

In the opinion of Nixon Peabody LLP, Rochester, New York, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer and the Charter School described herein, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Series 2024A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Series 2024A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision of the State of New York. Interest on the Series 2024B Bonds is not excluded from gross income for federal income tax purposes and is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS—SERIES 2024A BONDS" and "TAX MATTERS—SERIES 2024B BONDS" herein regarding certain other tax considerations.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION  
REVENUE BONDS  
(EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL PROJECT),  
SERIES 2024 BONDS



\$50,060,000  
REVENUE BONDS  
SERIES 2024A

\$2,365,000  
TAXABLE REVENUE BONDS  
SERIES 2024B

**Dated:** Date of Delivery

**Due:** July 1, as shown on inside cover

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

The Series 2024 Bonds described above (the "Series 2024 Bonds") are special, limited obligations of the Monroe County Industrial Development Corporation (the "Issuer") and will be issued under and will be payable solely from and secured by (a) a pledge of certain funds held under the Indenture of Trust, dated as of September 1, 2024 (the "Indenture"), between the Issuer and UMB Bank, N.A., Denver, Colorado, as trustee (the "Trustee") and (b) certain payments to be made by Eugenio María de Hostos Charter School (the "Charter School") under a Loan Agreement dated as of September 1, 2024 (the "Loan Agreement") by and between the Issuer and the Charter School.

Proceeds of the Series 2024 Bonds will be used by the Charter School to (a) finance or refinance (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York ("Property A" or the "Middle School Facilities"), which Property A included at the time of acquisition an approximately 23,900 square foot building ("Building 1"), an approximately 9,800 square foot building ("Building 2") and an approximately 11,465 square foot building ("Building 3"), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York ("Property B") and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B (Property A, Building 1, Building 3 and Property B are collectively referred to as the "New Facilities"); (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester, New York, and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York; (c) refinancing existing debt of the Charter School used for the acquisition, renovation and equipping of other Charter School facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Series 2024 Bonds (collectively (a) through (e), the "Project" or the "Series 2024 Project"). The Charter School's obligations under the Loan Agreement will be secured by the Mortgage (as defined in the Indenture) in favor of the Trustee.

The Series 2024 Bonds will mature on the dates and in the amounts, and bear interest at the rates, set forth on the inside front cover hereof. Interest on the Series 2024 Bonds is payable semiannually on each January 1 and July 1, commencing on January 1, 2025. The Series 2024 Bonds will be issued as fully registered bonds, and, when issued, will be registered in the name of Cede & Co, as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and a clearinghouse for securities transactions. Purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry form (without certificates). The Series 2024 Bonds will be issued in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Series 2024 Bonds, payments of the principal of, premium, if any, and interest on the Series 2024 Bonds will be made directly by the Trustee to Cede & Co., which will remit such payments to the beneficial owners of the Series 2024 Bonds. See "APPENDIX I—BOOK-ENTRY SYSTEM" attached hereto.

The Series 2024 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described under "THE SERIES 2024 BONDS—Redemption" herein.

THE PURCHASE AND HOLDING OF THE SERIES 2024 BONDS INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" HEREIN. THE SERIES 2024 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" OR "ACCREDITED INVESTORS" (EACH AS DEFINED HEREIN). SEE "NOTICE TO INVESTORS" AND "TRANSFER RESTRICTIONS" HEREIN. THE INITIAL PURCHASERS OF THE SERIES 2024 BONDS WILL BE REQUIRED TO SIGN AN INVESTMENT CERTIFICATE IN THE FORM OF APPENDIX J IN THIS LIMITED OFFERING MEMORANDUM.

THE SERIES 2024 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF MONROE COUNTY, NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE STATE OF NEW YORK NOR MONROE COUNTY, NEW YORK NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR SHALL THE SERIES 2024 BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

The Series 2024 Bonds are offered, subject to prior sale, when, as and if accepted by D.A. Davidson & Co. and subject to an opinion as to the validity of the Series 2024 Bonds and the tax-exempt status of the Series 2024 Bonds by Nixon Peabody LLP, Rochester, New York, Bond Counsel. Nixon Peabody LLP has also acted as counsel to the Issuer. Certain matters will be passed upon for the Charter School by its counsel, Trespasz Law Offices, LLP, Syracuse, New York, and for the Underwriter by its counsel, Ballard Spahr LLP, Denver, Colorado. It is expected that the Series 2024 Bonds will be available for delivery through the facilities of DTC on or about September 12, 2024.



D|A|DAVIDSON

This Limited Offering Memorandum is dated September 5, 2024

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION  
REVENUE BONDS  
(EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL PROJECT),  
SERIES 2024 BONDS**

**\$50,060,000  
REVENUE BONDS  
SERIES 2024A**

**\$2,365,000  
TAXABLE REVENUE BONDS  
SERIES 2024B**

**MATURITY SCHEDULES**

**SERIES 2024A**

<b>\$ 3,810,000</b>	<b>5.000%</b>	<b>Term Bond</b>	<b>Maturing July 1, 2034</b>	<b>Price: 105.627</b>	<b>CUSIP<sup>®,1</sup> 61075T XT0</b>
<b>\$12,195,000</b>	<b>5.000%</b>	<b>Term Bond</b>	<b>Maturing July 1, 2044</b>	<b>Price: 101.152<sup>2</sup></b>	<b>CUSIP<sup>®,1</sup> 61075T XU7</b>
<b>\$19,850,000</b>	<b>5.000%</b>	<b>Term Bond</b>	<b>Maturing July 1, 2054</b>	<b>Price: 100.763<sup>2</sup></b>	<b>CUSIP<sup>®,1</sup> 61075T XV5</b>
<b>\$14,205,000</b>	<b>5.000%</b>	<b>Term Bond</b>	<b>Maturing July 1, 2059</b>	<b>Price: 100.377<sup>2</sup></b>	<b>CUSIP<sup>®,1</sup> 61075T XW3</b>

