Bonds. In the case of the refunding under the Indenture as described under this heading of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with the Indenture. A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by the Indenture under this heading, as may be applicable) of:

(i) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to the Indenture to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the Redemption Date specified in such instructions; and

(ii) Either:

(b) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(c) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Indenture, and any moneys required pursuant to said provisions (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in the defeasance provisions of the Indenture.

The Institution shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

Each Series of Additional Bonds issued pursuant to the Indenture as described under this heading shall be equally and ratably secured under the Indenture with the Initial Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Indenture as described under this heading, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture (including, without limitation, the exception that the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable) (except as set forth in the Indenture) and the Bond Fund (Taxable) shall only secure the Taxable Bonds, and the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt) and the Bond Fund (Tax-Exempt) shall only secure the Tax-Exempt Bonds).

No Series of Additional Bonds shall be issued unless the Facility Lease Agreement, the Promissory Notes, the Loan Agreement, the Assignment of Leases and Rents, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of the Indenture by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued under the Indenture. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence under this heading out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal, Purchase Price, Sinking Fund Installment and/or interest on the Bonds, or the Redemption Date of any Bonds, shall be a day other than a Business Day, then payment of such principal, Purchase Price, Sinking Fund Installment and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Sinking Fund Installment and/or Interest Payment Date or the Redemption Date, as the case may be, except that interest shall continue to accrue on any unpaid principal.

Creation of Funds and Accounts. The following special trust Funds and Accounts comprising such Funds are established under the Indenture: (a) Project Fund (Tax-Exempt) consisting of (i) a Capitalized Interest Account, and (ii) a Project Account, (b) Project Fund (Taxable) consisting of (i) a Capitalized Interest Account, and (ii) a Project Account, (c) a Bond Fund (Tax-Exempt) consisting of (i) a Principal Account, (ii) an Interest Account, (iii) a Redemption Account, and (iv) a Sinking Fund Installment Account, (d) a Bond Fund (Taxable) consisting of (i) a Principal Account, (ii) an Interest Account, (iii) a Redemption Account, and (iv) a Sinking Fund Installment Account, (e) a Renewal Fund, (f) an Earnings Fund, (g) a Rebate Fund, (h) a Debt Service Reserve Fund (Tax-Exempt), (i) a Debt Service Reserve Fund (Taxable), (j) a Repair and Replacement Fund, and (k) a Revenue Fund. All of the Funds and Accounts created under the Indenture shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of the Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of the Indenture), other than the Rebate Fund, and be subject to the lien of the Indenture.

Project Fund. There shall be deposited in the applicable accounts of the applicable Project Fund, so indicated, any and all amounts required to be deposited therein pursuant to the Indenture under the headings "Earnings Fund" and "Rebate Fund" below or otherwise required to be deposited therein pursuant to the Loan Agreement or the Indenture. The Trustee shall apply the amounts on deposit in the Project Account of the Project Fund (Tax-Exempt) to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs (Tax-Exempt) to the extent requisitioned under the Indenture as described in the paragraphs below. The Trustee shall apply the amounts on deposit in the Project Account of the Project Fund (Taxable) to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs (Taxable) to the extent requisitioned under the Indenture as described in the paragraphs below.

The Trustee shall apply the amounts in the Capitalized Interest Account of the Project Fund (Tax-Exempt) for the payment of interest on the Series 2022A Bonds until the earlier of the Project Completion Date (as evidenced

in accordance with the provisions of the Loan Agreement) or the exhaustion of amounts in such Account (the “**2022A Capitalized Interest Period**”). During the 2022A Capitalized Interest Period, the Trustee shall transfer \$450,000 from the Capitalized Interest Account of the Project Fund (Tax-Exempt) with respect to the Series 2022A Bonds, beginning on the Business Day immediately preceding the first Loan Payment Date and each Loan Payment Date thereafter through and including May 15, 2023, for deposit in the Interest Account of the Bond Fund (Tax-Exempt). Beginning on the Business Day immediately preceding July 15, 2023 and each Loan Payment Date thereafter through and including May 15, 2024, the Trustee shall transfer \$316,666.66 from the Capitalized Interest Account of the Project Fund (Tax-Exempt) with respect to the Series 2022A Bonds for deposit in the Interest Account of the Bond Fund (Tax-Exempt). Beginning on the Business Day immediately preceding July 15, 2024 and each Loan Payment Date thereafter through and including November 15, 2024, the Trustee shall transfer \$66,666.66 from the Capitalized Interest Account of the Project Fund (Tax-Exempt) with respect to the Series 2022A Bonds for deposit in the Interest Account of the Project Fund (Tax-Exempt). Promptly thereafter, the Trustee shall transfer the remaining balance of the Capitalized Interest Account of the Project Fund (Tax-Exempt) to the Bond Fund (Tax-Exempt), after which transfer, the Capitalized Interest Account of the Project Fund (Tax-Exempt) shall be closed.

The Trustee shall apply the amounts in the Capitalized Interest Account of the Project Fund (Taxable) for the payment of interest on the Series 2022B Bonds until the earlier of the Project Completion Date (as evidenced in accordance with the provisions of the Loan Agreement) or the exhaustion of amounts in such Account (the “**2022B Capitalized Interest Period**”). During the 2022B Capitalized Interest Period, the Trustee shall transfer from the Capitalized Interest Account of the Project Fund (Taxable) with respect to the Series 2022B Bonds, on the Business Day immediately preceding each Loan Payment Date, for deposit in the Interest Account of the Bond Fund (Taxable), that amount required to be paid by the Institution on such Loan Payment Date under the Loan Agreement, less any amounts on deposit in the Interest Account of the Bond Fund (Taxable) and available therefor.

The Trustee is authorized to disburse from the Project Account of the Project Fund (Tax-Exempt) amounts required to pay (in whole or in part) the Project Costs (Tax-Exempt) and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Account of the Project Fund (Tax-Exempt) for the Project Costs (Tax-Exempt), upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution; provided, however, that the Trustee shall retain in the Project Account of the Project Fund (Tax-Exempt) an amount equal to the lesser of (i) one percent (1%) of the original principal amount of the Series 2022A Bonds or (ii) \$500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by the Loan Agreement.

The Trustee is authorized to disburse from the Project Account of the Project Fund (Taxable) amounts required to pay (in whole or in part) the Project Costs (Taxable) and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Account of the Project Fund (Taxable) for the Project Costs (Taxable), upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution. After all payments for the Project Costs (Taxable) have been paid on the Closing Date, the Trustee is directed to transfer any remaining amount in the Project Account of the Project Fund (Taxable) to the Project Account of the Project Fund (Tax-Exempt) to pay the Project Costs (Tax-Exempt).

The completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the accounts of the Project Fund (Tax-Exempt) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the Project Costs (Tax-Exempt), shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and the Indenture as described under the heading “Rebate Fund” below, be deposited by the Trustee in the Redemption Account of the Bond Fund (Tax-Exempt). Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the accounts of the Project Fund (Tax-Exempt), together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the accounts in the Project Fund (Tax-Exempt), shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund (Tax-Exempt) an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund (Tax-Exempt) to be applied to the redemption of Series 2022A Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture.

In addition, upon the filing of such Project completion certificate as described above, the balance in the accounts in the Project Fund (Taxable) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the Project Costs (Taxable) shall, after depositing in the Debt Service Reserve Fund (Taxable) an amount equal to any deficiency therein, be deposited by the Trustee in the Interest Account of the Bond Fund (Taxable).

In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Revenue Fund, in each Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and the Indenture as described under the heading "Rebate Fund" below), in the Repair and Replacement Fund and in each Debt Service Reserve Fund shall be deposited in the Redemption Account of the applicable Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default under the Indenture, the balance in the Revenue Fund, in each Project Fund, in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and under the Indenture as described under the heading "Rebate Fund" below), in the Repair and Replacement Fund and in each Debt Service Reserve Fund shall be deposited in the applicable Bond Fund as provided in the Indenture as described under the heading "Application of Revenues and Other Moneys After Default" below.

Except as provided in the Indenture as provided under the heading "Earnings Fund" below, all earnings on amounts held in the accounts of the Project Fund (Tax-Exempt) shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the accounts of the Project Fund (Tax-Exempt).

Renewal Fund. The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund (except as otherwise provided in the Mortgage). In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or the Indenture, and the Institution shall have so directed the Trustee in writing within ninety (90) days of the occurrence of such Loss Event, the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and the Indenture as described under the heading "Rebate Fund" below, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the Bond Fund (Tax-Exempt).

If, on the other hand, (1) the Bonds shall not be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise), or (2) the Bonds shall be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise) and the Institution shall have failed to take action to effect such redemption, or (3) the Institution shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility, the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading "Rebate Fund" below, to such rebuilding, replacement, repair and restoration.

If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Majority Holders and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading "Rebate Fund" below, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit in the Redemption Account of the Bond Fund (Tax-Exempt), as directed by the Majority Holders (or if no such direction shall be received within ninety (90) days after request therefor by the Trustee shall have been made, for deposit in the Redemption Account of the Bond Fund (Tax-Exempt) (and, if any excess proceeds shall exist, in the Interest Account of the Bond Fund (Tax-Exempt)).

The Trustee is authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facility upon written instructions from the Institution. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution. Each such requisition shall be accompanied by bills, invoices or other evidences or documentation (including, without limitation, a title continuation or other evidence that no mechanics or other liens have been filed) satisfactory to the Trustee. The

Trustee shall be entitled to rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to the Renewal Fund and all disbursements therefrom and shall furnish copies of same to the Issuer and the Institution upon reasonable written request therefor.

The date of completion of the restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to the terms of the Loan Agreement, and that all property constituting part of the Mortgaged Property is subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of the Indenture and the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence satisfactory to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee or Permitted Encumbrances.

All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.

Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading "Rebate Fund" below, and after depositing in the applicable Debt Service Reserve Fund an amount equal to any deficiency therein, and then, in the Repair and Replacement Fund an amount equal to any deficiency therein, be transferred by the Trustee to the Redemption Account of the Bond Fund (Tax-Exempt) (and, if any excess proceeds shall exist, in the Interest Account of the Bond Fund (Tax-Exempt)).

Payments into Bond Fund. The Trustee shall promptly deposit the following receipts into the applicable Bond Fund so indicated:(a) The interest accruing on any Series of Bonds from the date of original issuance thereof to the date of delivery, which shall be credited to the Interest Account of the applicable Bond Fund and applied to the payment of interest on such Series of Bonds.

(b) Amounts transferred from the Capitalized Interest Account of the applicable Project Fund for the payment of interest on the applicable Series of Bonds during the 2022A Capitalized Interest Period and the 2022B Capitalized Interest Period, as applicable, which shall be credited to the Interest Account of the applicable Bond Fund and applied to the payment of interest on the applicable Series of Bonds.

(c) Excess or remaining amounts in each account of the Project Fund required to be deposited (subject to any transfer from the accounts of the Project Fund (Tax-Exempt) required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading “Rebate Fund” below, or to the applicable Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund (Tax-Exempt) or in the Interest Account of the Bond Fund (Taxable), as applicable, (ii) in the Redemption Account of the Bond Fund (Tax-Exempt) in accordance with the Indenture, which shall be kept segregated from any other moneys within such Account, or (iii) in the applicable Bond Fund, in each case, pursuant to the Indenture as described under the heading “Project Fund” above.

ii) Loan payments received by the Trustee pursuant to the Loan Agreement and the Custody Agreement, which shall be deposited in the Revenue Fund and disbursed pursuant to the Indenture as described under the heading “Revenue Fund and Custody Agreement” below.

iii) Advance loan payments received by the Trustee pursuant to the Loan Agreement, which shall be deposited in the Revenue Fund to be deposited in and credited to the Redemption Account of the Bond Fund (Tax-Exempt).

iv) Any amounts transferred from the Earnings Fund pursuant to the Indenture as described in the last paragraph under the heading “Earnings Fund” below, which shall be deposited in and credited to the Interest Account of the Bond Fund (Tax-Exempt).

v) The excess amounts referred to in the Indenture as described in the fourth paragraph under the heading “Application of Bond Fund Moneys” below, which shall be deposited in and credited to the Interest Account of the applicable Bond Fund.

vi) Any amounts transferred from the Redemption Account pursuant to the Indenture as described in the last paragraph under the heading “Application of Bond Fund Moneys” below, which shall be deposited to the Interest Account, the Principal Account and the Sinking Fund Installment Account of the applicable Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes.

vii) Amounts in the Renewal Fund required by the Indenture as described under the heading “Renewal Fund” above or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading “Rebate Fund” below or to the applicable Debt Service Reserve Fund to the extent of any deficiency therein, and then, to the Repair and Replacement Fund to the extent of any deficiency therein) to the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture as described under the last paragraph under the heading “Renewal Fund” above.

viii) All other receipts when and if required by the Loan Agreement or by the Indenture or by any other Security Document to be paid into the applicable Bond Fund, which shall be credited (except as provided in the provisions of the Indenture described under the heading “Application of Revenues and other Moneys After Default” below) to the Redemption Account of the Bond Fund (Tax-Exempt).

ix) Any amounts transferred from either Debt Service Reserve Fund pursuant to Indenture as described under the heading “Debt Service Reserve Fund” below, which shall be deposited in and credited to the Interest Account, the Principal Account, the Sinking Fund Installment Account or the Redemption Account, as the case may be, of the applicable Bond Fund.

x) Any amounts transferred from the Repair and Replacement Fund pursuant to the Indenture as described under the heading “Repair and Replacement Fund” below, which shall be deposited in and credited to the Interest Account, the Principal Account, the Sinking Fund Installment Account or the Redemption Account, as the case may be, of the applicable Bond Fund.

Application of Bond Fund Moneys. The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the Interest Account in the applicable Bond Fund the interest due on the applicable Series of Bonds, and

(ii) further pay out of the Interest Account of the applicable Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of the applicable Series of Bonds. The Trustee shall on each principal payment date on each Series of Bonds pay or cause to be paid to the respective Paying Agents therefor out of the Principal Account of the applicable Bond Fund, the principal amount, if any, due on the applicable Series of Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite applicable Series of Bonds.

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

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

In connection with purchases of the Series 2022A Bonds out of the Bond Fund (Tax-Exempt) as provided in the Indenture as described under this heading, the Institution shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Institution. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund (Tax-Exempt) and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund (Tax-Exempt).

The Issuer shall receive a credit in respect of Sinking Fund Installments for any applicable Series of Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any applicable Series of Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to the provisions of the Indenture as described in the fourth paragraph under this heading or otherwise). Each applicable Series of Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with

respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of the provisions of the Indenture as described under this heading are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

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

Earnings Fund. All investment income or earnings on amounts held in the accounts of the Project Fund (Tax-Exempt), the Renewal Fund, the Debt Service Reserve Fund (Tax-Exempt) or any other special fund (other than the Rebate Fund, the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable), the Repair and Replacement Fund or either Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the Fund source of the income or earnings. On the first Business Day following each Computation Period (as defined in the Tax Regulatory Agreement), the Trustee shall withdraw from the Earnings Fund and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Institution pursuant to the Tax Regulatory Agreement. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Institution in accordance with the Tax Regulatory Agreement.

The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following sentence), if the Institution shall deliver to the Trustee a certificate of an Authorized Representative of the Institution to the effect that (x) the applicable requirements of a spending exception to rebate has been satisfied as of the relevant semiannual period as set forth in the Tax Regulatory Agreement, (y) the proceeds of the Tax-Exempt Bonds have been invested in obligations the interest on which is not included in gross income for federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Tax-Exempt Bonds have been invested in obligations the Yield on which (calculated as set forth in the Tax Regulatory Agreement) does not exceed the Yield on such Tax-Exempt Bonds (calculated as set forth in the Tax Regulatory Agreement). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by the Indenture under this heading shall be deposited in the Project Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, and thereafter in the Interest Account of the Bond Fund (Tax-Exempt).