**TAXABLE  
SERIES 2024B**

<b>\$2,365,000</b>	<b>6.750%</b>	<b>Term Bond</b>	<b>Maturing July 1, 2030</b>	<b>Price: 100.000</b>	<b>CUSIP<sup>®,1</sup> 61075T XX1</b>
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<sup>1</sup> The Issuer and Charter School take no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Series 2024 Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP ® data herein is provided by CUSIP Global Services. 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 Charter School or the Underwriter and are included solely for the convenience of the holders of the Series 2024 Bonds. None of the Issuer, the Charter School 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 2024 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 2024 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 2024 Bonds.

<sup>2</sup> Priced to the first optional redemption date of July 1, 2034.

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION  
REVENUE BONDS  
(EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL PROJECT), SERIES 2024**

**Issuer**

Monroe County Industrial Development Corporation  
Rochester, New York

**Bond and Issuer's Counsel**

Nixon Peabody LLP  
Rochester, New York

**Charter School Board of Trustees**

Julio Vázquez, President  
Eugenio Marlin, Vice President  
Angélica Pérez-Delgado, Secretary  
Ryan Caster, Treasurer  
Dr. Marcia DeJesús-Rueff, Trustee  
Dr. Miriam Vazquez, Trustee  
Miguel Meléndez, Trustee  
Caroline Rodriguez, Trustee  
Gloria Soldevila Ramos, Trustee, Parent Representative  
Rosemary Johnson, Trustee, Parent Representative

**Charter School's Counsel**

Trespasz Law Offices, LLP  
Syracuse, New York

**Underwriter**

D.A. Davidson & Co.  
Denver, Colorado

**Underwriter's Counsel**

Ballard Spahr LLP  
Denver, Colorado

**Trustee, Bond Registrar, and Paying Agent**

UMB Bank, N.A.  
Denver, Colorado

This Limited Offering Memorandum does not constitute an offer to sell the Series 2024 Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any state or other jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such state or jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Series 2024 Bonds, and, if given or made, such information or representation must not be relied upon.

The information set forth herein under the headings “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION—The Issuer” has been furnished by the Issuer and the Issuer makes no representation, warranty or certification as to the adequacy of the information set forth elsewhere in this Limited Offering Memorandum. All other information set forth herein has been obtained from the Charter School and other sources that are believed to be reliable. The adequacy, accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of, the Issuer or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, The Depository Trust Company, or the Charter School

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

#### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM**

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the headings “RISK FACTORS,” and “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL” in this Limited Offering Memorandum. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that 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. The Charter School does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The Charter School maintains a website providing additional information about the Charter School and its operations. The information on such website is not included as part of, or incorporated by any reference in, this Limited Offering Memorandum.

#### **NOTICE TO INVESTORS**

The Series 2024 Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors (each as defined herein). The Indenture under which the Series 2024 Bonds will be issued contains provisions limiting transfers of the Series 2024 Bonds and beneficial ownership interests in the Series 2024 Bonds only to Qualified Institutional Buyers or Accredited Investors. In addition, the face of each Series 2024 Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Indenture. The initial purchasers of the Series 2024 Bonds

will be required to sign an Investment Certificate in the form contained in APPENDIX J to this Limited Offering Memorandum

Each purchaser of any Series 2024 Bond or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the Issuer, the Charter School, the Underwriter and the Trustee as follows:

1. That the Series 2024 Bonds are payable solely from certain revenues derived by the Issuer pursuant to the Loan Agreement, and from certain funds and accounts established and maintained pursuant to the Indenture;

2. That it is a Qualified Institutional Buyer or an Accredited Investor and that it is purchasing the Series 2024 Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933, as amended (the “**Securities Act**”) or other applicable securities laws;

3. That the Series 2024 Bonds (a) have not been registered under the Securities Act and are not registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, and (c) may not be readily marketable;

4. That the Series 2024 Bonds and beneficial ownership interests therein may only be transferred to Qualified Institutional Buyers or Accredited Investors; and

5. That the Issuer, the Charter School, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

See “TRANSFER RESTRICTIONS” herein.

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Limited Offering Memorandum, in connection with the offer and sale of the Series 2024 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Charter School, or the Underwriter. The information in this Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Charter School or the Underwriter since the date hereof. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibility 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.

THE ISSUER HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM OR THE APPENDICES AND DOES NOT ASSUME ANY RESPONSIBILITY FOR, AND MAKES NO REPRESENTATION WITH RESPECT TO, THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM OR ITS APPENDICES, EXCEPT FOR THE INFORMATION CONTAINED UNDER THE CAPTIONS “THE ISSUER” AND “ABSENCE OF MATERIAL LITIGATION—THE ISSUER.” THE ISSUER NEITHER HAS NOR WILL ASSUME ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF ANY OTHER INFORMATION IN THIS LIMITED OFFERING MEMORANDUM.

Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Series 2024 Bonds or this Limited Offering Memorandum. Any representation to the contrary is unlawful.

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## LIMITED OFFERING MEMORANDUM

### MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION REVENUE BONDS (EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL PROJECT), SERIES 2024 BONDS

**\$50,060,000**  
**REVENUE BONDS**  
**SERIES 2024A**

**\$2,365,000**  
**TAXABLE REVENUE BONDS**  
**SERIES 2024B**

## INTRODUCTION

### General

This Limited Offering Memorandum, including the cover page, the inside cover page, and Appendices hereto (the “**Limited Offering Memorandum**”), is provided to furnish information with respect to the sale and delivery of the Monroe County Industrial Development Corporation Revenue Bonds (Eugenio María De Hostos Charter School Project), Series 2024A, in the aggregate principal amount of \$50,060,000 (the “**Series 2024A Bonds**”) and the Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio María de Hostos Charter School Project) Series 2024B, in the aggregate principal amount of \$2,365,000 (the “**Series 2024B Bonds**”) and, together with the Series 2024A Bonds, the “**Series 2024 Bonds**”) issued by the Monroe County Industrial Development Corporation.

### The Issuer

The Monroe County Industrial Development Corporation (the “**Issuer**”) is a not-for-profit local development corporation existing under the laws of the State of New York (the “**State**”), which is authorized under Section 1411 of the New York State Not-for-Profit Corporation Law (the “**Act**”) to issue the Series 2024 Bonds for the purposes described herein. See “THE ISSUER” herein.

### The Series 2024 Bonds

The Series 2024 Bonds will be special, limited obligations of the Issuer and will be issued pursuant to a Indenture of Trust, dated as of September 1, 2024 (the “**Indenture**”), between the Issuer and UMB Bank, N.A., as trustee (the “**Trustee**”).

The proceeds of the Series 2024 Bonds will be loaned to Eugenio María De Hostos Charter School (the “**Charter School**”), pursuant to a Loan Agreement dated as of September 1, 2024 (the “**Loan Agreement**”) by and between the Issuer and the Charter School. The Series 2024 Bonds and the interest thereon are payable solely out of certain revenues and income received by the Trustee pursuant to the Loan Agreement. See “THE SERIES 2024 BONDS” herein.

The Series 2024 Bonds will be issued in initial minimum denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof and in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”) and beneficial ownership interests in the Series 2024 Bonds are to be sold (including secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. Pursuant to the Indenture, “**Qualified Institutional Buyer**” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”), and “Accredited Investor” means an “accredited investor” as defined in Regulation D promulgated under the Securities Act.

The Indenture and the Series 2024 Bonds contain provisions limiting transfers of the Series 2024 Bonds and beneficial ownership interests in the Series 2024 Bonds to Qualified Institutional Buyers or Accredited Investors. The face of each Series 2024 Bond will contain a legend indicating that such Series 2024 Bond is subject to the transfer restrictions set forth in the Indenture. See “TRANSFER RESTRICTIONS” and “RISK FACTORS—Purchases and Transfers of Series 2024 Bonds Restricted to Qualified Institutional Buyers and Accredited Investors” herein. The initial purchasers of the Series 2024 Bonds will be required to sign an Investment Certificate in the form contained in APPENDIX J to this Limited Offering Memorandum.

### **Authority for Issuance**

The Issuer authorized the issuance of the Series 2024 Bonds pursuant to a resolution adopted on July 10, 2024 (the “**Resolution**”). The Series 2024 Bonds will be issued by the Issuer pursuant to the Act, the Resolution, and the Indenture. See “THE ISSUER” herein.

### **Use of Proceeds**

The proceeds of the Series 2024 Bonds will be used to (a) finance or refinance (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (“**Property A**”), which Property A included at the time of acquisition an approximately 23,900 square foot building (“**Building 1**,” also referred to herein as the current Middle School Facilities), an approximately 9,800 square foot building (“**Building 2**”) and an approximately 11,465 square foot building (“**Building 3**,” also referred to herein as the former church facility), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (“**Property B**”) and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B (Property A, Building 1, Building 3 and Property B are collectively referred to as the “**New Facilities**”); (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York; (c) refinancing existing debt of the Charter School used for the acquisition, renovation and equipping of other Charter School facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Series 2024 Bonds (collectively (a) through (e), the “**Project**” or the “**Series 2024 Project**”).

See “THE SERIES 2024 PROJECT” herein.

### **The Charter School**

The Charter School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

The Charter School, which is located within the boundaries of the Rochester City School District (the “**District**”) and offers kindergarten through 12<sup>th</sup> grade, was authorized in 2000 by the Board of Regents



of The State University of New York (“SUNY” or the “Authorizer”). The Charter School received a 501(c)(3) determination letter dated February 12, 2001 from the Internal Revenue Service.

The Charter School operates out of educational facilities located at 27 Zimbrich Street, Rochester, New York, with a playground located across the street at 44 Zimbrich Street (the “Elementary School Facilities”), 1069-1089 Joseph Avenue, Rochester, New York (the “Middle School Facilities”) and 343 State Street, Building 10, 5<sup>th</sup> Floor, Rochester, New York (the “Current High School Facilities”). The Charter School’s administrative offices are located at 977 Joseph Avenue, Rochester, New York on a parcel of property owned by the Charter School at 967-979 Joseph Avenue (the “Administrative Offices”). The Elementary School Facilities, the Middle School Facilities, and the Administrative Offices are collectively referred to herein as the “Existing Facilities.” The Existing Facilities and the New Facilities are collectively referred to herein as the “Facilities.”

See “THE CHARTER SCHOOL” and “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL” in this Limited Offering Memorandum. See also “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

### **Security for the Series 2024 Bonds**

The Series 2024 Bonds and the interest thereon are payable solely out of certain revenues and income received by the Trustee pursuant to the Loan Agreement. Pursuant to and to the extent described in the Indenture, the Issuer will assign to the Trustee certain of the Issuer’s rights under the Loan Agreement, including the right to receive payments thereunder. Pursuant to the Mortgage (as defined herein), the Charter School will grant to the Trustee a first priority lien on the Facilities, subject to certain permitted encumbrances. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” herein.