Rebate Fund. The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder or any other Person. The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Regulatory Agreement) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Regulatory Agreement), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to the Loan Agreement or the restoration of the Facility pursuant to the Indenture as described under the heading "Renewal Fund" above, at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or the restoration of the Facility as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund. If the amount on deposit in the Rebate

Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Institution. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund (Tax-Exempt).

The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Series 2022A Bonds as of the date of such payment and (ii) notwithstanding the defeasance provisions of the Indenture, not later than thirty (30) days after the date on which all Series 2022A Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

Transfer to Rebate Fund. The Trustee shall have no obligation under the Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer.

Investment of Funds and Accounts. Amounts in any Fund or Account established under the Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof. Any investment authorized by the Indenture under this heading is subject to the condition that no portion of the proceeds derived from the sale of the Tax-Exempt Bonds shall be used, directly or indirectly, in such manner as to cause any Tax-Exempt Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. In particular, unexpended Tax-Exempt Bond proceeds transferred from the accounts of the Project Fund (Tax-Exempt) (or from the Earnings Fund with respect to amounts deposited therein from the accounts of the Project Fund (Tax-Exempt)) to the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the applicable Series of Tax-Exempt Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; and if such investment is to be in one or more certificates of deposit, investment agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Regulatory Agreement. Any investment under this heading shall be made in accordance with the Tax Regulatory Agreement, and the Institution shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the applicable Bond Fund with respect to the investment of amounts held in the applicable Bond Fund, (iii) the Repair and Replacement Fund with respect to the investment of amounts held in the Repair and Replacement Fund and (iv) the Earnings Fund with respect to the investment of amounts held in any other Fund. At the written request of an Authorized Representative of the Institution no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Institution of the amount of such net investment income or gain received and collected subsequent to the last such loan payment and the amount then available in the various Accounts of each Bond Fund.

Upon the written direction of an Authorized Representative of the Institution, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of the Indenture. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with the Indenture as described in this paragraph.

As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Institution.

Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with the Indenture. The investments authorized by the Indenture shall at all times be subject to the provisions of applicable law, as amended from time to time.

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

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

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

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

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

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

In the case of each Debt Service Reserve Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the applicable Debt Service Reserve Fund Requirement. On each Valuation Date, and upon any withdrawal from either Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in the applicable Debt Service Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and, subject to the requirements of the Tax Regulatory Agreement, shall upon written instructions of the Institution transfer an amount equal to such surplus to the applicable Project Account of the Project Fund until the completion of the Project as provided in the Loan Agreement and thereafter shall transfer such amount to the Interest Account of the applicable Bond Fund.

In the case of the Repair and Replacement Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the Repair and Replacement Fund Requirement. On each Valuation Date, and upon any withdrawal from the Repair and Replacement Fund, the Trustee shall determine the amount on deposit in the Repair and Replacement Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by the Loan Agreement. If a surplus exists (i) prior to the Project Completion Date, the Trustee shall notify the Issuer and the Institution thereof and shall upon written instructions of the Institution transfer an amount equal to such surplus to the Interest Account of the Bond Fund (Tax-Exempt); and (ii) after the Project Completion Date, such surplus may be transferred pursuant to the Indenture as described in the third paragraph under the heading “Repair and Replacement Fund” below.

Although the Issuer and the Institution each recognize that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Institution agree that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions of the Indenture, if on any Interest Payment Date or Redemption Date the amounts held in the Funds established under the Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Institution. Upon receipt of written instructions from an Authorized Representative of the Institution directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture.

Repayment to the Institution from the Funds. After payment in full of the Bonds (in accordance with the defeasance provisions of the Indenture) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid under the Indenture and under each of the Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the federal government pursuant to the Indenture and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Institution upon the expiration or sooner termination of the term of the Loan Agreement as provided therein.

Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the Redemption Date thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or the Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Institution. After the payment of such unclaimed moneys to the Institution, the Holder of such Bond shall thereafter look only to the Institution for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

Debt Service Reserve Fund. If on any Interest Payment Date or Redemption Date on a Series of Bonds the amount in the Interest Account of a Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the applicable Project Fund) shall be less than the amount of interest then due and payable on the applicable Series of Bonds, or if on any principal payment date on the applicable Series of Bonds the amount in the Principal Account shall be less than the amount of principal of the applicable Series of Bonds then due and payable, or if on any Sinking Fund Installment payment date for the applicable Series of Bonds the amount in the Sinking Fund Installment Account of the applicable Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the applicable Series of Bonds, in each case, after giving effect to all payments received by the Trustee in immediately available funds by 10:00 a.m. (New York Town time) on such date from or on behalf of the Institution or the Issuer on account of such interest, principal or Sinking Fund Installment (and after any transfers to the applicable Bond Fund from the Earnings Fund and the Repair and Replacement Fund), the Trustee forthwith shall transfer moneys from the applicable Debt Service Reserve Fund, first, to such Interest Account, second to such Principal Account, and third, to such Sinking Fund Installment Account of the applicable Bond Fund, all to the extent necessary to make good any such deficiency, all pursuant to the Indenture. Upon the occurrence of an Event of Default under the Indenture and the exercise by the Trustee of remedies in the Loan Agreement and the Indenture, any moneys in each Debt Service Reserve Fund shall be transferred by the Trustee to the applicable Bond Fund and applied in accordance with the provisions of the Indenture as described under the heading “Application of Revenues and Other Moneys After Default” below, notice of which shall be given by the Trustee to the Institution, the Issuer and the Bondholders. On the Loan Payment Date next preceding the final maturity date of the Tax-Exempt Bonds, any moneys in the Debt Service Reserve Fund (Tax-Exempt) shall be transferred to the Bond Fund (Tax-Exempt) and used to pay the principal and interest on the Tax-Exempt Bonds on the final maturity date.

The Trustee shall give to the Institution on or prior to each Loan Payment Date on which the Institution is obligated pursuant to the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in any Debt

Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying any such deficiency in any Debt Service Reserve Fund. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations under the Indenture or any other obligor from any of its obligations under any of the Security Documents.

In the event that the Institution shall deliver written notice to the Trustee of its intention to redeem Tax-Exempt Bonds in part, the Institution may direct the Trustee to apply such amounts in the Debt Service Reserve Fund (Tax-Exempt) to effect such redemption such that the amount remaining in the Debt Service Reserve Fund (Tax-Exempt) upon such redemption shall not be less than the reduced Debt Service Reserve Fund Requirement (Tax-Exempt) as will be applicable to the remainder of the Tax-Exempt Outstanding.

On the date the Taxable Bonds are no long Outstanding, the Trustee shall transfer any amounts held in the Debt Service Reserve Fund (Taxable) into the Debt Service Reserve Fund (Tax-Exempt).

Repair and Replacement Fund. The Trustee shall deposit into the Repair and Replacement Fund all amounts required to be deposited therein pursuant to the Indenture and all payments required to be made by the Institution pursuant to the Loan Agreement. Prior to the Project Completion Date, the Trustee shall, at the request of an Authorized Representative of the Institution, disburse moneys from the Repair and Replacement Fund in payment of the costs set forth in the paragraph below upon receipt by the Trustee of requisitions in the form set forth in the Indenture signed by an Authorized Representative of the Institution. The Trustee shall be fully protected in releasing moneys from the Repair and Replacement Fund based on such requisition signed by an Authorized Representative of the Institution.

After the Project Completion Date, moneys in the Repair and Replacement Fund shall be disbursed by the Trustee (y) to the Institution or to the Institution's order to pay the cost of (i) improvements to the Facility, (ii) replacement or repair of furniture and equipment or other components of the Facility, and (iii) purchasing additional furniture and equipment for the Facility; and (z) to pay principal and interest on the Bonds to the extent payments by the Institution are insufficient therefor (prior to the use of moneys in the applicable Debt Service Reserve Fund and after the use of moneys in the Earning Fund for such purpose). In no event will the balance of the Repair and Replacement Fund be required to exceed the Repair and Replacement Fund Requirement. As long as no Event of Default has occurred and is continuing, if, at any time after the Project Completion Date, the balance of the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement, at the written request of the Institution, the sum of such excess shall be delivered by the Trustee to the Institution to be applied by the Institution for any lawful purpose of the Institution.

Revenue Fund and Custody Agreement. There shall be deposited in the Revenue Fund as and when received, (i) the payments paid to the Trustee by the Institution pursuant to the Loan Agreement, (ii) transfers made by the Custodian pursuant to the Custody Agreement and (iii) all other moneys to be deposited into the Revenue Fund pursuant to the Loan Agreement or the Indenture. All moneys held on deposit in the Revenue Fund shall be transferred or disbursed by the Trustee on each Loan Payment Date (except as set forth below under "FIFTH"), in the following order of priority:

FIRST: (i) to the applicable Bond Fund, an amount of moneys, less any credits received against such amounts, equal to one-third (1/3) of the interest due on the applicable Series of Bonds on the next Interest Payment Date, plus (ii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) of the Sinking Fund Installment due on any Sinking Fund Installment payment date occurring in the next 12 months, plus (iii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) of the principal due on any principal payment date occurring in the next 12 months, plus (iv) any amount previously due under this paragraph but that remains unpaid because of an insufficiency in moneys available therefor;

SECOND: to the Rebate Fund, any amount of moneys required to be deposited in the Rebate Fund pursuant to the provisions of this heading or the Tax Regulatory Agreement;

- THIRD: to the applicable Debt Service Reserve Fund, upon the determination of a deficiency pursuant to the Indenture, an amount of moneys equal to one-sixth (1/6) of such deficiency in that amount of moneys necessary to cause the sum on deposit in the applicable Debt Service Reserve Fund to equal the applicable Debt Service Reserve Fund Requirement;
- FOURTH: following the Closing Date, \$3,333.34 to the Repair and Replacement Fund on each Loan Payment Date until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement; provided that, following any disbursement or deficiency from the Repair and Replacement Fund, the amount required to be deposited therein shall additionally include an amount necessary to replenish the Repair and Replacement Fund by the total amount of such disbursement or deficiency deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement or deficiency;
- FIFTH: with respect to a redemption pursuant to the Indenture (other than mandatory sinking fund installment redemptions), to the applicable Bond Fund, an amount of money equal to the Redemption Price due on the Redemption Date, and

to the Institution, all amounts of money remaining on deposit in the Revenue Fund, if any, after the Trustee has made the disbursements required in FIRST through FIFTH above; provided that if an Event of Default has occurred and is then in effect, the Trustee shall only transfer to the Institution the amount necessary to pay operating and capital expenses required to be paid for that calendar month as provided in the Institution's annual budget as shall be certified by the Institution to the Trustee.

The Trustee shall deliver a Custody Agreement Notice to the Custodian no later than five (5) Business Days before each State Education Operating Aid Payment Date.

Each Custody Agreement Notice shall be prepared by the Trustee in substantially the form attached to the Indenture, with respect to each period from and including the Closing Date, and from and including each succeeding State Education Operating Aid Payment Date, through and including the calendar day preceding each subsequent State Education Operating Aid Payment Date (each an "**Education Aid Funding Period**"), certifying the respective aggregate amounts to be transferred by the Custodian to the Trustee during the applicable Education Aid Funding Period.

Each Custody Agreement Notice shall describe the amount of Education Aid necessary to be paid to the Trustee to satisfy the payment obligations of the Institution under the Loan Agreement for the next Education Aid Funding Period. Accordingly, each Custody Agreement Notice shall contain the following information: (1) a statement of the total amount of Education Aid to be paid over to the Trustee on the applicable State Education Operating Aid Payment Date, and (2) statements describing the portions of such total amount to be deposited into the various Funds and Accounts held by the Trustee under the Indenture pursuant to the fourth paragraph under the heading "Payments into Bond Fund" above. The Trustee shall prepare each Custody Agreement Notice in consultation with the Institution.

The Institution shall provide the Trustee, in a timely fashion (but at least ten (10) Business Days prior to each State Education Operating Aid Payment Date), the information reasonably needed by the Trustee in order to permit the Trustee to prepare each Custody Agreement Notice.

Payment of Redeemed Bonds. Notice having been given in the manner provided in the Indenture, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Dates so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment

of the Redemption Price together with interest accrued to the Redemption Date. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. Payment of the Redemption Price plus interest accrued to the Redemption Date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in the Indenture; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the Redemption Date, direct that payments of Redemption Price and accrued interest to the Redemption Date be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

Payment of Principal and Interest. The Issuer covenants in the Indenture that it will from the sources contemplated by the Indenture promptly pay or cause to be paid the interest, principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds, together with interest accrued thereon, at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof.

Performance of Covenants; Authority. The Issuer covenants in the Indenture that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered thereunder and in all proceedings pertaining thereto. The Issuer covenants in the Indenture that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized by the Indenture and to execute the Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Notes, to assign the Loan Agreement and the Promissory Notes, to execute and deliver the Assignment of ALR and the Assignment of Mortgage, and to pledge the loan payments, revenues and receipts pledged in the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Loan Agreement. An executed copy of the Loan Agreement will be on file in the office of the Issuer and in the designated corporate trust office of the Trustee. Reference is made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Institution under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is granted by the Indenture the right, to the extent provided therefor in the Indenture as described in this paragraph and subject to the provisions of the Indenture as described under the heading "Indemnity of Trustee" below, to enforce all rights of the Issuer and all obligations of the Institution under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. The Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement upon compliance or noncompliance by the Institution and the Issuer with the provisions of the Loan Agreement relating to the same.

Creation of Liens; Indebtedness. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property (subject only to Permitted Encumbrances). The Issuer covenants in the Indenture that it shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by the Indenture and the other Security Documents.

Issuer Tax Covenant. The Issuer covenants in the Indenture that it shall not knowingly take any action within its control, nor refrain from taking any action reasonably requested by the Institution or the Trustee, that would cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

Events of Default; Acceleration of Due Date. Each of the following events is defined as and shall constitute an "Event of Default" under the Indenture: Failure in the payment of the interest on any Bond when the same shall become due and payable;

(2) Failure in the payment of the principal or Purchase Price or Redemption Price of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the

stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the Redemption Date after notice of redemption therefor or otherwise;

(3) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in subparagraph (1) or (2) above) and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer or the Institution fail to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

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

Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Issuer and the Institution) or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Institution and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

If there shall occur an Event of Default under the Loan Agreement relating to insolvency, reorganization or bankruptcy of the Institution, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

The right of the Trustee or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in the Indenture, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

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

The Trustee shall promptly notify the Issuer and the Institution of any Event of Default known to a Responsible Officer of the Trustee.

Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, the Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the

Indenture or in any other Security Document or in aid of the execution of any power granted in the Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable. In the enforcement of any right or remedy under the Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of the Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in the Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the applicable Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institution or the Issuer or their creditors or property.

Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture or under any other Security Document by any acts which may be unlawful or in violation of the Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Application of Revenues and Other Moneys After Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture or under any other Security Document, and all moneys held in all Funds and Accounts (other than the Rebate Fund), shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including legal fees and expenses) incurred or made by the Trustee, and after making any required deposits to the Rebate Fund in accordance with the Tax Regulatory Agreement, be deposited on a pro rata basis in the Bond Fund (Tax-Exempt) and the Bond Fund (Taxable); provided however, that (i) the amounts on deposit in the Bond Fund (Tax-Exempt) shall remain in such Fund and (ii) the amounts on deposit in the Bond Fund (Taxable) shall remain in such Fund. All moneys so deposited and available for payment of the Bonds shall be applied, subject to the provisions of the Indenture pertaining to the compensation of the Trustee, Bond Registrar and Paying Agents, as follows (provided, however, that the amounts on deposit in the Bond Fund (Tax-Exempt) shall only be applied to the payment of Tax-Exempt Bonds and the amounts on deposit in the Bond Fund (Taxable) shall only be applied to the payment of Taxable Bonds):(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal, Purchase Price or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds

or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions as described in subparagraph (b) above which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of the Indenture as described in subparagraph (a) above.

Whenever moneys are to be applied pursuant to the provisions of the Indenture as described under this heading, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to the Indenture as described under the heading "Events of Default; Acceleration of Due Date" above, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Actions by Trustee. All rights of actions under the Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of the Indenture as described under the heading "Application of Revenues and Other Moneys After Default" above, be for the equal benefit of the Holders of the Outstanding Bonds.

Majority Holders Control Proceedings. Anything in the Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Individual Bondholder Action Restricted. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity (i) with respect to the Bonds, the Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, the Indenture or any other Security Document, (iii) for the execution of any trust under the Indenture or (iv) for any remedy under the Bonds, the Indenture or any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, the Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period

of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions of the Indenture as described under the heading "Application of Revenues and Other Moneys After Default", be for the equal benefit of all Holders of the Outstanding Bonds. Nothing in the Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner in the Indenture and in said Bonds expressed.

Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Institution, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders

Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Institution by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by the Indenture as described in this paragraph.

Waivers of Default. The Trustee shall waive any default under the Indenture and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Institution, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision of the Indenture or of any other Security Document, no remedy or other action (whether exercised by the Trustee, the Majority Holders or the Holders of the Bonds), shall have the effect of (x) continuing the exemption from the mortgage recording tax of any Mortgage upon the substitution of other indebtedness to be secured by the Mortgage (a "Mortgage Restructuring"), (y) amending or terminating any Mortgage (a "Mortgage Action") or (z) substituting for any Institution, as applicable, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or as a user or lessee of all or a portion of the Facility (a "Substitution Action"), unless, (i) in the case of clause (x) or (z) described above, a reasonable description of such Mortgage Restructuring and/or Substitution Action shall have been set forth

in a writing delivered to the Issuer by the Institution, together with a request for approval, and the Mortgage Restructuring and/or Substitution Action shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer's Board of Directors); (ii) in the case of clause (y) described above, the Issuer is provided with thirty (30) days' advance written notice by the Institution prior to the effective date of such Mortgage Action, and (iii) in each case, there shall be delivered by the Institution to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel, if required, to the effect that such Mortgage Restructuring, Mortgage Action and/or Substitution Action shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any of such Mortgage Restructuring, Mortgage Action and/or Substitution Action. For the avoidance of doubt, no Issuer consent is required for (i) the entry into a forbearance agreement by the Trustee, (ii) the exercise by the Trustee of any remedies under, or enforcement of, the Mortgage, including the commencement of a foreclosure action, (iii) the granting of a waiver of a default or Event of Default to the extent permitted under the Indenture or the Mortgage, by the Trustee, or (iv) the appointment of a receiver for the Institution or for any collateral securing the Bonds.

Indemnity of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under the Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the Indenture or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under the Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Responsibilities of Trustee. The Trustee shall have no responsibility in respect of the validity or sufficiency of the Indenture or of any other Security Document or the security provided thereunder or any offering document or the due execution of the Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with the Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in the Indenture. The recitals, statements and representations contained in the Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing or re-filing as contained in the Indenture. The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by the Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under the Indenture or the Tax Regulatory Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the Indenture or the Tax Regulatory Agreement or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under the Indenture or under any other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Institution, the Issuer or any Bondholder. The Trustee shall not be charged with the knowledge of a Determination of Taxability

unless the Trustee has received written notice thereof from the Internal Revenue Service, the Institution, the Issuer or any Bondholder or former Bondholder.

The Trustee shall not be liable or responsible for the failure of the Institution to effect or maintain insurance on the Facility as provided in the Loan Agreement or the Mortgage nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Institution, the Trustee or any other Person.

The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it under the Indenture at the expense of the Institution.

The Trustee shall, on the same date as it shall render the statement required of it by the Indenture, make annual reports to the Issuer and the Institution of all moneys received and expended during the preceding year by it under the Indenture and of any Event of Default known to it under the Loan Agreement or the Indenture or any other Security Document.

With respect to the Tax Regulatory Agreement, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action required to be taken thereunder except upon the receipt of a written certificate of direction of an Authorized Representative of the Institution delivered to the Trustee in accordance with the terms of the Tax Regulatory Agreement. Notwithstanding any provision of the Tax Regulatory Agreement or any other Security Document, nothing in the Tax Regulatory Agreement, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Regulatory Agreement to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Institution.

The permissive right of the Trustee to do things enumerated in the Indenture or the other Security Documents shall not be construed as a duty, and in doing or not doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Notice Parties or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

Compensation of Trustee, Bond Registrar and Paying Agents. The Trustee, the Bond Registrar and Paying Agents shall be entitled to receive and collect from the Institution as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered under the Indenture and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under the provisions of the Indenture regarding Bonds not presented for payment, payment of redeemed Bonds or defeasance of Bonds) for the foregoing advances, fees, costs and expenses incurred.

Evidence on Which Trustee May Act. In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which the Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of the Indenture, and any such

certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of the Indenture, or, at the sole cost and expense of the Institution, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Institution), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

In the event that any Bonds shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Bonds, the Trustee is expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Resignation or Removal of Trustee. The Trustee may resign and thereby become discharged from the trusts created under the Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to the Indenture as described under the heading “Successor Trustee” below. The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Majority Holders or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer and the Institution. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to the Indenture as described under the heading “Successor Trustee” below.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of the acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under the Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to the Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the “**Trust Corpus**”).

Successor Trustee. If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the Institution shall cooperate with the Issuer and the Issuer shall appoint a successor Trustee and shall use its best efforts to obtain acceptance of such trust by the successor Trustee within sixty (60) days from such vacancy or notice of resignation. Within twenty (20) days after such appointment and acceptance, the Issuer shall notify in writing the Institution and the Holders of all Bonds. In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Majority Holders, by an instrument or concurrent instruments in writing,

signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of the Indenture as described under this heading, within ninety (90) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Institution may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any successor Trustee appointed under the Indenture shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by the Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than \$100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".

Any predecessor Trustee shall transfer to any successor Trustee appointed under the Indenture as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of the Indenture as described under the heading "Resignation or Removal of the Trustee" above.

Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to the Indenture, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under the Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by the Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in the Indenture, and all fees and expenses and other amounts due and payable under the Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or the Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under the Indenture and the estate and rights thereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders thereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security thereunder, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in the Indenture as described below under this heading. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of the Indenture, of the Assignment of

Leases and Rents and of the Mortgage and execute and deliver to the Institution all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agents shall pay over or deliver to the Institution or on its order all moneys or securities held by them pursuant to the Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Regulatory Agreement or the Indenture. Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the Redemption Date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the Indenture as described in the first paragraph under this heading, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of the Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or Redemption Date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or Redemption Date.

Defeasance Opinion and Verification. Prior to any defeasance becoming effective as provided in the Indenture as described in the second paragraph under the heading “Defeasance” above, there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Tax-Exempt Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Supplemental Indentures Without Bondholders’ Consent. The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

(a) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien of the Indenture, if such action is not materially adverse to the interests of the Bondholders. The Issuer and the Trustee may request an Opinion of Counsel with respect to any of the foregoing matters.

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(c) To add to the covenants and agreements of the Issuer in the Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(d) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(e) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

(f) To modify or amend such provisions of the Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Tax-Exempt Bonds not be includable in gross income for federal income tax purposes.

(g) To effect any other change in the Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(h) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Indenture or such Supplemental Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to the Indenture as described under this heading, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Supplemental Indentures With Bondholders' Consent. Subject to the terms and provisions contained in the Indenture, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture. Nothing therein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, or interest on any Outstanding Bonds, a change in the terms of redemption, purchase or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Purchase Price or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by the Indenture and the other Security Documents, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in the Indenture as described in this paragraph, without, in the case of items (ii) through and including (v) of this paragraph, the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds. If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes set forth in the Indenture as described in this heading, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

If the Holders of not less than the percentage of Bonds required by the Indenture as described in this heading shall have consented to and approved the execution thereof as provided in this heading, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture as described under this heading, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Rights of Institution. Anything in the Indenture to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to the Indenture which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Institution.

Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; (vi) [reserved]; and (vii) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to the Indenture as described in this heading. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Amendments of Related Security Documents Requiring Consent of Bondholders. Except as provided in the Indenture as described in the heading “Amendments of Related Security Documents Not Requiring Consent of Bondholders”, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured as set forth in the Indenture as described under the heading “Supplemental Indentures With Bondholders’ Consent” above; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Institution to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Notes or (ii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. If at any time the Institution shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee’s own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment,

change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Parties Interested in the Indenture. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds.

No Recourse; Special Obligations. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Indenture 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 director, 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 Indenture, the Bonds or the other Security Documents or otherwise based upon or in respect to the Indenture, the Bonds or the other Security Documents or any documents supplemental thereto, or for any of the Bonds or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future director, member, officer, agent or employee, as such, of the Issuer, or any successor public benefit corporation or political subdivision, or any person executing any such document either directly or through the Issuer or any successor public benefit corporation or political subdivision, it being expressly understood that the Indenture, the Bonds or the other Security Documents are solely special obligations, and that no such personal liability whatsoever shall attach to, or is or shall be incurred by, any such director, member, officer, agent or employee of the Issuer or of any such successor public benefit corporation or political subdivision, or any person executing the Bonds, because of the creation of the indebtedness authorized thereby, or under or by reason of the obligations, covenants or agreements contained in the Indenture, the Bonds or the other Security Documents or implied therefrom, and that any and all such personal liability of, and any and all such rights and claims against, ever such director, member, officer, agent or employee because of the indebtedness authorized thereby, or under or by reason of the obligations, covenants or agreements contained therein or implied therefrom are, to the extent permitted by law, expressly waived and released as a condition of, and as consideration for, the execution of the Indenture and the Security Document and the issuance of the Bonds. The obligations and agreements of the Issuer contained in the Indenture 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.

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement (the "Loan Agreement") relating to the Series 2022 Bonds. This summary does not purport to be complete, and reference is made to the Loan Agreement for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Loan and are included for ease of reference only.

Agreement to Undertake Project. The Institution covenants and agrees to undertake and complete the Project Work in accordance with the Loan Agreement, including, without limitation: (i) effecting the Project Work, (ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work, (iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by the Loan Agreement and the Indenture, and (iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Institution under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

Manner of Project Completion. The Institution will complete the Project Work, or cause the Project Work to be completed, by the Completion Deadline, in a first class workmanlike manner, free of defects in materials and workmanship (including latent defects); provided, however, the Institution may revise the scope of the Project Work, subject to the prior written consents of the Issuer and the Trustee (which consents shall not be unreasonably withheld, delayed or conditioned). The Institution will cause the Project Completion Date to occur by the Completion Deadline. In undertaking the Project Work, the Institution shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon request, the Institution will extend to the Issuer or the Trustee all vendors' warranties received by the Institution in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform the Project Work.

Project Costs shall be paid from the applicable Project Fund or other funds provided by the Institution. In the event that moneys in the applicable Project Account of the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institution shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the applicable Project Account of the Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Institution be entitled to any diminution of the loan payments payable or other payments to be made under the Loan Agreement, under the Promissory Notes or under any other Project Document. All expenses incurred by the Institution or the Issuer in connection with the performance of its obligations under the Loan Agreement as described in this paragraph shall be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Project Account of the Project Fund (Tax-Exempt) and made available for payment of Project Costs (Tax-Exempt), or if recovered after such date of completion, be deposited in the Redemption Account or the Interest Account of the Bond Fund (Tax-Exempt), as applicable.

The Institution shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

The Institution will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. Promptly upon finishing of the Project Work and the completion of the Improvements, the Institution will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as the Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.

Upon completion of the Project Work, the Institution shall (y) deliver to the Issuer the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., Bond proceeds, equity, etc.) for each cost item, and (z) evidence the completion of the Project and the occurrence of the Project Completion Date by delivering to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution in substantially the form set forth as an exhibit to the Loan Agreement, together with all attachments required thereunder.

Upon request by the Issuer or the Trustee, the Institution shall make available to the Issuer and the Trustee copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project Work.

In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or in major categories of Project Work cost), on request of the Issuer, the Institution shall provide evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer.

The Institution shall cause the Project Work to be completed in accordance with the terms of that certain AIA A133-2019 Standard Form of Agreement Between Owner and Construction Manager as Constructor, dated as of October 18, 2022, as amended on November 7, 2022 (the "GMP Contract") by and between Consigli Construction Co., Inc. ("Consigli") and the Institution. The Institution represents to the Issuer that (1) the GMP Contract sets for a Contract Sum, as such term is defined in the GMP Contract, of \$53,996,358.00, and (2) Consigli has committed under the terms of the GMP Contract to complete the Project Work for a price no greater than the Contract Sum, subject to additions and deletions by Change Order as such term is defined and applied in the GMP Contract. In the event that a Change Order issued under the GMP Contract causes the total cost of the Project Work to exceed \$53,996,358.00, such Change Order shall be subject to the prior approval of the Trustee. The Trustee shall approve any such Change Order upon the receipt of (i) funds for deposit in the Project Fund (Taxable) in an amount sufficient to pay the additional amount required by the Change Order above and beyond the Contract Sum, and (ii) a certificate from the Institution's architect to the effect that such Change Order will not negatively impact the Facility's capacity to house up to 750 students at the 5th grade through 12th grade levels as originally designed and intended by such architect.

Maintenance. During the term of the Loan Agreement, the Institution will: (i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted, (ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and (iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the Tax-Exempt Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Institution at the Facility shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired. All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.

The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Institution agrees to assume full responsibility therefor.

Alterations and Improvements. The Institution shall have the privilege of making such alterations or additions to the Facility Realty (the "Additional Improvements") or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that: (i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its fair market value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired, (ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements, (iii) the Additional Improvements are promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and (iv) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved

Facility. All Additional Improvements shall constitute a part of the Facility, subject to the Loan Agreement, the Facility Lease Agreement, the Assignment of Leases and Rents and the Mortgage.

If at any time after the Operations Commencement Date, the Institution shall make any Additional Improvements, the Institution shall notify an Authorized Representative of the Issuer of such Additional Improvements by delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements.

In addition to the Facility Personalty, the Institution shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at the Institution's own cost and expense (the "**Institution's Property**"). Once so installed, the Institution's Property shall not constitute part of the Facility Personalty and shall not be subject to the Loan Agreement, nor constitute part of the Facility, or be subject to the lien and security interest of the Mortgage, provided that the same is not made fixtures appurtenant to the Facility Realty. The Institution shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Institution's Property, without the consent of or notice to the Issuer or the Trustee.

Removal of Property of the Facility. The Institution shall have the right from time to time to remove from that property constituting part of the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty (in any such case, the "**Existing Facility Property**") and thereby removing such Existing Facility Property from that property constituting part of the Facility and the lien and security interest of the Mortgage, provided, however: (i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or (ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms-length bona fide transaction for consideration, the Institution shall pay to the Trustee for deposit in the Redemption Account of the Bond Fund (Tax-Exempt) and thereby cause a redemption of the Series 2022A Bonds (to the nearest integral multiple of Authorized Denomination) (and, if any excess amount shall exist, in the Interest Account of the Bond Fund (Tax-Exempt)) to be effected in an amount equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, \$25,000. No such removal set forth in clause (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Tax-Exempt Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would materially reduce the fair market value of the Facility below its fair market value immediately before such removal (except by the amount by which the Series 2022A Bonds are to be redeemed as provided in clause (ii) above), or (z) there shall exist and be continuing an Event of Default under the Loan Agreement. Any amounts received pursuant to clause (ii) above in connection with any removal or series of removals, which are not in excess of \$25,000, shall be retained by the Institution.

The removal from the Facility of any Existing Facility Property pursuant to the provisions of the Loan Agreement as described under this heading shall not entitle the Institution to any abatement or reduction in the loan payments and other amounts payable by the Institution under the Loan Agreement, under the Promissory Notes or under any other Project Document.