The Charter School’s payment obligations under the Loan Agreement will be evidenced by two promissory notes, each dated the date of issuance of the Series 2024 Bonds, from the Charter School to the Issuer (collectively, the “Promissory Note”), which Promissory Note will be endorsed by the Issuer to the Trustee for the benefit of the Holders of the Series 2024 Bonds. The payment obligations under the Loan Agreement will be in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2024 Bonds when due.

As security for the Series 2024 Bonds and payments to be made pursuant to the Loan Agreement, the Issuer will pledge and assign to the Trustee pursuant to the Indenture all of the Issuer’s right, title and interest in the Promissory Note and all (except for the Issuer’s Reserved Rights) of the Issuer’s right, title and interest in the Loan Agreement, including all loan payments thereunder and under the Promissory Note, and in furtherance of said pledge the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture.

The loan payments required to be paid by the Charter School under the Loan Agreement for the Series 2024 Bonds are further secured by collectively (i) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facilities, each dated as of September 1, 2024, and each from the Charter School to the Issuer and the Trustee, and any and all amendments thereof and supplements thereto made in conformity therewith and with the Indenture (collectively, the “Mortgage”). The Mortgage will be assigned by the Issuer to the Trustee for the benefit of the Holders of the Series 2024 Bonds pursuant to collectively, (i) the Assignment of Mortgage,

Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facilities, each dated as of the date of issuance of the Series 2024 Bonds, 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 (collectively, the “**Assignment of Mortgage**”).

Pursuant to the Indenture, the Trustee will hold a portion of the proceeds of the Series 2024 Bonds, as well as other amounts deposited by the Charter School pursuant to the Loan Agreement, if any, in a Debt Service Reserve Fund for the payment of debt service on the Series 2024 Bonds to the extent loan payments made under the Loan Agreement are insufficient. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—The Indenture,” “—The Loan Agreement,” and “—The Mortgage” herein.

All debt service payments on the Series 2024 Bonds are a special obligation of the Issuer and payable solely from payments and receipts received pursuant to the Loan Agreement. Nothing in the Series 2024 Bonds or the Indenture shall be construed as creating a general obligation of the Issuer or pledging funds or assets other than those pledged under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” herein.

**Limited Obligations.** THE SERIES 2024 BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER NOR A DEBT OR INDEBTEDNESS OF MONROE COUNTY OR THE STATE OF NEW YORK AND NEITHER MONROE COUNTY NOR THE STATE OF NEW YORK SHALL BE LIABLE THEREON. THE SERIES 2024 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE BY THE ISSUER SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER AND PURSUANT TO THE INDENTURE. THE ISSUER HAS NO TAXING POWER.

### **Redemption**

The Series 2024 Bonds are subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described below under “THE SERIES 2024 BONDS—Redemption.”

### **Bondholders’ Risks**

Prospective purchasers are advised to read this entire Limited Offering Memorandum and the Appendices attached hereto in their entirety, particularly the section “RISK FACTORS” herein, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2022 Bonds.

### **Miscellaneous**

This Limited Offering Memorandum (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgage, the Assignment of Mortgage, the Continuing Disclosure Agreement, the Issuer, the Facilities, the Series 2024 Project, the Charter School and the Series 2024 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

## THE ISSUER

The Issuer is a not-for-profit local development corporation duly organized and existing under the Act, having an office for the transaction of business at 50 W. Main Street, Rochester, New York 14614. The Issuer has the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing and equipping certain projects exclusively in furtherance of the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest. The Act further authorizes the Issuer to issue its bonds and to loan the proceeds thereof for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge certain revenues and receipts to secure the payment of such bonds and interest thereon.

The Issuer has no power of taxation.

The Series 2024 Bonds are special and limited obligations of the Issuer, payable solely as provided in the Indenture.

THE SERIES 2024 BONDS ARE NEITHER A GENERAL OBLIGATION OF THE ISSUER, NOR A DEBT OR INDEBTEDNESS OF MONROE COUNTY OR THE STATE OF NEW YORK AND NEITHER MONROE COUNTY NOR THE STATE OF NEW YORK WILL BE LIABLE THEREON.

## THE CHARTER SCHOOL

Eugenio María de Hostos Charter School (the “**Charter School**”) is a New York not-for profit education corporation within the boundaries of Rochester City School District (as previously defined, the “**District**”), located in the City of Rochester (the “**City**”), Monroe County (the “**County**”) in the State of New York (the “**State**”).

The Charter School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (as previously defined, the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Code. The Charter School currently operates within the boundaries of the District in the City, offering kindergarten through 12th grade. The Charter School was authorized in 2000 by the Board of Regents of The State University of New York (as previously defined, “**SUNY**” or the “**Authorizer**”). The Charter School received a 501(c)(3) determination letter dated February 12, 2001 from the Internal Revenue Service. See “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL” in this Limited Offering Memorandum. See also “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

The Charter School operates out of educational facilities located at 27 Zimbrich Street, Rochester, New York, with a playground located across the street at 44 Zimbrich Street (as previously defined, the “**Elementary School Facilities**”), 1069-1089 Joseph Avenue, Rochester, New York (as previously defined, the “**Middle School Facilities**”) and 343 State Street, Building 10, 5<sup>th</sup> Floor, Rochester, New York (as previously defined, the “**Current High School Facilities**”). The Charter School’s administrative offices are located at 977 Joseph Avenue, Rochester, New York on a parcel of property owned by the Charter School at 967-979 Joseph Avenue (as previously defined, the “**Administrative Offices**”). The Charter School operates as a New York not-for-profit education corporation and as such is governed by the law applicable to such entities and its Charter and Bylaws. The Charter School’s Charter and Bylaws provide

that the Charter School is managed and controlled by a Board of Trustees. For more information with respect to the Charter School and its history and operations, see “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL” in this Limited Offering Memorandum. See also “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