Implementation of Additional Improvements and Removals. In the event of any Additional Improvements or substitution or replacement of property pursuant to the Loan Agreement as described under the headings "Alterations and Improvements" and "Removal of Property of the Facility" above, the Institution shall deliver or cause to be delivered to the Issuer and the Trustee any necessary documents in order to subject such Additional Improvements or substitute or replacement property to the lien and security interest of the Mortgage (in each case to the extent such Additional Improvements or substitute or replacement property relates to the Mortgaged Property) and to cause all of the same to be made part of the Facility.

No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO

THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE FACILITY. THE INSTITUTION ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE INSTITUTION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE INSTITUTION. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in the Loan Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Institution (the "Loan"). The Loan shall be made by depositing on the Closing Date the proceeds from the sale of (y) the Series 2022A Bonds into the Capitalized Interest Account and the Project Account of the Project Fund (Tax-Exempt) and the Debt Service Reserve Fund (Tax-Exempt) and (z) the Series 2022B Bonds into the Capitalized Interest Account and the Project Account of the Project Fund (Taxable) and the Debt Service Reserve Fund (Taxable), all in accordance with the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in the Loan Agreement and the Indenture.

Promissory Notes. The Institution's obligation to repay the Loan shall be evidenced by the Loan Agreement and the Promissory Notes. On the Closing Date, the Institution shall execute and deliver the Promissory Notes payable to the Issuer, and the Issuer will endorse the Promissory Notes to the Trustee. The Institution acknowledges that the original principal amount payable under the Promissory Notes may be more or less than the original principal amount of the Loan if the Initial Bonds are sold at a discount or at a premium, respectively, and agrees that repayment of the Loan and the Promissory Notes will be made in accordance with the Loan Agreement.

Loan Payments; Pledge of the Loan Agreement and of the Promissory Notes. The Institution covenants to pay the Promissory Notes and repay the Loan made pursuant to the Loan Agreement by making loan payments, or causing loan payments to be made, which the Issuer agrees shall be paid in immediately available funds by the Institution directly to the Trustee for deposit into the Revenue Fund no later than on each Loan Payment Date (except as provided in clauses (ii), (iv) and (v) below which shall be paid on the respective due dates thereof) for deposit into the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable (except to the extent that amounts are on deposit in the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, and available therefor) in an amount equal to the sum of: (1) with respect to interest due and payable on the Series 2022A Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2022A Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund (Tax-Exempt) and any amount the Trustee shall transfer from the Capitalized Interest Account in the Project Fund (Tax-Exempt) to the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2022A Bonds on the first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-third (1/3) of the amount of interest which will become due and payable on the Series 2022A Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Tax-Exempt) and any amount the Trustee shall transfer from the Capitalized Interest Account in the Project Fund (Tax-Exempt) to the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2022A Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series 2022A Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be an amount sufficient to pay the interest next becoming due on the Series 2022A Bonds on such immediately succeeding Interest Payment Date; and (2) with respect to interest due and payable on the Series 2022B Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2022B Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund (Taxable) and any amount the Trustee shall transfer from the Capitalized Interest Account

in the Project Fund (Taxable) to the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2022B Bonds on the first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-third (1/3) of the amount of interest which will become due and payable on the Series 2022B Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Taxable) and any amount the Trustee shall transfer from the Capitalized Interest Account in the Project Fund (Taxable) to the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2022B Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series 2022B Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be an amount sufficient to pay the interest next becoming due on the Series 2022B Bonds on such immediately succeeding Interest Payment Date;

(ii) (1) with respect to principal due on the Series 2022A Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2022A Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2022A Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Series 2022A Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2022A Bonds shall be an amount sufficient to pay the principal of the Series 2022A Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2022A Bonds; provided further that in the event of the acceleration of the principal of the Series 2022A Bonds, a loan payment in the amount of the principal amount of the Series 2022A Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration; and (2) with respect to principal due on the Series 2022B Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2022B Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2022B Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Series 2022B Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2022B Bonds shall be an amount sufficient to pay the principal of the Series 2022B Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2022B Bonds; provided further that in the event of the acceleration of the principal of the Series B Bonds, a loan payment in the amount of the principal amount of the Series 2022B Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(iii) (1) with respect to Sinking Fund Installment payments due on the Series 2022A Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment on the Series 2022A Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the

quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment of the Series 2022A Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Series 2022A Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2022A Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2022A Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date; and (2) with respect to Sinking Fund Installment payments due on the Series 2022B Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment on the Series 2022B Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment of the Series 2022B Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Series 2022B Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2022B Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2022B Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(iv) (1) on each Redemption Date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Series 2022A Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2022A Bonds being redeemed on such Redemption Date; and (2) on each Redemption Date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Series 2022B Bonds, an amount equal to the Redemption Price together with accrued interest on the Series 2022B Bonds being redeemed on such Redemption Date; and

(v) (1) upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt) shall be less than the Debt Service Reserve Fund Requirement (Tax-Exempt), the Institution shall pay, or cause to be paid, to the Trustee for deposit in the Debt Service Reserve Fund (Tax-Exempt) on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6) of such deficiency in the Debt Service Reserve Fund (Tax-Exempt); and (2) upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Debt Service Reserve Fund (Taxable) shall be less than the Debt Service Reserve Fund Requirement (Taxable), the Institution shall pay, or cause to be paid, to the Trustee for deposit in the Debt Service Reserve Fund (Taxable) on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6) of such deficiency in the Debt Service Reserve Fund (Taxable).

In the event the Institution should fail to make or cause to be made any of the payments required under the foregoing provisions of the Loan Agreement as described under this heading, the item or installment not so paid shall continue as an obligation of the Institution until the amount not so paid shall have been fully paid.

The Institution has the option to make advance loan payments for deposit in the Revenue Fund for deposit in the applicable Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments under the Loan Agreement if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the

Issuer, setting forth (i) the amount of the advance loan payment, (ii) the principal amount of each Series of Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (iii) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Institution shall exercise its option to make advance loan payments to effect the redemption in whole of the Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Facility, or changes in law, or executive or judicial action, the Institution shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the applicable Bond Fund on or before the Redemption Date and shall be an amount which, when added to the amounts on deposit in the applicable Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the Redemption Date and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Institution shall further pay, or caused to be paid, on or before such Redemption Date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent all fees and expenses owed such party or any other party entitled thereto under the Loan Agreement or the Indenture together with (x) all other amounts due and payable under the Loan Agreement and the other Security Documents, and (y) any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Institution may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

In the event Defaulted Interest shall become due on any Initial Bond, the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

No further loan payments need be made to the Issuer on account of the Bonds when and so long as the amount of cash and/or Defeasance Obligations on deposit in the applicable Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in the defeasance provisions of the Indenture.

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

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

Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the applicable Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the applicable Bond Fund.

The Institution shall pay, or caused to be paid, to the Trustee on each Loan Payment Date, following the Closing Date, for deposit into the Revenue Fund for deposit into the Repair and Replacement Fund the amount required for such Loan Payment Date pursuant to the Indenture. In addition, upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Repair and Replacement Fund shall be less than the Repair and Replacement Fund Requirement or if any amount is requisitioned out of the Repair and Replacement Fund pursuant to the Indenture, the Institution shall pay, or caused to be paid, to the Trustee for deposit in the Repair and Replacement Fund on the Loan Payment Date immediately following the receipt by the Institution of notice of such deficiency or following such requisition, the amount required to be deposited therein shall include an amount necessary to replenish the Repair and Replacement Fund by the total amount of such deficiency or disbursement deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such deficiency or disbursement.

In order to satisfy the Institution's obligations under the Loan Agreement, the Institution entered into the Custody Agreement, pursuant to which the Trustee will receive moneys in accordance with the provisions of the Indenture to the extent and at the times necessary to pay the principal or Redemption Price of, Sinking Fund Installments for, Purchase Price and interest on the Initial Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture). Any such payment received by the Trustee pursuant to the Custody Agreement shall be deemed to satisfy the corresponding payment obligation of the Institution under the Loan Agreement to the extent of such payment.

Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Institution to pay the loan payments and other payments under the Loan Agreement and under the Promissory Notes shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that the Loan Agreement and the Promissory Notes shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for in the Loan Agreement, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under the Loan Agreement, shall be paid by the Institution and the Indemnified Parties shall be indemnified by the Institution for, and the Institution shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Nature of Institution's Obligation Unconditional. The Institution's obligation under the Loan Agreement and under the Promissory Notes to pay the loan payments and all other payments provided for in the Loan Agreement and in the Promissory Notes shall be absolute, unconditional and a general obligation of the Institution, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Bond. The Institution's obligation under the Loan Agreement to pay any payments provided for in the Loan Agreement shall be absolute, unconditional, and a general obligation of the Institution, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Bond. The obligations of the Institution shall arise whether or not the Project has been completed as provided in the Loan Agreement and whether or not any provider of a credit facility or liquidity facility or swap arrangement with respect to the Bonds shall be honoring their respective obligations thereunder. The Institution will not suspend or discontinue any such payment or terminate the Loan Agreement (other than such termination as is provided for under the Loan Agreement), or suspend the performance or observance of any covenant or agreement required on the part of the Institution under the Loan Agreement, for any cause whatsoever, and the Institution waive all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender the Loan Agreement or any obligation of the Institution under the Loan Agreement except as provided in the Loan Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments under the Loan Agreement or under the Promissory Notes.

Advances by the Issuer or the Trustee. In the event the Institution fails to make any payment or to perform or to observe any obligation required on its part under the Loan Agreement, under the Promissory Notes or under any

other Security Document, the Issuer or the Trustee, after first notifying the Institution in writing of any such failure (except that no prior notification of the Institution shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under the Loan Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institution to the Issuer or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Institution will pay upon demand therefor by the Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee in the Loan Agreement or in any other Security Document for the collection of the loan payments or other payments or other amounts due under the Loan Agreement, under the Promissory Notes or under any other Security Document shall also be available to the Issuer or the Trustee for the collection of all such amounts so advanced. No advance shall be made by the Trustee except as specified in the Indenture.

Damage, Destruction and Condemnation. In the event that the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Institution and those authorized to exercise such right are parties, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a “**Loss Event**”): (i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Facility or to advance funds therefor, (ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Institution under the Loan Agreement or the Promissory Notes or any other Security Document to which the Institution is a party, and the Institution waive, to the extent permitted by law, any provisions of law which would permit the Institution to terminate the Loan Agreement, the Promissory Notes or any other Security Document, or eliminate or reduce its payments under the Loan Agreement, under the Promissory Notes or under any other Security Document, and (iii) the Institution will promptly give written notice of such Loss Event to the Issuer and the Trustee, generally describing the nature and extent thereof.

Loss Proceeds. The Issuer, the Trustee and the Institution shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Issuer and the Institution, be subject to the written approval of the Institution and the Trustee (such approvals not to be unreasonably withheld). The Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The Institution shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution’s Property.

Election to Rebuild or Terminate. In the event a Loss Event shall occur, the Institution shall either: (i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Institution under the Loan Agreement or the Promissory Notes or any other Security Document be abated, postponed or reduced, or (ii) if, to the extent and upon the conditions permitted to do so under the termination provisions of the Loan Agreement and under the Indenture, exercise its option to terminate the Loan Agreement and cause the Bonds to be redeemed in whole; provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Institution as contemplated by the Loan Agreement, the Institution shall exercise its option to terminate the Loan Agreement. Not later than ninety (90) days after the occurrence of a Loss Event, the Institution shall advise the Issuer and the Trustee in writing of the action to be taken by the Institution under the paragraph above, a failure to so timely notify being deemed an election in favor of clause (ii) of the paragraph above to be exercised in accordance with the provisions of clause (ii) above.

If the Institution shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in the Loan Agreement as described in clause (i) in the first paragraph under this heading, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in the Indenture to pay or reimburse the

Institution, at the election of the Institution, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Institution shall not exceed the actual cost of such work. If the Institution shall exercise its option in the Loan Agreement as described in clause (ii) in the first paragraph under this heading, the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the Redemption Account of the applicable Bond Fund, and the Institution shall thereupon pay to the Trustee for deposit in the Redemption Account of the applicable Bond Fund an amount which, when added to any amounts then in the applicable Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or Redemption Date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under the Loan Agreement and under each other Security Document, as well as any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so deposited shall be applied, together with such other available amounts in the applicable Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or maturity date.

Effect of Election to Build. All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall: (i) automatically be deemed a part of the Facility under the Loan Agreement and, with respect to Mortgaged Property, shall be subject to the lien and security interest of the Mortgage and the Assignment of Leases and Rents, (ii) be effected only if the Institution shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institution acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility, (iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, (iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Institution to use and operate the Facility as the Approved Facility, (v) be effected only if the Institution shall have complied with the insurance provisions of the Loan Agreement, (vi) be preceded by the furnishing by the Institution to the Trustee of a labor and materials payment bond, or other security, satisfactory to the Trustee, and (vii) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$250,000, be effected under the supervision of an Independent Engineer. The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to the Loan Agreement and, if applicable, subject to the mortgage lien and security interest of the Mortgage and the Assignment of Leases and Rents, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of the Loan Agreement and the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

The certificate delivered pursuant to the Loan Agreement as described in the paragraph above shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence

satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than Permitted Encumbrances and those encumbrances consented to by the Issuer and the Trustee.

Issuance of Additional Bonds. Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more Series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facility, or (z) refunding Outstanding Bonds. If the Institution is not in default under the Loan Agreement or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Pledge and Assignment to Trustee. As security for the payment of the Bonds and the obligations of the Institution under the Security Documents: (a) the Institution shall, pursuant to the Mortgage, grant to the Issuer and the Trustee, for the benefit of the Bondholders, a mortgage lien on and security interest in its fee interest in the Mortgaged Property; (b) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage; (c) the Institution shall, pursuant to the Assignment of Leases and Rents, assign to the Issuer and the Trustee, for the benefit of the Bondholders, all leases and rents with respect to the Facility; (d) the Issuer shall assign its right, title and interest in the Assignment of Leases and Rents pursuant to the Assignment of ALR; (e) the Institution shall, pursuant to the Assignment of Contracts, assign to the Trustee, for the benefit of the Bondholders, the Contracts and Permits; (f) the Institution shall enter into the Custody Agreement; and (g) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Notes and all of the Issuer's right, title and interest in the Loan Agreement (except for the Issuer's Unassigned Rights), including all loan payments under the Loan Agreement and under the Promissory Notes, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the applicable Bond Fund in accordance with the Indenture.

Merger of the Issuer. Nothing contained in the Loan Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of its interest in the Facility to any other local development corporation, public benefit corporation, political subdivision, or other entity which has the legal authority to enter into the 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 the Loan Agreement to be kept and performed by the Issuer shall be expressly assumed in writing by the entity 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 2022A Bonds from gross income for Federal income tax purposes shall not be adversely affected thereby.

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 (a) a favorable opinion of Independent Counsel as to compliance with the provisions of clause (i) of the preceding paragraph, and (b) a favorable opinion of Bond Counsel opining as to compliance with provisions of clause (ii) of the preceding paragraph of this heading. The Issuer promptly shall furnish such additional information with respect to any such transaction as the Institution or the Trustee may reasonably request.

Environmental Matters. The Institution shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property. The Institution shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or the Loan Agreement is terminated as provided therein, the Institution shall deliver the Mortgaged Property so that the conditions of the Mortgaged Property with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Mortgaged Property.