## THE SERIES 2024 BONDS

*The following is a summary of certain provisions of the Series 2024 Bonds. Reference is made to the Series 2024 Bonds for the complete text thereof and to the Indenture for all of the provisions relating to the Series 2024 Bonds. The discussion herein is qualified by such reference.*

### General

The Series 2024 Bonds are to be dated as of the date of their issuance, and are to bear interest payable semiannually each January 1 and July 1, commencing on January 1, 2025, at the rates per annum, according to years of maturity, set forth on the inside front cover hereof. The Series 2024 Bonds are to mature on July 1 of the years and in the principal amounts set forth on the inside front cover hereof, and will be subject to redemption prior to maturity, including optional redemption, extraordinary redemption and mandatory redemption, as set forth under the heading “— Redemption” below.

The interest payable on each Bond on any Interest Payment Date is to be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest.

The Series 2024 Bonds are to be issued in the form of fully registered Bonds without coupons in the denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof (“**Authorized Denominations**”). In the event any Series 2024 Bond is mutilated, destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee is to authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Series 2024 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2024 Bond in accordance with the provisions of the Indenture.

### Book-Entry Only System

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully registered securities without coupons in Authorized Denominations. The Series 2024 Bonds will be 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 Bond certificate will be issued for each maturity of a Series of Bonds set forth on the inside cover of this Limited Offering Memorandum, and will be deposited with DTC. For additional information regarding DTC and its book-entry only system, see “APPENDIX I—BOOK-ENTRY SYSTEM” attached hereto.

### Redemption

As described below, the Series 2024 Bonds are subject to extraordinary optional and mandatory redemption prior to their stated maturities.

***General Optional Redemption.***

(a) The Series 2024A Bonds are to be subject to redemption, on or after July 1, 2034 in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Charter School of its intention to prepay loan payments due under the Loan Agreement), at the Redemption Price of 100% of the principal amount of the Series 2024A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption

(b) The Series 2024B Bonds are not subject to optional redemption.

***Extraordinary Redemption.*** The Series 2024 Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Charter School (which option shall be exercised only upon the giving of notice by the Charter School of its intention to prepay loan payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of 100% of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(a) The Facilities 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, (i) the Facilities cannot be reasonably restored within a period of 18 months from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (ii) the Charter School is thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities for a period of 18 months from the date of such damage or destruction, or (iii) the restoration cost of the Facilities would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

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

If the Series 2024 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Charter School shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Charter School stating that, as a result of the occurrence of the event giving rise to such redemption, the Charter School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facilities for its intended purposes.

***Mandatory Sinking Fund Installment Redemption.*** The Series 2024A Bonds maturing on July 1, 2034 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2030	\$375,000
2031	795,000
2032	835,000
2033	880,000
2034 <sup>1</sup>	925,000

<sup>1</sup> Maturity Date.

The Series 2024A Bonds maturing on July 1, 2044 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2035	\$ 970,000
2036	1,020,000
2037	1,070,000
2038	1,120,000
2039	1,180,000
2040	1,235,000
2041	1,300,000
2042	1,365,000
2043	1,430,000
2044 <sup>1</sup>	1,505,000

<sup>1</sup> Maturity Date.

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The Series 2024A Bonds maturing on July 1, 2054 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2045	\$1,580,000
2046	1,655,000
2047	1,740,000
2048	1,825,000
2049	1,920,000
2050	2,015,000
2051	2,115,000
2052	2,220,000
2053	2,330,000
2054 <sup>1</sup>	2,450,000

<sup>1</sup> Maturity Date.

The Series 2024A Bonds maturing on July 1, 2059 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2055	\$2,570,000
2056	2,700,000
2057	2,835,000
2058	2,975,000
2059 <sup>1</sup>	3,125,000

<sup>1</sup> Maturity Date.

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The Series 2024B Bonds maturing on July 1, 2030 shall be subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<b>July 1 of the Year</b>	<b>Principal Amount</b>
2027	\$620,000
2028	660,000
2029	705,000
2030 <sup>1</sup>	380,000

<sup>1</sup> Maturity Date.

***Mandatory Redemption from Excess Proceeds and Certain Other Amounts.*** The Series 2024 Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

- (a) With respect to the Series 2024A Bonds only, excess Series 2024 Bond proceeds shall remain after the completion of the Project,
- (b) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture,
- (c) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or
- (d) certain funds received by the Charter School pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Charter School and shall not be required for completion of the Project or related Project Costs,

in each case at a Redemption Price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

***Mandatory Taxability Redemption.*** Upon the occurrence of a Determination of Taxability, the Series 2024 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 at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The Series 2024 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2024A Bonds Outstanding would have the result that interest payable on the Series 2024A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of such Series 2024A Bonds. In such event, the Series 2024A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

***Purchase in Lieu of Optional Redemption.*** In lieu of calling the Series 2024A Bonds for optional redemption and subject to the Loan Agreement, the Series 2024A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Charter School, in whole or in part (and, if in part, in such manner as determined by the Charter School) on any date on or after July 1, 2034, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such



Series 2024A Bonds as provided above, plus accrued interest to the purchase date. Purchases of tendered Series 2024A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2024A Bonds in a partial optional redemption. The Series 2024A Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to the Loan Agreement), shall, prior to any resale by or on behalf of the Charter School, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of the Indenture relating to the selection of the Series 2024A Bonds in a partial redemption.