Assignment of the Loan Agreement or Lease of Facility. The Institution shall at any time, except as permitted by the Loan Agreement as described under the heading “Restrictions on Dissolution and Merger” below, assign or transfer the Loan Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer: (i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the “**New Institution**”) shall not cause the Facility to cease being the Approved Facility;

(ii) the New Institution shall be liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of any other Project Document to which it shall be a party;

(iii) the New Institution shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document and have agreed to keep and perform) all of the terms of the Loan Agreement and each other Project Document on the part of the New Institution to be kept and performed, shall be subject to service of process in the State, and, if a corporation or a limited liability company, shall be qualified to do business in the State;

(iv) the New Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization and, if applicable, shall be duly established as a charter school under the Charter Schools Act, and its charter to operate the Facility shall be in full force and effect;

(v) such assignment or transfer shall not violate any provision of the Loan Agreement or any other Project Document;

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that (x) such assignment or transfer shall be permitted under the Charter Schools Act, if applicable, and shall constitute the legally valid, binding and enforceable obligation of the New Institution and shall not legally impair in any respect the obligations of the New Institution for the payment of all loan payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement, of the Promissory Notes or of any other Project Document to which the New Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document, and (y) the Loan Agreement and each of the other Project Documents to which the New Institution is a party constitute the legally valid, binding and enforceable obligation of the New Institution;

(vii) the New Institution shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

Except pursuant to the Facility Lease Agreement, the Institution shall not at any time lease all or substantially all of the Facility, without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); nor shall the Institution lease part (i.e., not constituting substantially all) of the Facility without the prior written consents of the Issuer and the Trustee (which consents shall, in such case, not be unreasonably withheld and, in the case of the Issuer, such consent to be requested by the Institution of the Issuer in the form prescribed by the Issuer, and such consent of the Issuer to take into consideration the Issuer's policies as in effect from time to time); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such letting:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the lease shall not cause the Facility to cease being the Approved Facility;

(ii) the Institution shall remain primarily liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of the Promissory Notes and of any other Project Document to which it shall be a party;

(iii) any lessee in whole or substantially in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document) and have agreed to keep and perform all of the terms of the Loan Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any lessee shall utilize the Facility as the Approved Facility and shall constitute a Tax-Exempt Organization;

(v) such lease shall not violate any provision of the Loan Agreement or any other Project Document;

(vi) with respect to any letting in part of the Facility, no more than an aggregate of twenty percent (20%) of the Completed Improvements Square Footage shall be leased by any Institution;

(vii) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall be permitted under the Charter Schools Act and constitute the legally valid, binding and enforceable obligation of the lessee and shall not legally impair in any respect the obligations of the Institution for the payment of all loan or other payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement, of the Promissory Notes or of any other Project Document to which the Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document;

(viii) such lease shall in no way diminish or impair the obligation of the Institution to carry the insurance required under the Mortgage or the Loan Agreement and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be diminished or impaired by reason of such assignment, transfer or lease;

(ix) any such lessee shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(x) each such lease shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(xi) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such lease in substantially final form at least thirty (30) days prior to the date of execution thereof.

Any consent by the Issuer or the Trustee to any act of assignment, transfer or lease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Institution, or the successors or assigns of the Institution, to obtain from the Issuer and the Trustee consent to any other or subsequent assignment, transfer or lease, or as modifying or limiting the rights of the Issuer or the Trustee under the foregoing covenant by the Institution.

For purposes of this heading, any license or other right of possession or occupancy granted by the Institution with respect to the Facility shall be deemed a lease subject to the provisions of the Loan Agreement as described under this heading.

Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility. The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, including the Improvements, or any part of the Facility or interest therein, except as set forth in the Loan Agreement as described under the headings “Maintenance,” “Alterations and Improvements,” “Removal of Property of the Facility,” “Implementation of Additional Improvements and Removals,” “Damage, Destruction and Condemnation,” “Loss Proceeds,” “Election to Rebuild or Terminate,” “Effect of Election to Build,” “Assignment of Loan Agreement or Lease of Facility” and “Remedies on Default” or in this heading, without (i) the prior written consents of the Issuer and of the Trustee, (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to the Loan Agreement as described under this heading will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income taxes, and (iii) the Institution delivering to the Trustee and the Issuer an Opinion of Counsel to the effect that such action is authorized and permitted under the Charter Schools Act. Any purported disposition without such consents and opinions shall be void. The Institution may, with the prior written consents of the Issuer and the Trustee (such consents not to be unreasonably withheld or delayed), so long as there exists no Event of Default under the Loan Agreement, grant such rights-of-way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the Institution for the operation or use of the Facility, or required by any utility company for its utility business, provided that, in each case, such rights-of-way, easements, permits or licenses shall not adversely affect the use or operation of the Facility as the Approved Facility, and provided, further, that any consideration received by the Institution from the granting of said rights-of-way, easements, permits or licenses shall be paid to the Trustee and deposited in the Redemption Account of the Bond Fund (Tax-Exempt) (and, if any excess amount shall exist, in the Redemption Account of the Bond Fund (Taxable) or, if such Bonds are no longer Outstanding, then in the Interest Account of the Bond Fund (Tax-Exempt)). The Issuer agrees, at the sole cost and expense of the Institution, to execute and deliver, and to cause and direct the Trustee to execute and deliver, any and all instruments necessary or appropriate to confirm and grant any such right-of-way or easement or any such permit or license and to release the same from the lien and security interest of the Mortgage and of the Assignment of Leases and Rents.

So long as there exists no Event of Default under the Loan Agreement, and the Institution delivers to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the following action will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes, the Institution may from time to time request in writing to the Issuer and the Trustee the release of and removal from the property comprising the Facility under the Loan Agreement and the lien and security interest of the Mortgage and of the Assignment of Leases and Rents, of any unimproved part of the Land (on which none of the Improvements, including the buildings, structures, major appurtenances, fixtures or other property comprising the Facility Realty, is situated); provided that such release and removal will not adversely affect the use or operation of the Facility as the Approved Facility. Upon any such request by the Institution, the Issuer shall, at the sole cost and expense of the Institution, cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved Land from the property comprising the Facility under the Loan Agreement and the lien and security interest of the Mortgage and of the Assignment of Leases and Rents, subject to the following:

(i) any liens, easements, encumbrances and reservations to which title to said property was subject on the Closing Date;

(ii) any liens, easements and encumbrances created at the request of the Institution or to the creation or suffering of which the Institution consented;

(iii) any liens and encumbrances or reservations resulting from the failure of the Institution to perform or observe any of the agreements on its part contained in the Loan Agreement or any other Project Document;

(iv) Permitted Encumbrances (other than the lien of the Mortgage and of the Assignment of Leases and Rents); and

(v) any liens for taxes or assessments not then delinquent;

provided, however, that no such release shall be effected unless the following conditions have been satisfied:

(1) the Trustee shall have received a certificate of an Independent Engineer, dated not more than sixty (60) days prior to the date of the release, stating that, in the opinion of the person signing such certificate, the unimproved Land and the release thereof so proposed to be made is not needed for the operation of the remaining Facility, will not adversely affect the use or operation of the Facility as the Approved Facility and will not destroy the means of ingress thereto and egress therefrom;

(2) the Trustee shall have received an amount of cash for deposit in the Redemption Account of the Bond Fund (Tax-Exempt) (and, if any excess amount shall exist, the Redemption Account of the Bond Fund (Taxable) or, if such Bonds are no longer Outstanding, then in the Interest Account of the Bond Fund (Tax-Exempt)) equal to the greatest of (A) the original cost of the unimproved Land so released, such allocable cost to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the Town, (B) the fair market value of such unimproved Land, such value to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the Town, and (C) if such unimproved Land is released in connection with its sale, the amount received by the Institution upon such sale; and

(3) the Facility Realty as shall remain subject to the Mortgage and the Assignment of Leases and Rents shall not constitute a portion of a tax lot.

No conveyance or release effected under the provisions of the Loan Agreement as described under this heading shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under the Loan Agreement as described under the heading "Loan Payments; Pledge of the Loan Agreement and of the Promissory Notes" or any other payments required to be made by the Institution under the Loan Agreement or any other Project Document to which it shall be a party.

Discharge of Liens. If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "**Liens**"), whether or not valid, is made against the Trust Estate, the Facility or any part thereof or the interest therein of the Institution or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Security Documents, or the interest of the Issuer or the Institution in any Security Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted under the Loan Agreement as described in the paragraph below, the Institution forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor. Nothing contained in the Loan Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under the Loan Agreement as described in this paragraph. The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the

Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facility or any part thereof or interest therein, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents or the interest of the Issuer or the Institution in any Project Document,

(ii) neither the Facility nor any part thereof or interest therein, the Trust Estate or any portion thereof, the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document would be in any danger of being sold, forfeited or lost,

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

No Further Encumbrances Permitted. The Institution shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against (i) the Facility or any part thereof, or the interest of the Institution in the Facility, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document. The Institution covenants that it shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facility (other than Permitted Encumbrances) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage and the Assignment of Leases and Rents.

Taxes, Assessments and Charges. The Institution shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Facility Realty or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty, all of which are herein called “**Impositions**”. The Institution may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance. In the event the Facility Realty is exempt from Impositions solely due to the Issuer’s involvement with the Project and the Facility Realty, the Institution shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty as if the Issuer had no involvement with the Project and the Facility Realty.

The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition, if: (i) such proceeding shall suspend the execution or enforcement of such Imposition against the Trust Estate, the Facility or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, (ii) none of the Trust Estate, the Facility or any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, would be in any danger of being sold, forfeited or lost, (iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (iv) the Institution shall have furnished such

security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Compliance with Legal Requirements. The Institution shall not occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto. At its sole cost and expense, the Institution shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the Charter Schools Act, and the New York Labor Law, the New York Executive Law and the New York Civil Rights Law), whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the construction of the Project or to the Institution, the Facility, any occupant, user or operator of the Facility or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Institution will not, without the prior written consent of the Issuer and the Trustee (which consents shall not be unreasonably withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facility or any part thereof. The Institution shall comply with the relevant policies of the Issuer with respect to such laws.

The Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in the paragraph above if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Institution shall have furnished such security, if any, as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents for failure to comply therewith.

Operation as Approved Facility. The Institution will not take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility. The Institution will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facility not to be the Approved Facility. The Institution will permit the Trustee and/or the Issuer and its respective duly authorized agents, at all reasonable times upon written notice to enter upon the Facility and to examine and inspect the Facility and exercise its rights under the Loan Agreement, under the Indenture and under the other Security Documents with respect to the Facility. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facility, but solely for the purpose of assuring that the Institution is operating the Facility, or is causing the Facility to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

Restrictions on Dissolution and Merger. The Institution covenants and agrees that at all times during the term of the Loan Agreement, it will (i) maintain the Institution's existence as a not-for-profit education corporation constituting a Tax-Exempt Organization and a validly existing charter school under the Charter Schools Act, (ii) continue to be subject to service of process in the State, (iii) continue to be organized under the laws of, or qualified to do business in, the State, (iv) not liquidate, wind up or dissolve or otherwise dispose of all or substantially all of its property, business or assets ("**Transfer**") remaining after the Closing Date, except as provided in the second paragraph under this heading, (v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it ("**Merge**" or "**Merger**"), except as provided in the second paragraph under this heading, and (vi) not change or permit the change of any Principal of the Institution, or a change in the relative Control of the Institution of any of the existing Principals, except in each case as provided in the third paragraph under this heading. Notwithstanding the provisions of the Loan Agreement as described in the paragraph above, the Institution may Merge or participate in a Transfer if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable: (i) when the Institution is the surviving, resulting or transferee Entity: (1) the Institution shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Institution immediately prior to such Merger or Transfer, (2) the Institution shall continue to be a Tax-Exempt Organization and a validly existing charter school under the Charter Schools Act, (3) the Institution shall deliver to the Issuer and the

Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes, and (4) the Institution shall deliver to the Issuer a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Issuer; or (ii) when the Institution is not the surviving, resulting or transferee Entity (the “**Successor Institution**”): (1) the Institution (the “**Predecessor Institution**”) shall not have been in default under the Loan Agreement or under any other Project Document, (2) the Successor Institution shall be a Tax-Exempt Organization and shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State and the Successor Institution, shall be a validly existing charter school under the Charter Schools Act, (3) the Successor Institution shall have assumed in writing all of the obligations of the Predecessor Institution contained in the Loan Agreement and in all other Project Documents to which the Predecessor Institution shall have been a party, (4) the Successor Institution shall have delivered to the Issuer and the Trustee an Opinion of Counsel to the effect that all approvals required by the New York State Board of Regents or otherwise to such Merger or Transfer have been obtained, (5) the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion, (6) each Principal of the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion, (7) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an Opinion of Counsel to the effect that (y) the Loan Agreement and all other Project Documents to which the Predecessor Institution shall be a party constitute the legal, valid and binding obligations of the Successor Institution and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents, (8) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an opinion of an Independent Accountant to the effect that the Successor Institution has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Institution immediately prior to such Merger or Transfer, (9) the Successor Institution delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes, and (10) the Successor Institution shall provide evidence to the Trustee that the entity can continue to operate the Facility as a charter school in accordance with the Charter Schools Act and that such entity is (or shall be upon the Merger or Transfer) entitled to receive Education Aid.

If there is a change in Principals of the Institution, or a change in the Control of the Institution, the Institution shall deliver to the Issuer prompt written notice thereof to the Issuer together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

Preservation of Exempt Status. The Institution agrees that it shall: (a) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facility, or permit the Facility to be used in or for any trade or business, which shall adversely affect the basis for its exemption under Section 501 of the Code; (b) not use more than three percent (3%) of the proceeds of the Tax-Exempt Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations; (c) not directly or indirectly use the proceeds of the Tax-Exempt Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations, provided that no loan shall be made to another Tax-Exempt Organization unless such organization is using the funds for a purpose that is not an unrelated trade or business for either the Institution or the borrower; (d) not take any action or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the Closing Date, would cause the Tax-Exempt Bonds to be “arbitrage bonds” under the Code or cause the interest paid by the Issuer on the Tax-Exempt Bonds to be subject to federal income tax in the hands of the Holders thereof; and (e) use its best efforts to maintain the tax-exempt status of the Tax-Exempt Bonds.

Securities Law Status. The Institution covenants that: (a) the Facility shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, (b) no part of the net earnings of the Institution shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, and (c) it shall not perform any act nor enter into any agreement which shall change such status as set forth in this paragraph.

Further Assurances. The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of the Loan Agreement and any rights of the Issuer or the Trustee under the Loan Agreement, under the Indenture or under any other Security Document.

Tax Regulatory Agreement. The Institution shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder. Promptly following receipt of notice from the Trustee as provided in the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund. The Institution agrees to pay all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Compliance with the Indenture. The Institution will comply with the provisions of the Indenture with respect to the Institution. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institution will use its best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Reporting Information for the Trustee. The Institution shall furnish or cause to be furnished to the Trustee: (i) as soon as available and in any event within one hundred eighty (180) days after the close of each Fiscal Year, a copy of the annual financial statements of the Institution on a consolidated basis, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Institution's Independent Accountant and prepared in accordance with GAAP, (ii) as soon as available and in any event within sixty (60) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Institution, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Institution, and copies of each report on enrollment, headcount, membership, attendance and similar statistics with respect to the Institution submitted by the Institution to the New York State Education Department during the previous calendar quarter; (iii) any written notice if the Institution's charter under the Charter Schools Act shall have expired or been amended, revoked, surrendered or terminated, or if there are any pending or threatened proceedings to effect same; and (iv) the Institution's adopted budget and any amendments within sixty (60) days of their respective adoption. The Institution shall deliver to the Trustee with each delivery of annual financial statements required by the Loan Agreement as described in the paragraph above: (i) a certificate of an Authorized Representative of the Institution: (1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions which relate to the Institution in the Loan Agreement and in any other Project Document to which it shall be a party, and (2) as to whether or not a Determination of Taxability has occurred, and (3) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, s/he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default under the Loan Agreement, and any action proposed to be taken by the Institution with respect thereto, and (ii) a certificate of an Authorized Representative of the Institution that the insurance it maintains complies with the provisions of the Loan Agreement and the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.