Purchases in lieu of an optional redemption shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of the Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2024A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

**Notice of Redemption.** When the Series 2024 Bonds are to be redeemed 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 Series 2024 Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Series 2024 Bonds or portions thereof to be payable and, if less than all of the Series 2024 Bonds of any maturity are to be redeemed, the numbers of such Series 2024 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 Series 2024 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, (a) shall mail a copy of such notice by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the date fixed for redemption, to the registered owners of any Series 2024 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 Series 2024 Bonds with respect to which proper mailing was effected; and (b) cause notice of such redemption to be sent to the national information service that disseminates redemption notices.

If notice of redemption shall have been given as aforesaid, the Series 2024 Bonds of such Series called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Series 2024 Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2024 Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Series 2024 Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender

of the Series 2024 Bonds of such Series so called for redemption at the place or places of payment, such Series of Series 2024 Bonds shall be redeemed.

***Payment of Redeemed Series 2024 Bonds.*** Notice having been given in the manner provided in the Indenture, the Series 2024 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 2024 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, (a) interest on the Series 2024 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (b) the Series 2024 Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (c) the Holders of the Series 2024 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 2024 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 Series 2024 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 Series 2024 Bonds may, by written request to the Trustee no later than five days prior to the date of redemption, direct that payments of Redemption Price and accrued interest to the date of redemption be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

***Selection of Series 2024 Bonds to be Redeemed.*** In the event of redemption of less than all the Outstanding Series 2024 Bonds of the same Series and maturity, the particular Series 2024 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 (a) Series 2024 Bonds to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (b) to the extent practicable, the Trustee shall select Series 2024 Bonds of a Series for redemption such that no Series 2024 Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series 2024 Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Series 2024 Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Series 2024 Bonds to be redeemed and by lot within a maturity. The portion of Series 2024 Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Series 2024 Bonds of a particular Series for redemption, the Trustee shall treat each such Series 2024 Bond as representing that number of Series 2024 Bonds of such Series which is obtained by dividing the principal amount of such registered Series 2024 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 2024 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2024 Bond shall forthwith surrender such Series 2024 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 2024 Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2024 Bond. New Series 2024 Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Series 2024 Bond shall be issued to the registered Holder thereof, without

charge therefor. If the Holder of any such Series 2024 Bond of a denomination greater than a unit shall fail to present such Series 2024 Bond to the Trustee for payment and exchange as aforesaid, such Series 2024 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).

### **Transfer and Exchange of Series 2024 Bonds**

Each Series 2024 Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Series 2024 Bond and only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his or her duly authorized attorney-in-fact, upon surrender of the Series 2024 Bond together with a written instrument of transfer in the form appearing on the Series 2024 Bond duly executed by the registered owner or his or her duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Series 2024 Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name the Series 2024 Bond is registered as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price thereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes, and all payments made to any such registered owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Series 2024 Bond to the extent of the sum or sums so paid, and neither the Issuer, the Charter School, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Series 2024 Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Charter School but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Each Holder of a Series 2024 Bond, by the purchase and acceptance of such Series 2024 Bond, is deemed to have represented and agreed as follows: (i) it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”)) or an “accredited investor” (as defined in Regulation D under the Securities Act), and it has acquired such Series 2024 Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that such Series 2024 Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Series 2024 Bond, such Series 2024 Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in the Indenture and only to a Person meeting the requirements set forth in the preceding clause (i). See “TRANSFER RESTRICTIONS” herein.

### **Defeasance**

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2024 Bonds and any Additional Bonds issued under the Indenture (collectively, the “**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 Facilities under the Indenture and the estate and rights granted by the Indenture, and all covenants, agreements and other obligations of the Issuer to the Bondholders 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 under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided below. At the time of such cessation, termination, discharge and satisfaction, (a) the Trustee shall cancel and discharge the lien of the Indenture and of the Mortgage and execute and deliver to the Charter School all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (b) the Trustee and the Paying Agents shall pay over or deliver to the Charter School 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) will 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, will be deemed to have been paid within the meaning and with the effect expressed in the paragraph above, if (a) 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 (b) 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 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.

Prior to any defeasance becoming effective as provided in the Indenture, 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) 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 Series 2024 Bonds to be defeased.

### **TRANSFER RESTRICTIONS**

The Series 2024 Bonds are to be offered and sold (including in secondary market transactions) ONLY (1) TO A PERSON CONSTITUTING A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, OR (2) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

## THE SERIES 2024 PROJECT

The net proceeds of the Series 2024 Bonds will be used to (a) finance or refinance (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (“**Property A**”), which Property A included at the time of acquisition an approximately 23,900 square foot building (“**Building 1**,” also referred to herein as the current Middle School Facilities), an approximately 9,800 square foot building (“**Building 2**”) and an approximately 11,465 square foot building (“**Building 3**,” also referred to herein as the former church facility), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (“**Property B**”) and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B (Property A, Building 1, Building 3 and Property B are collectively referred to as the “**New Facilities**”); (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York; (c) refinancing existing debt of the Charter School used for the acquisition, renovation and equipping of other Charter School facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Series 2024 Bonds (as previously defined, collectively (a) through (e), the “**Project**” or the “**Series 2024 Project**”). The Charter School’s obligations under the Loan Agreement will be secured by the Mortgage (as defined in the Indenture) in favor of the Trustee. See “**SOURCES AND USES OF FUNDS**” below.