In addition, upon twenty (20) days prior request by the Trustee, the Institution will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists under the Loan Agreement or specifying each such default or breach of which such Authorized Representative has knowledge.

The Institution shall immediately notify the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this paragraph 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.

The Institution shall deliver to the Trustee all insurance-related documents required by the Loan Agreement.

The Trustee shall be under no obligation to review the financial statements received under the Loan Agreement as described under this heading for content and shall not be deemed to have knowledge of the contents thereof.

Continuing Disclosure. The Institution shall, if required by Securities and Exchange Commission Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Loan Agreement, failure of the Institution to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution to comply with its obligations under the Loan Agreement as described in this paragraph. The Institution agrees that the Issuer shall have no continuing disclosure obligations.

Special Institution Covenants and Custody Agreement. The Institution covenants that, for so long as any Bonds shall be Outstanding, it will be chartered by the State University of New York or the New York Board of Regents as a charter school. The Institution shall provide the Issuer and the Trustee immediate notice if the Institution's charter or the Charter Agreement is not renewed, or is otherwise terminated, revoked, amended or cancelled or expires. The Institution covenants that it shall not discriminate in admissions, hiring, the granting of scholarships or loans, if applicable, or the administration of educational policies generally.

The Institution covenants to comply fully in all material respects with the provisions of the Charter Schools Act so long as any Bonds remain Outstanding. The Institution will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply with such permits, licenses and other governmental approvals necessary for operation of the Facility as a public charter school in accordance with the Charter Schools Act.

On or about the Closing Date, the Institution will execute a payment direction letter to the School District and each other applicable Entity directing each such Entity to forward all Education Aid due to the Institution with respect to its operations at the Facility to the Custodian to be deposited in the account (the "**Custody Account**") governed by the Custody Agreement. The Institution agrees not to revoke such direction so long as any obligations of the Institution under the Loan Agreement or any other Security Document remain outstanding or unsatisfied. In the event the Institution receives any Education Aid with respect to its operations at the Facility contrary to such direction, the Institution shall immediately deposit the same in the Custody Account.

In the event that Education Aid is not received by the Custodian in an amount sufficient, or in a timely manner, to permit the Custodian to transfer to the Trustee the amount required above by any Loan Payment Date, the Institution is nevertheless obligated to cause the full amount required to be paid to the Trustee under the Loan Agreement in a timely manner on or prior the Loan Payment Date from whatever sources are available to the Institution.

The Institution shall not change its Custodian unless the Institution executes a new payment direction letter to the School District and each other applicable Entity directing each such Entity to forward all Education Aid due to the Institution with respect to its operations at the Facility to the new Custodian pursuant to the terms of the Custody Agreement.

Financial Covenants. *Minimum Days Cash on Hand Covenant.* The Institution covenants that the Institution shall, beginning with the Fiscal Year ending June 30, 2023, and for so long as any Bonds remain Outstanding, maintain unrestricted cash reserves sufficient to meet sixty (60) days of Operating Expenses to be tested as of June 30 of each year based on the results of the annual audit of the Institution for such Fiscal Year upon the

release of such audit. If on any testing date the Days Cash on Hand is less than sixty (60) days of Operating Expenses, the Institution shall retain, on an annual basis, a minimum 50% of the Excess Net Revenues until such time as it is in compliance. Operating Expenses for purposes of calculating Days Cash on Hand will include interest payments on Long-Term Indebtedness. If the Institution is in violation of the minimum Days Cash on Hand requirement, then the Majority Holders shall have the right to direct the Trustee to require the Institution to engage a Management Consultant acceptable to the Majority Holders at the Institution's expense, which shall deliver a written report within 60 days of engagement to the Trustee and the Institution containing recommendations concerning the Institution's: (i) operations; (ii) financing practices and activities, including Short-Term Indebtedness, lease financing, and investment activities; (iii) management practices, including the use of consultants, budgeting practices, and ongoing financial systems and monitoring of the Institution's financial condition; (iv) governance and administration practices; and (v) other factors relevant to maintaining such compliance.

Upon submission of the Management Consultant's report, the Institution is required to arrange for payment of the amount owed to the Management Consultant and issue a written certificate to the Trustee indicating its acceptance or rejection of all or any material portion of the recommendations of the Management Consultant within 30 days of receiving the report of the Management Consultant. The Majority Holders shall have the right to require the Institution to comply with any reasonable recommendation of the Management Consultant with respect to clauses (i) through (v) in the paragraph above.

Notwithstanding anything to the contrary contained in this subheading, the failure to satisfy any of the covenants contained in the Loan Agreement as described under the subheading "*Minimum Days Cash on Hand Covenant*" shall not constitute or be deemed to constitute an Event of Default under the Loan Agreement, provided the recommendations of the Management Consultant are being followed as certified in writing by the Management Consultant at least bi-monthly during the period of the consultancy and provided to the Trustee.

Long-Term Debt Service Coverage Ratio. The Institution covenants that, so long as any Bonds remain Outstanding, it will maintain a Long-Term Debt Service Coverage Ratio greater than 1.10 to 1.0. Beginning with the Fiscal Year commencing July 1, 2022, the Institution shall calculate annually the Long-Term Debt Service Coverage Ratio for the most recently completed Fiscal Year, and shall provide a copy of such calculation to the Trustee at the time of delivery of the annual audited financial statements. If the calculation indicates that the Long-Term Debt Service Coverage Ratio of the Institution for such previous Fiscal Year shall be less than 1.10 to 1.0 but equal to or greater than 1.0 to 1.0, the Institution shall, within thirty (30) days of the date of such calculation, provide the Trustee with a detailed written explanation from an Authorized Representative of the Institution stating the reasons for the Institution's failure to achieve the required Long-Term Debt Service Coverage Ratio and its plan for achieving such Long-Term Debt Service Coverage Ratio by the end of the next Fiscal Year. In such event, the Majority Holders shall have the right to direct the Trustee to require the Institution to engage, at the Institution's expense, a Management Consultant acceptable to the Majority Holders, which shall deliver a written report within 60 days of engagement to the Trustee containing recommendations concerning the Institution's: (i) operations; (ii) financing practices and activities, including Short-Term Indebtedness, lease financing, and investment activities; (iii) management practices, including the use of consultants, budgeting practices, and ongoing financial systems and monitoring of the Institution's financial condition; (iv) governance and administration practices; and (v) other factors relevant to maintaining such compliance.

Upon submission of the Management Consultant's report, the Institution is required to arrange for payment of the amount owed to the Management Consultant and issue a written certificate to the Trustee indicating its acceptance or rejection of all or any material portion of the recommendations of the Management Consultant within 30 days of receiving the report of the Management Consultant. The Majority Holders shall have the right to require the Institution to comply with any reasonable recommendation of the Management Consultant with respect to items (i) through (v) above.

Notwithstanding anything to the contrary contained in the Loan Agreement as described under the subheading "*Long-Term Debt Service Coverage Ratio*", but subject to the following paragraph, the Institution's failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.10 to 1.00 (provided same is at least 1.0 to 1.0) shall not constitute or be deemed to constitute an Event of Default under the Loan Agreement, provided the recommendations of the Management Consultant are being followed as certified in writing by the Management Consultant at least bi-monthly during the period of the consultancy and provided to the Trustee.

Notwithstanding anything to the contrary contained in the Loan Agreement as described under the subheading “*Long-Term Debt Service Coverage Ratio*”, the Institution’s failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.0 to 1.0 shall constitute an Event of Default under the Loan Agreement.

Limitations on Incurrence of Additional Indebtedness. The Institution shall be precluded from incurring Additional Indebtedness that is secured by a lien that is senior to the lien of the Mortgage on the Mortgaged Property and is senior to the obligations of the Institution under the Loan Agreement. The Institution may incur Additional Parity Indebtedness only upon providing to the Trustee a certificate of an Authorized Representative of the Institution, accompanied by a confirming Independent Financial Consultant’s Certificate, to the effect that (i) the requirements of the Indenture as described under the heading “*Issuance of Additional Bonds*” above have been met, but this clause (i) applies only if the other Indebtedness takes the form of Additional Bonds, and (ii) either: (a) (i) the Net Income Available for Debt Service of the Institution is equal to or greater than 110% of the Annual Debt Service for outstanding Long-Term Indebtedness related to the Facility as determined in the most recent audited financial statements of the Institution and (ii) the Net Income Available for Debt Service is equal to or greater than 110% of combined Annual Debt Service for outstanding Long-Term Indebtedness related to the Facility and the Long-Term Indebtedness related to the facility proposed to be incurred as determined in the most recent audited financial statements of the Institution; or (b) the projected Net Income Available for Debt Service of the Institution is not less than 125% of the combined projected Annual Debt Service for currently outstanding Long-Term Indebtedness related to the Facility and the Long-Term Indebtedness related to the facility proposed to be incurred for three consecutive fiscal years after the earlier of (i) the date the new facility is placed into service or (ii) the year provision for payment of debt service with capitalized interest is expended. In addition to the foregoing, prior to the incurrence of Additional Parity Indebtedness, the Custodian, the Trustee, the Institution and any issuer of such Additional Parity Indebtedness shall have entered into an intercreditor agreement, satisfactory to all parties, providing for, among other things, the application and disposition of amounts on deposit in the account under the Custody Agreement and any amendment or supplement thereof.

Additional Indebtedness subordinate to the obligations of the Institution under the Loan Agreement and lien on the Mortgaged Property are permitted by the Loan Agreement.

Events of Default. Any one or more of the following events shall constitute an “Event of Default” under the Loan Agreement: (a) Failure of the Institution to pay, or caused to be paid, any loan payment that has become due and payable by the terms of the Loan Agreement as described under the heading “*Loan Payments; Pledge of the Loan Agreement and of the Promissory Notes*” above which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in clause (a) above) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under the provisions of the Loan Agreement regarding insurance, indemnity, payment of compensation and expenses, assignment of the Loan Agreement, discharge of liens, no further encumbrances permitted, taxes, assessments and charges, compliance with Legal Requirements, restrictions on dissolution and merger, preservation of exempt status, securities law status, certain reporting requirements, determination of taxability and mandatory redemption of Bonds, and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Institution to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in clauses (a) or (b) above) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(d) The Institution shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment

for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Institution, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Institution or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Institution shall be entered in an involuntary case under such Bankruptcy Code; the terms “dissolution” or “liquidation” of the Institution as used above shall not be construed to prohibit any action otherwise permitted by the Loan Agreement as described under the heading “Restrictions on Dissolution and Merger” above;

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

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

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

(i) [Reserved];

(j) Failure of the Institution to pay the amount required of it with respect to either Debt Service Reserve Fund under the Loan Agreement when required thereunder;

(k) The loss of use or occupancy of the Facility by the Institution; or

(l) The loss by the Institution of its public charter school status under the Charter Schools Act, or the loss by the Institution of its charter such that the Institution can no longer operate at the Facility as a public charter school for the Approved Project Operations.

Remedies on Default. Whenever any Event of Default referred to in the Loan Agreement as described in the heading “Events of Default” above shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps: (i) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of loan payments payable under the Loan Agreement as described under the heading “Loan Payments; Pledge of the Loan Agreement and of the Promissory Notes” above until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under the Loan Agreement as described in clause (d) or (e) under the heading “Events of Default” above, all principal installments of loan payments payable under the Loan Agreement as described under the heading “Loan Payments; Pledge of the Loan Agreement and of the Promissory Notes” above until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any

declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under the Loan Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

Upon the occurrence of a default with respect to any of the Issuer's Unassigned Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Unassigned Rights by: (i) bringing an action for damages, injunction or specific performance, and/or (ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Institution under the Issuer's Unassigned Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institution under the Issuer's Unassigned Rights.

No action taken pursuant to the Loan Agreement as described under this heading or by operation of law or otherwise shall, except as expressly provided in the Loan Agreement, relieve the Institution from the Institution's obligations thereunder, all of which shall survive any such action.

Bankruptcy Proceedings. In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and the Promissory Notes, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Notes and the Loan Agreement as described under the heading "Loan Payments; Pledge of the Loan Agreement and of the Promissory Notes" above) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Institution, the creditors or property of the Institution, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under the Loan Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under the Loan Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements set forth in the Loan or to exercise any rights or remedies upon default by the Institution thereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions of the Loan Agreement, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated.

No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in the Loan Agreement should be breached by any party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights under the Loan Agreement or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution waives the

benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws now existing or which may hereafter exist.

Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or the Loan Agreement or under any other Security Document on account of any Event of Default thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision of the Loan Agreement or of any other Security Document, no remedy or other action (whether exercised by the Trustee, the Majority Holders or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of any Mortgage upon the substitution of other indebtedness to be secured by the Mortgage (a “**Mortgage Restructuring**”), (y) amending or terminating the Mortgage (a “**Mortgage Action**”) or (z) substituting for the Institution a new Entity to either be a counterparty to the Issuer under the Loan Agreement or as a user or lessee of all or a portion of the Facility (a “**Substitution Action**”), unless, (i) in the case of clause (x) or (z) described above, a reasonable description of such Mortgage Restructuring and/or Substitution Action shall have been set forth in a writing delivered to the Issuer by the Institution, together with a request for approval, and the Mortgage Restructuring and/or Substitution Action shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors); (ii) in the case of clause (y) described above, the Issuer is provided with thirty (30) days’ advance written notice by the Institution prior to the effective date of such Mortgage Action, and (iii) in each case, there shall be delivered by the Institution to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel, if required, to the effect that such Mortgage Restructuring, Mortgage Action and/or Substitution Action shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any of such Mortgage Restructuring, Mortgage Action and/or Substitution Action. For the avoidance of doubt, no Issuer consent is required for (i) the entry into a forbearance agreement by the Trustee, (ii) the exercise by the Trustee of any remedies under, or enforcement of, the Mortgage, including the commencement of a foreclosure action, (iii) the granting of a waiver of a default or Event of Default to the extent permitted under the Loan Agreement or the Mortgage, by the Trustee, or (iv) the appointment of a receiver for the Institution or for any collateral securing the Bonds.

Termination of the Loan Agreement. The Institution shall have the option to cause the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture. After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with the defeasance provisions of the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of the Loan Agreement, the Institution shall terminate the Loan Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in the Loan Agreement, and (y) the survival of those obligations of the Institution set forth in the Loan Agreement.

Determination of Taxability. If any Holder of Tax-Exempt Bonds receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Tax-Exempt Bond, an appeal may be taken by such Holder at the option of either such Holder or the Institution. If such appeal is taken at the option of the Institution (exercised in accordance with the procedures set forth in the definition of “Determination of Taxability”), all expenses of the appeal including reasonable counsel fees shall be paid by the Institution, and the Institution shall control the procedures and terms relating to such appeal, and such Holder and the Institution shall cooperate and consult with each other in all matters pertaining to any such appeal which the Institution has elected to take, except that no Holder of Tax-Exempt Bonds shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the Institution has elected to take, however, the Bondholder shall have the right to require the Institution to pay the tax assessed and conduct the appeal as a contest for reimbursement. The obligations of the Institution to make the payments provided for in the Loan Agreement as described under this heading shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under the Loan Agreement or otherwise shall not relieve the Institution of its obligation under the Loan Agreement as described under this heading.

Not later than one hundred twenty (120) days following a Determination of Taxability, the Institution shall pay, or caused to be paid, to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund (Tax-Exempt) and available for such purpose, to retire and redeem all Tax-Exempt Bonds then Outstanding, in accordance with the Indenture. The Tax-Exempt Bonds shall be redeemed in whole unless redemption of a portion of the Tax-Exempt Bonds Outstanding would have the result that interest payable on the Tax-Exempt Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Tax-Exempt Bond. In such event, the Tax-Exempt Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Mandatory Redemption As a Result of Project Gifts or Grants. If, prior to completion of the construction of a component of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Institution shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the Tax-Exempt Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (B) the aggregate amount of Project Costs (Tax-Exempt) not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, the Institution shall cause the Trustee to effect a redemption of Tax-Exempt Bonds in an amount equal to such excess only to the extent to which proceeds of the Tax-Exempt Bonds were expended for such component. If, after completion of the construction of a component of the Project, the Institution receives any gift or grant which it reasonably expected to receive prior to such completion and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the Tax-Exempt Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the earlier of the date on which Tax-Exempt Bond proceeds were expended thereon or the placed in service date of such component, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the earlier of the date on which Tax-Exempt Bond proceeds were expended thereon or the placed in service date of such component and (B) the aggregate amount of Project Costs (Tax-Exempt) not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, the Institution shall, to the extent not inconsistent with the terms of such gift or grant, deposit an amount equal to such gift or grant with the Trustee for deposit into the Redemption Account of the Bond Fund (Tax-Exempt) and cause the Trustee to effect a redemption of the Tax-Exempt Bonds in an amount equal to such gift or grant, but only to the extent to which proceeds of Tax-Exempt Bonds were expended for such component.

The Institution shall, prior to directing the redemption of any Tax-Exempt Bonds in accordance with the Loan Agreement as described under this heading, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Tax-Exempt Bonds for redemption that will not affect the exclusion of interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

Right to Cure the Issuer Defaults. The Issuer grants the Institution full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Issuer, with full power of substitution.

Prohibition on the Purchase of Bonds. Neither the Institution nor any related person thereto shall purchase any Bonds for its own account during the term of the Loan Agreement, whether by direct negotiation through a broker or dealer, or by making a tender offer to the Holders thereof, or otherwise.

Investment of Funds. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund, the Repair and Replacement Fund, or the Renewal Fund or in any special fund provided for in the Loan Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). None of the Issuer, the Trustee or any of their respective members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom. Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

Force Majeure. In case by reason of force majeure any party to the Loan Agreement shall be rendered unable wholly or in part to carry out its obligations under the Loan Agreement, then except as otherwise expressly provided in the Loan Agreement, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Institution to make the loan payments or other payments required under the terms of the Loan, or (ii) the obligations of the Institution to comply with the insurance and indemnity provisions of the Loan Agreement), so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term “force majeure” shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary in the Loan Agreement, in no event shall the Institution’s financial condition or inability to obtain financing constitute a force majeure. It is understood and agreed that the requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a force majeure under the Loan Agreement by acceding to the demands of the opposing person or persons. The Institution shall promptly notify the Issuer and the Trustee upon the occurrence of each force majeure, describing such force majeure and its effects in reasonable detail. The Institution shall also promptly notify the Issuer and the Trustee upon the termination of each such force majeure. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any force majeure and any of the contentions contained in any such notice received from the Institution.

Assignment of Mortgage, Assignment of Leases and Rents and Pledge under Indenture. Pursuant to (i) the Mortgage, the Institution will mortgage its fee and leasehold interest in the Mortgaged Property to the Issuer and the Trustee as security for the Bonds and the obligations of the Institution under the Security Documents, (ii) the Assignment of Mortgage, the Issuer will assign all of its right, title and interest in the Mortgage to the Trustee, (iii) the Assignment of Leases and Rents, the Institution will make a collateral assignment of all leases and rents with respect to the Facility to the Issuer and the Trustee as security for the Bonds and the obligations of the Institution under the Security Documents, (iv) the Assignment of ALR, the Issuer will assign all of its right, title and interest in the Assignment of Leases and Rents to the Trustee, and (v) the Indenture, the Issuer will pledge and assign the Promissory Notes and the loan payments and certain other moneys receivable under the Loan Agreement to the Trustee as security for payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Institution consents to the Issuer’s pledge and assignment to the Trustee of all its right, title and interest in the Mortgage, the Assignment of Leases and Rents, the Promissory Notes and the Loan Agreement (except for the Issuer’s Unassigned Rights).

Amendments. The Loan Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture, and only by a written instrument executed by the parties to the Loan Agreement.

Third Party Beneficiaries. The Issuer and the Institution agree that the Loan Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer and the Institution as set forth in the Loan Agreement are declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in the Indenture on behalf of the Bondholders by the Trustee. Nothing in the Loan Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of the Loan Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements contained in the Loan Agreement by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds.

Recourse Under the Loan Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Loan Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever thereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or under the Loan Agreement against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer contained in the Loan Agreement, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the Town, and neither the State nor the Town shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution under the Loan Agreement and under the Promissory Notes.

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APPENDIX E

FORM OF BOND COUNSEL OPINION

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APPENDIX E

FORM OF BOND COUNSEL OPINION

Upon delivery of the Series 2022 Bonds, Bond Counsel to the Issuer proposes to issue its approving opinion in substantially the following form:

December 29, 2022

Town of Hempstead Local Development Corporation
Hempstead, New York

Robert W. Baird & Co., Incorporated
Denver, Colorado

Manufacturers and Traders Trust Company, as Trustee
Buffalo, New York

Re: Town of Hempstead Local Development Corporation
\$74,525,000 Education Revenue Bonds (Evergreen
Charter Institution Project), Series 2022A

and

Town of Hempstead Local Development Corporation
\$520,000 Taxable Education Revenue Bonds
(Evergreen Charter Institution Project), Series 2022B

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 \$74,525,000 Education Revenue Bonds (Evergreen Charter Institution Project), Series 2022A (the “**Series 2022A Bonds**”), and its \$520,000 Taxable Education Revenue Bonds (Evergreen Charter Institution Project), Series 2022B (the “**Series 2022B Bonds**”; and together with the Series 2022A Bonds, the “**Series 2022 Bonds**”). The Series 2022 Bonds are authorized to be issued pursuant to (i) 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**”), (ii) an Inducement Resolution duly adopted by the Issuer on June 21, 2022 and a Bond Resolution duly adopted by the Issuer on July 26, 2022 and amended on December 20, 2022 (collectively, the “**Resolution**”), and (iii) an Indenture of Trust, dated as of December 1, 2022 (the “**Indenture**”), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee for the benefit of the Owners of the Series 2022 Bonds (the “**Trustee**”). The Series 2022 Bonds were issued to finance or refinance the costs of the acquisition, construction, renovation, equipping and furnishing of the Project (as defined in the Indenture) for the benefit of Evergreen Charter School, a 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 Internal Revenue Code of 1986, as amended (the “**Code**”), which is exempt from federal income taxation pursuant to Section 501(a) of the Code (the “**Institution**”).

The Issuer will loan the proceeds of the Series 2022 Bonds to the Institution pursuant to the terms of a Loan Agreement, dated as of December 1, 2022 (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 certain Series 2022A Promissory Note, dated the date hereof, in the principal amount of \$74,525,000 (the “**Series 2022A Note**”); and (ii) a certain Series 2022B Promissory Note, dated the date hereof, in the principal amount of 520,000 (the “**Series 2022B Note**”; and together with the Series 2022A Note, the “**Series 2022 Notes**”), each from the Institution to the Issuer and each endorsed by the Issuer to the Trustee.

The Institution has entered into a (i) Mortgage and Security Agreement (Building Loan) (the “**Building Loan Mortgage**”), and (ii) Mortgage and Security Agreement (Indirect Loan) (the “**Indirect Loan Mortgage**”), each dated as of December 1, 2022 (collectively, the “**Mortgages**”), and each from the Institution to the Issuer. The Mortgages will each be assigned by the Issuer to the Trustee pursuant to (i) an Assignment of Mortgage and Security Agreement (Building Loan), and (ii) an Assignment of Mortgage and Security Agreement (Indirect Loan), each dated the date hereof (collectively, the “**Assignment of Mortgage**”), each from the Issuer to the Trustee. The Institution, the Issuer and the Trustee have entered into a Building Loan Agreement, dated as of December 1, 2022 (the “**Building Loan Agreement**”), by and among the Institution, the Issuer and the Trustee.

As additional collateral to secure its obligations under the Loan Agreement and the Notes, the Institution has granted to the Issuer (i) an Assignment of Leases and Rents (Building Loan), and (ii) an Assignment of Leases and Rents (Indirect Loan), each dated as of December 1, 2022 (collectively, the “**ALR’s**”), and each from the Institution to the Issuer. The ALR’s will each be assigned by the Issuer to the Trustee pursuant to (i) an Assignment of Assignment of Leases and Rents (Building Loan), and (ii) an Assignment of Assignment of Leases and Rents (Indirect Loan), each dated the date hereof (collectively, the “**Assignment of ALR**”), each from the Issuer to the Trustee.

The Institution has entered into an Environmental Compliance and Indemnification Agreement, dated as of December 1, 2022 (the “**Environmental Compliance and Indemnification Agreement**”), whereby the Institution agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will indemnify and hold harmless the Issuer and the Trustee for all liability under all such Environmental Laws. The Institution, the Trustee and Manufacturers and Traders Trust Company, as custodian (the “**Custodian**”) have entered into a Custody Agreement, dated as of December 1, 2022 (the “**Custody Agreement**”), whereby the Institution has agreed, inter alia, to provide standing instructions to the State of New York to submit payments of Education Aid (as defined in the Indenture) to the Custodian. The Institution has entered into an Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated as of December 1, 2022 (the “**Assignment of Contracts**”), whereby the Institution has assigned certain contracts, licenses, permits and agreements to the Trustee. The Issuer and the Institution have entered into a Tax Regulatory Agreement, dated the date hereof (the “**Tax Regulatory Agreement**”), in which the Issuer and the Institution have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Code. Robert W. Baird & Co., Incorporated (the “**Underwriter**”), has agreed to purchase and resell the Series 2022 Bonds to one or more purchasers pursuant to the terms of a Bond Purchase Agreement, dated December 20, 2022 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter and the Institution, and a Letter of Representation and Indemnity Agreement from the Institution to the Underwriter, the Trustee and the Issuer, dated the date hereof (the “**Letter of Representation**”). The Institution and the Trustee have entered into a Continuing Disclosure Agreement, dated the date hereof (the “**Continuing Disclosure Agreement**”), with respect to the Series 2022 Bonds.

The Series 2022 Bonds are each dated December 29, 2022, and bear interest from the date thereof at the rate and pursuant to the respective terms of the Series 2022 Bonds. The Series 2022 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 2022 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 2022 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 thereto in 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 by: (i) the Institution in: (a) the Bond Purchase Agreement, (b) the Tax Regulatory Agreement, (c) the Loan Agreement, (d) the Building Loan Agreement, (e) the

Mortgages, (f) the ALR's, (g) the Environmental Compliance and Indemnification Agreement, (h) the Assignment of Contracts, (i) the Letter of Representation, (j) the Closing Certificate of the Institution, dated the date hereof, and (k) the Due Diligence Questionnaire Regarding Tax-Exempt Qualification submitted to us by the Institution, and (ii) the Issuer in: (a) the Bond Purchase Agreement, (b) the Indenture, (c) the Tax Regulatory Agreement, (d) the Loan Agreement, (e) the Building Loan Agreement, and (f) the Closing Certificate of the Issuer, dated the date hereof. Copies of the aforementioned documents are included in the Transcript of Proceedings. 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 2022A Bonds in order for the interest on the Series 2022A Bonds to remain excluded from gross income for federal income tax purposes.

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, Harris Beach PLLC, Uniondale, New York; counsel to the Trustee, Bond, Schoeneck and King, PLLC, Syracuse, 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 entity constituting a local development corporation of the State of New York.
2. The Issuer is duly authorized to issue, execute, sell and deliver the Series 2022 Bonds, for the purpose of paying the Project Costs.
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 Loan Agreement, the Assignment of Mortgage, the Assignment of ALR, and the Building Loan Agreement, have been duly authorized, executed and delivered by the Issuer.
5. Assuming 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 thereof shall have occurred or been taken after the time of delivery thereof, the Bond Purchase Agreement, the Indenture, the Tax Regulatory Agreement, the Loan Agreement, the Assignment of Mortgage, the Assignment of ALR, and the Building Loan Agreement, are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.
6. The Series 2022 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 (other than the Unassigned Rights), enforceable against the Issuer in accordance with their respective terms.
7. The Series 2022 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 2022A 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 2022A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2022A Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Regulatory Agreement, the Issuer and the Institution have covenanted to maintain the exclusion from gross income of the interest on the Series 2022A Bonds pursuant to Section 103 of the Code. In addition, the Issuer and the Institution have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Regulatory Agreement. We are also relying on the opinion of Counsel to the Institution, as to all matters concerning the status of each 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 and that except as described in the Tax Regulatory Agreement no portion of the Facility will be used in an unrelated trade or business

within the meaning of Section 513(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law, assuming continuous compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Series 2022A 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 2022A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York, assuming compliance with the tax covenants and the accuracy of the representations and certifications described in opinion 8.

10. Interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code.

11. Interest on the Series 2022B Bonds is not exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York.

Except as stated in the opinions 8 through 11 above, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Series 2022 Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2022 Bonds, or the interest thereon, if any action is taken with respect to the Series 2022 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 2022 Bonds, the Bond Purchase Agreement, the Indenture, the Assignment of Mortgage, the Assignment of ALR, the Loan Agreement, the Building 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 to the extent, if any, that enforceability of the indemnification provisions of such documents may be limited under law. We express no opinion with respect to the availability of any specific remedy provided for in any of the bond documents.

In rendering the foregoing opinions, we are not passing upon and do not assume any responsibility for the accuracy, completeness, sufficiency or fairness of any documents, information or financial data supplied by the Issuer, the Institution, or the Trustee in connection with the Series 2022 Bonds, the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Mortgages, the Assignment of Mortgage, the ALR's, the Assignment of ALR, the Building Loan Agreement, the Environmental Compliance and Indemnification Agreement, the Custody Agreement, the Preliminary Official Statement (as defined below), the Official Statement (as defined below), the Continuing Disclosure Agreement, the Assignment of Contracts, the Letter of Representation, the Project or the Facility 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 Preliminary Official Statement, dated December 13, 2022 (the "**Preliminary Official Statement**"), with respect to the Series 2022 Bonds, or the Official Statement, dated December 20, 2022 (the "**Official Statement**"), with respect to the Series 2022 Bonds.

We express no opinion with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of state securities laws, or the availability of exemptions therefrom.

We express no opinion as to the sufficiency of the description of the Equipment contained in the Loan Agreement or as to the adequacy, perfection or priority of any security interest in any collateral securing the Series 2022 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 construction, renovation, equipping, furnishing and operation of the Project.

The opinions expressed herein may be relied upon by the addressees and may not be relied upon by any other person without our prior written consent.

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of December 1, 2022 (this “Agreement”) is executed and delivered by and between Evergreen Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York (the “Charter School” or the “Institution”) and Digital Assurance Certification, as dissemination agent (in such capacity, the “Dissemination Agent”), in connection with the issuance by the Town of Hempstead Local Development Corporation (the “Issuer”), of its Education Revenue Bonds (Evergreen Charter School Project), Series 2022A (the “Series 2022A Bonds”) and Taxable Education Revenue Bonds (Evergreen Charter School Project), Series 2022B (the “Series 2022B Bonds” and together with the Series 2022A Bonds, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2022 (the “Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee (in such capacity, the “Trustee”). The proceeds of the sale of the Bonds are being loaned to the Institution pursuant to the terms of a Loan Agreement, dated as of December 1, 2022 (the “Loan Agreement”) by and among the Issuer and the Institution.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Section 1. Purpose of Agreement

(a) Inasmuch as the Bonds are limited obligations of the Issuer, no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Bonds, and the Issuer has not covenanted to provide such information. The Institution has undertaken all responsibilities for any continuing disclosure to holders of the Bonds as described herein.