The Elementary School Facilities include a two-story masonry building consisting of approximately 69,775 square feet of usable interior space. The building was originally constructed in 1927, and a small cafeteria addition was constructed in 1972 and includes 38 classrooms, a music room, auditorium with a stage, a gymnasium, staff dining room, and an administration area for the main office, principal’s office, waiting room and staff offices. The Elementary School Facilities are designed to accommodate 700 students.

The Middle School Facilities include a two-story masonry building consisting of approximately 23,866 square feet of usable interior space. The building was originally constructed in 1964 and includes 16 classrooms, a multipurpose room, a cafeteria, main office, and five administration offices. The Middle School Facilities are currently designed to accommodate 200 students.

The Current High School Facilities, which are leased from a third-party, are a concrete framed multi-story building formerly used as an office building consisting of approximately 21,514 square feet of usable interior space. The Current High School Facilities include 11 general classrooms, two science rooms, an art room, administration offices and one large group instruction room (all located on the 5<sup>th</sup> floor). The Current High School Facilities also include a cafeteria and gymnasium which are located on the 9<sup>th</sup> floor. The Current High School Facilities are designed to accommodate 250 students. See “**APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL—FINANCIAL INFORMATION—Additional Financial Obligations.**”

The Administrative Offices include 2,544 square feet of space and were purchased in 2021.

The Elementary School Facilities, the Middle School Facilities, and the Administrative Offices are collectively referred to herein as the “**Existing Facilities.**” The Existing Facilities and the New Facilities are collectively referred to herein as the “**Facilities.**”

The approximate budget for the New Facilities is set forth below:

<b>New Facilities Budget</b>	
Hard Costs	\$36,593,328
Developer Fee	1,610,107
Soft and Other Costs	2,356,926
Owner Contingency	3,659,334
Acquisition of 1119 Joseph Ave.	<u>329,622</u>
<b>Total</b>	<b><u>\$44,549,317</u></b>

The Charter School has selected Hamilton Stern Construction, LLC, a New York limited liability company (the “**Design Builder**”) as the design-builder for the New Facilities. The Design Builder and the Charter School entered into an AIA Document A141-2014 Standard Form of Agreement Between Owner and Design-Builder, dated as of February 29, 2024 (the “**Design-Build Agreement**”), and a GMP amendment thereto executed on July 25, 2024 (the “**GMP Contract**”), pursuant to which the parties agreed to a Guaranteed Maximum Price of \$42,669,693 to complete the New Facilities. The Charter School and the Design Builder have selected SWBR as the architect for the New Facilities. The Design Builder will hire and contract with the architect and their design sub-consultants directly and the fees of the architect are included in the GMP Contract price. Construction of the New Facilities is scheduled to be complete by August of 2026 for the 2026-2027 school year.

The New Facilities are planned to consist of: (a) renovations to approximately 23,900 square feet of the Middle School Facilities, (b) renovation of the existing approximately 9,800 square foot former church facility, adding two additional floors for a total of approximately 27,071 square feet for a Freshman Academy, (c) construction of a new two-story approximately 34,945 square foot educational facility to accommodate grades 10-12 (who, along with the 9<sup>th</sup> grade will move from the Current High School Facilities upon completion of the renovated and new facilities), (d) construction of a new approximately 12,800 square foot gymnasium, and (e) demolition of the existing building at 1119 Joseph Avenue for additional access and parking.

Additionally, a portion of the proceeds will be used to refinance the following loans:

*M&T Term Note.* The Charter School entered into a Term Note dated as of November 8, 2019 with M&T Bank (“**M&T**”) in the amount of \$750,000 (the “**2019 Term Note**”), which was used to fund improvements to the Current High School Facilities. The maturity date of the 2019 Term Note is November 8, 2029. Under the terms of the 2019 Term Note, the Charter School is to pay M&T consecutive monthly installments of principal and interest in the amount of \$4,858.32, with a principal balloon payment due on the maturity date. The aggregate principal balance outstanding bears interest thereon at a per annum rate equal to 4.71%. The outstanding principal balance of the 2019 Term Note is \$630,501.14 as of August 22, 2024. The balance of the 2019 Term Note will be paid in full with a portion of the proceeds of the Series 2024B Bonds.

*M&T Restated Term Note.* The Charter School entered into a Restated Term Note dated as of August 30, 2021 with M&T in the amount of \$1,500,000 (the “**2021 Restated Term Note**”), which was used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979

Joseph Avenue, Rochester New York, and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York. The maturity date of the 2021 Restated Term Note is September 1, 2031. Under the terms of the 2021 Restated Term Note, the Charter School is to pay M&T consecutive monthly installments of principal and interest in the amount of \$9,394.62, with a principal balloon payment due on the maturity date. Unpaid principal on the 2021 Restated Term Note earns interest calculated on the basis of a 360-day year from the date proceeds are disbursed to, but not including, the date all amounts under the 2021 Restated Term Note are paid in full, at a fixed rate per year equal to 4.32%. The outstanding principal balance of the 2021 Restated Term Note is \$1,354,003.32 as of August 22, 2024. The balance of the 2021 Restated Term Note will be paid in full with a portion of the proceeds of the Series 2024 Bonds.