(b) This Agreement is being executed and delivered by the Institution for the benefit of the registered owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered registered owners of the Bonds) and to assist Robert W. Baird & Co. Incorporated (the “Underwriter”) in complying with paragraph (b)(5) of Securities and Exchange Commission (“SEC”) Rule 1502-12 (17 C.F.R. § 240.15c2-12) (the “Rule”). This Agreement constitutes the written undertaking required by the Rule. Each and every filing made hereunder shall be disseminated by transmission to the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access (“EMMA”) System at www.emma.msrb.org or any successor system that MSRB may prescribe. Such filings will be in the format and will be accompanied by the identifying information prescribed by MSRB.

Section 2. Defined Terms

“Annual Filing Date” means December 31 of each year (or the next succeeding business day if such date is not a business day), commencing December 31, 2022, by which the Annual Report is to be filed with the MSRB.

“Annual Report” means the reports required to be provided pursuant to Section 3 hereof.

“Dissemination Agent” shall initially have the meaning given to such term in the first paragraph of this Agreement and thereafter, any successor appointed by the Institution pursuant to the provisions hereof.

“Fiscal Year” means the reporting fiscal year of the Institution, which as of the date of this Agreement commences on July 1st of each calendar year and ends on June 30th of the following calendar year.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b).

“Interim Report” means the reports required to be provided pursuant to Section 4 hereof.

“Material Events” shall have the meaning set forth in Section 5(a) hereof.

“MSRB” shall have the meaning given to such term in Section 1 hereof.

“Official Statement” means the Official Statement, dated December 20, 2022, relating to the Bonds.

“Quarterly Filing Date” means February 28, May 31, August 31 and November 30, commencing February 28, 2023.

Section 3. Annual Reports

(a) Each year no later than the Annual Filing Date, the Institution shall cause the Dissemination Agent to provide for dissemination, in the manner required under this Agreement, an Annual Report for the immediately preceding Fiscal Year which shall include all annual information pertinent to such Fiscal Year as provided below:

(i) Audited Financials. Each Annual Report shall include a copy of the audited financial statements of the Institution for the immediately preceding Fiscal Year, which are presented in the form of and prepared in accordance with generally accepted accounting principles; such financial statements shall include accompanying schedules of other financial information which present the details of the combining balance sheets and statements of operations and changes in net assets of the Institution. The financial statements of the Institution shall be examined by independent certified public accountants in accordance with generally accepted auditing standards. The report of such independent certified public accountants shall express an opinion relative to such financial statements and shall state that the schedules of other financial information of the Institution have been subject to the auditing procedures applied in the audit of the financial statements of the Institution, and are fairly stated in all material respects in relation to such financial statements taken as a whole.

(ii) Updated Data from Appendix B to the Official Statement. Each Annual Report shall include updated financial information and operating data with respect to the Institution of the type included in Appendix B to the Official Statement provided in the following tables and sections, but subject to adjustments as may be noted below:

1) An update on the progress of construction of the New Facility including a discussion regarding the projected and/or actual opening date and issuance of all permits necessary to occupy, open and operate the New Facility

2) Table B-8 entitled “Historical and Future Projected Enrollment by Grade Level”

3) Table B-10 entitled “Admissions Application Summary”

4) Table B-11 entitled “Historical Wait List Data”

5) Table B-12 entitled “Student Retention”

6) Table B-14 entitled “Comparative Assessment Results (% Proficient Or Advanced Proficient)” for the most recent assessment data available and only for the Institution or other similar reports if assessment methodology is modified or revised in the future.

(iii) An executed Certificate for Annual Filing of Certain Financial and Operating Covenants completed substantially in the form attached hereto as Exhibit A.

(iv) Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information provided pursuant to this Agreement. If the Institution fails to provide any Annual Report to the Dissemination Agent and the executed Certificate for Annual Filing of Certain Financial and Operating Covenants by 1:00 p.m. (eastern time) on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter), then the Dissemination Agent shall promptly send a notice of such failure in the manner required under this Agreement, substantially in the form attached as Exhibit B.

Section 4. Material Events, Interim Reports & Annual Investor Call

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds (each, a “Material Event” and, collectively, the “Material Events”):

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modification to rights of holders of the Bonds, if material;
8. Bonds calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer or the Institution;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the Institution or the sale of all or substantially all of their respective assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Institution, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Institution, any of which affect bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Institution, any of which reflect financial difficulties.

(b) For the purposes of the event identified in subsection (a) 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer or the Institution 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 Issuer or the Institution, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental

authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or the Institution.

(c) When a Material Event occurs, the Institution shall, in a timely manner not in excess of ten (10) Business Days after the occurrence of the Material Event, provide a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Material Events described in subsection (a)8 and subsection (a)9 above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture or the Loan Agreement.

(d) Unless otherwise required by law, the Institution shall submit the information in the format prescribed by the MSRB, as described in Section 1 hereof.

(e) Each quarter, no later than the Quarterly Filing Date, the Institution shall cause the Dissemination Agent to provide for dissemination, in the manner required under this Agreement, an Interim Report for the immediately preceding fiscal quarter which shall include all interim information pertinent to such fiscal quarter as provided below:

(i) Interim Construction Reports. Prior to completion of the New Facility, the Institution shall provide to the Trustee, the Issuer and the Dissemination Agent, quarterly construction reports on the status of construction of the New Facility (as defined in the Official Statement) on a quarterly basis, commencing February 28, 2023. Upon completion of the New Facility, the Institution shall provide a report indicating the completion within 30 days of such completion date. The Dissemination Agent shall post the reports upon receipt to EMMA.

(ii) Interim Financial Reports. Unaudited financial statements of the Institution for the previous calendar quarter reflecting revenues and expenses in comparative form with the Institution's operating budget as submitted by the Institution to their governing boards.

(iii) Copies of all information submitted to New York State Education Department, including copies of each report on enrollment, headcount, attendance and similar statistics with respect to the Institution submitted by the Institution to the New York State Education Department during the previous calendar quarter.

(f) Commencing with the Fiscal Year ending June 30, 2023, the Institution shall hold an investor conference call after the filing of the Annual Report on EMMA for the immediately preceding Fiscal Year for the purpose of reviewing financial results of such Fiscal Year. Such investor call will be held within ten (10) months of the close of the Fiscal Year (June 30th) and notice of such call shall be filed on EMMA's website not less than seven days prior to the date of the investor call. In addition to reviewing the financial results for the immediately preceding Fiscal Year, matters to be addressed by the Institution on the investor conference call, if material as determined in the sole discretion of the Institution, shall include, but not limited to, the following:

(i) school governance and charter status matters, such as the charter renewal process (if a renewal is pending within twelve (12) months of the date the call is held); significant details relating to any form of revocation, review or corrective action plan on which a school charter is under by its authorizing entity, district and/or the state (as applicable); and any changes in composition of the board, third-party comprehensive educational management organization/institutional partners (if any), the school(s) or within the leadership of the governing body of the Institution since the last call;

(ii) the use of any Short-Term Indebtedness (such as cash flow financing, state aid notices or bank lines of credit) or new Long-Term Indebtedness incurred since the date of the immediately preceding investor call;

(ii) capital spending plans for which the governing body of the Institution has taken official action;

(iii) actual enrollment or mid-year budget cuts which required revisions to the annual budget;

(iv) if the Institution is subject to mid-year cuts in federal, state and/or local sources of funding, the impact on the Institution's financial position and management's responses to the cuts;

(v) litigation (including any matters of criminal misconduct) against any of the Institution, their governing bodies, or employees of any of the Institution to the extent such action is expected to materially affect operations and/or school finances; and

(vi) casualty losses, to the extent daily operations of any of the Institution were disrupted for more than seven to ten (7 - 10) days, including information regarding the insurance coverage for such casualty losses.

Section 5. Dissemination Agent; Initial Dissemination Agent

(a) The Institution has engaged the Dissemination Agent to assist it in disseminating information hereunder. The Institution shall send, or cause to be sent, all annual financial information, operating data, interim reports, and event notices required by this Agreement to the Dissemination Agent. Unless otherwise agreed to, the Dissemination Agent shall, as soon as practicable but not later than 15 days of receipt of such information forward the same to (i) the MSRB, as described herein and (ii) any Registered or Beneficial Owner of the Bonds who requests such information in writing to the Dissemination Agent or the Institution. The Dissemination Agent shall have no duty to review the materials described in this paragraph or verify any information, disclosures or notices provided to it by the Institution and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Institution, the Holders of the Bonds or any other party prior to disseminating such materials. The Institution agrees to prepare word searchable portable document format versions of each document required to be submitted to the MSRB pursuant to this Agreement, and to provide such versions to the Dissemination Agent for filing with the MSRB.

(b) The initial Dissemination Agent shall be Digital Assurance Certification. The Institution may discharge the Dissemination Agent or any successor Dissemination Agent, but in such event shall take steps necessary to appoint a successor Dissemination Agent who shall be responsible for undertaking all responsibilities of Dissemination hereunder.

Section 6. Termination of Obligations

Pursuant to paragraph (b)(5)(iii) of the Rule, the obligation of the Institution to provide financial information and notices of events, as required herein, shall terminate if and when the Institution no longer remains an obligated person with respect to the Bonds, which shall occur upon either payment of the Bonds in full or the legal defeasance of the Bonds in accordance with the Indenture.

Section 7. Enforceability and Remedies

(a) This Agreement is intended to be for the sole benefit of the Trustee, the Underwriter, and the registered owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered registered owners of the Bonds) and shall create no rights in any other person or entity.

(b) This Agreement shall be enforceable by or on behalf of any registered owner of the Bonds, provided that the right of any registered owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Agreement shall be limited to an action by or on behalf of registered owners representing at least 25% of the aggregate outstanding principal amount of the Bonds. This Agreement is also enforceable on behalf of the registered owners of the Bonds by the Trustee, and the Trustee may, and upon the written direction of the registered owners of not less than 25% of the aggregate outstanding principal amount of the Bonds or the Underwriter shall, proceed to protect and enforce the rights of the registered owners of the Bonds pursuant to this Agreement; provided that in all cases the Trustee shall be entitled to the indemnification and other provisions of the Indenture with regard to any actions, and prior to proceeding at the request or direction of the Underwriter the Trustee may require the same types of indemnification and related protections from the Underwriter to which the Trustee would otherwise be entitled under the Indenture if so requested or directed by the registered owners.

(c) Any failure by the Institution to comply with the provisions of this Agreement shall not be an Event of Default under the Loan Agreement or the Indenture. The registered owners' and the Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Institution to perform under this Agreement, and its directors, officers and employees shall incur no liability under this Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section shall entitle the Trustee or any other person to attorney fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Section 8. Amendment

(a) Notwithstanding any other provision of this Agreement, the Institution and the Dissemination Agent may amend this Agreement, and any provision of this Agreement may be waived, without the consent of the registered owners but with the consent of the Trustee, under the following conditions:

(i) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Institution, or type of business conducted;

(ii) This Agreement, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interest of registered owners of the Bonds, as determined either by parties unaffiliated with the Institution (which shall include nationally recognized bond counsel, or any other party determined by such counsel to be unaffiliated), or by approving vote of registered owners of the Bonds.

(b) The Institution shall provide notice of each amendment or waiver for dissemination in the manner specified herein. The initial annual financial or operating information provided by the Institution after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

Section 9. Counterparts

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Institution agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers, duties and rights hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Institution under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds or the termination hereof.

(b) Notwithstanding anything in this Agreement to the contrary, the Dissemination Agent shall not be answerable for the exercise of (or failure to exercise) any discretion, duty or power under this Agreement, except only for its own gross negligence or willful misconduct, including gross negligence or willful misconduct of any agent but only if such agent was not selected with due care. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or report prepared by the Institution pursuant to this Agreement.

(c) The Dissemination Agent shall be protected and shall incur no liability in acting or proceeding upon any written notice, instrument or document which it shall in good faith believe to be genuine and to have been signed

by the proper body or person or to have been prepared and furnished pursuant to any of the provisions of this Agreement, and the Dissemination Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such notice, instrument or document, but may accept and rely upon the same as conclusive evidence of the sufficiency, truth and accuracy of such statements. The Dissemination Agent may consult with counsel and the written advice of such counsel or any Opinion of Bond Counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Dissemination Agent hereunder in good faith and in reliance thereon.

(d) Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential losses or damages of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of such losses or damages and regardless of the form of action.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, we have set our hands as of the date set forth above.

DIGITAL ASSURANCE CERTIFICATION

By:

Name:

Title:

EVERGREEN CHARTER SCHOOL

By:

Name: Gil Bernardino

Title: President

EXHIBIT A

**FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN FINANCIAL AND OPERATING
COVENANTS**

Name of Issuer: Town of Hempstead Local Development Corporation

Name of Bond Issue: Education Revenue Bonds (Evergreen Charter School Project), Series 2022A
(the "Series 2022A Bonds"), and
Taxable Education Revenue Bonds (Evergreen Charter School Project), Series
2022B

Trustee : Manufacturers and Traders Trust Company

Name of obligated party: Evergreen Charter School

Date of Issuance: December 29, 2022

As required under Section 3(a)(iii) of the Continuing Disclosure Agreement, dated as of December 1, 2022 (the "Agreement"), by and between Evergreen Charter School (the "Charter School" or the "Institution") and the Dissemination Agent (as such term is defined in the Agreement), the undersigned authorized representatives of the Institution are providing to the Dissemination Agent the information contained herein. The Agreement requires that this information be provided to the Trustee on an annual basis no later than the Annual Filing Date (as such term is defined in the Agreement). Defined terms used in this certificate and not defined herein shall have the meaning granted to such terms in the Agreement or, if not defined therein, in the Indenture. The information contained below is unaudited.

1. The undersigned persons are familiar with the provisions of the Indenture and the Loan Agreement, and based on such review and familiarity, the Institution has fulfilled all of its obligations under the Loan Agreement throughout Fiscal Year preceding the date hereof, and there have been no Event of Default under the Loan Agreement (or, if there has been an Event of Default in the fulfillment of any such obligation in such Fiscal Year, attached hereto as Appendix _ is additional information specifying each such Event of Default known to the undersigned and the nature and status thereof and the actions taken or being taken to correct such Event of Default).
2. All insurance required by the Loan Agreement is in full force and effect as of the date hereof.
3. Financial and Operating Covenants.
 - a. Days Cash on Hand. Pursuant to Section 8.32 of the Loan Agreement, the Institution has agreed to manage its business to maintain 60 Days Cash on Hand at the end of each Fiscal Year.

As of June 30, 20_, the Institution had _ Days Cash on Hand.

- b. Long-Term Debt Service Coverage Ratio. Pursuant to Section 8.32 of the Loan Agreement, the Institution has agreed to maintain a Long-Term Debt Service Coverage Ratio greater than 1.10 to 1.0.

As of June 30, 20_, the Institution had, on a consolidated basis, a Long-Term Debt Service Coverage Ratio of _____

Dated: _____

EVERGREEN CHARTER SCHOOL

By:

Name: Gil Bernardino
Title: President

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Hempstead Local Development Corporation

Name of Bond Issue: Education Revenue Bonds (Evergreen Charter School Project), Series 2022A (the “Series 2022A Bonds”), and
Taxable Education Revenue Bonds (Evergreen Charter School Project), Series 2022B (the “Series 2022B Bonds” and together with the Series 2022A Bonds, the “Bonds”)

Trustee : Manufacturers and Traders Trust Company

Name of obligated party: Evergreen Charter School (the “Charter School” or the “Institution”)

Date of Issuance: December 29, 2022

Date of Disclosure [____], 20[__]

Base CUSIP Number:

NOTICE IS HEREBY GIVEN that the Institution has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Institution and the Dissemination Agent, as defined in the Continuing Disclosure Agreement by and amongst such parties dated December 1, 2022. [The Institution has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by .]

Dated: _____

DIGITAL ASSURANCE CERTIFICATION

By:

Name:

Title:

cc: Issuer

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