### **SOURCES AND USES OF FUNDS**

Following are the estimated sources and uses for funds (excluding investment income) associated with the Series 2024 Project and the issuance of the Series 2024 Bonds:

#### **Sources of Funds**

Series 2024A Bond Proceeds	\$50,060,000.00
Series 2024A Bond Original Issue Premium	559,883.45
Series 2024B Bond Proceeds	<u>2,365,000.00</u>
<b>Total Sources of Funds</b>	<b><u>\$52,984,883.45</u></b>

#### **Uses of Funds**

Deposit to Series 2024A Project Account of the Project Fund	\$44,208,063.52
Deposit to Series 2024B Project Account of the Project Fund	346,759.84
Refinancing of Existing Debt	2,036,189.95
Deposit to the Series 2024A Bonds Capitalized Interest Account	1,276,633.82
Deposit to the Series 2024B Bonds Capitalized Interest Account	59,645.32
Deposit to Series 2024A Account of the Debt Service Reserve Fund	3,137,417.44
Deposit to Series 2024B Account of the Debt Service Reserve Fund	146,582.56
Costs of Issuance <sup>1</sup>	<u>1,773,591.00</u>
<b>Total Uses of Funds</b>	<b><u>\$52,984,883.45</u></b>

<sup>1</sup> Includes Underwriter's compensation, legal fees and expenses, printing, title insurance, Trustee fees, Issuer fees, accountant fees, real estate costs, rating agency fees, and other expenses associated with the issuance of the Series 2024 Bonds.

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## DEBT SERVICE SCHEDULE

The following table sets forth the amounts required to make debt service payments with respect to the Series 2024 Bonds, including principal due at maturity, and interest.

Period Ending July 1	Series 2024A Bonds		Series 2024B Bonds		Aggregate Debt Service
	Principal	Interest	Principal	Interest	
2025	\$ --	\$ 2,009,353	\$ --	\$128,153	\$ 2,137,506
2026	--	2,503,000	--	159,638	2,662,638
2027	--	2,503,000	620,000	159,637	3,282,637
2028	--	2,503,000	660,000	117,788	3,280,788
2029	--	2,503,000	705,000	73,237	3,281,237
2030	375,000	2,503,000	380,000	25,650	3,283,650
2031	795,000	2,484,250	--	--	3,279,250
2032	835,000	2,444,500	--	--	3,279,500
2033	880,000	2,402,750	--	--	3,282,750
2034	925,000	2,358,750	--	--	3,283,750
2035	970,000	2,312,500	--	--	3,282,500
2036	1,020,000	2,264,000	--	--	3,284,000
2037	1,070,000	2,213,000	--	--	3,283,000
2038	1,120,000	2,159,500	--	--	3,279,500
2039	1,180,000	2,103,500	--	--	3,283,500
2040	1,235,000	2,044,500	--	--	3,279,500
2041	1,300,000	1,982,750	--	--	3,282,750
2042	1,365,000	1,917,750	--	--	3,282,750
2043	1,430,000	1,849,500	--	--	3,279,500
2044	1,505,000	1,778,000	--	--	3,283,000
2045	1,580,000	1,702,750	--	--	3,282,750
2046	1,655,000	1,623,750	--	--	3,278,750
2047	1,740,000	1,541,000	--	--	3,281,000
2048	1,825,000	1,454,000	--	--	3,279,000
2049	1,920,000	1,362,750	--	--	3,282,750
2050	2,015,000	1,266,750	--	--	3,281,750
2051	2,115,000	1,166,000	--	--	3,281,000
2052	2,220,000	1,060,250	--	--	3,280,250
2053	2,330,000	949,250	--	--	3,279,250
2054	2,450,000	832,750	--	--	3,282,750
2055	2,570,000	710,250	--	--	3,280,250
2056	2,700,000	581,750	--	--	3,281,750
2057	2,835,000	446,750	--	--	3,281,750
2058	2,975,000	305,000	--	--	3,280,000
2059	<u>3,125,000</u>	<u>156,250</u>	--	--	<u>3,281,250</u>
<b>Totals</b>	<b><u>\$50,060,000</u></b>	<b><u>\$59,998,853</u></b>	<b><u>\$2,365,000</u></b>	<b><u>\$664,103</u></b>	<b><u>\$113,087,956</u></b>



## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

### Limited Obligations of the Issuer

The Series 2024 Bonds and interest thereon constitute special, limited obligations of the Issuer and are payable solely from certain revenues received under the Indenture and from certain funds and accounts established and maintained under the Indenture. The Issuer is not obligated to advance any moneys derived from any source whether for the payment of the principal or redemption price or interest with respect to the Series 2024 Bonds.

THE SERIES 2024 BONDS AND THE INTEREST THEREON AND THE ISSUER'S OTHER OBLIGATIONS UNDER THE INDENTURE ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF MONROE COUNTY, NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE STATE OF NEW YORK NOR MONROE COUNTY, NEW YORK NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR SHALL THE SERIES 2024 BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

### General

The Series 2024 Bonds, together with the premium, if any, and the interest thereon, shall be limited obligations of the Issuer payable, with respect to the Issuer, solely from (a) all right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally; (b) all right, title and interest of the Issuer in and to the Promissory Note; (c) all moneys and securities from time to time held by the Trustee under the terms of the Indenture including amounts set apart and transferred to the Revenue Fund, the Project Fund, the Renewal Fund, the Bond Fund, the Debt Service Reserve Fund or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Revenue Fund, the Debt Service Reserve Fund, the Project Fund, the Renewal Fund or any such special fund in accordance with the provisions of the Loan Agreement and the Indenture; provided, however, there is 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; and (d) any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is authorized by the Indenture to receive any and all such property at any time and at all times to hold and apply the same subject to the terms thereof.

### The Indenture

*Creation of Funds.* The Indenture establishes and creates the following special trust Funds and Accounts comprising such Funds:

- (a) Revenue Fund;
- (b) Project Fund;
- (i) Costs of Issuance Account, Series 2024A Bonds Capitalized Interest Account and a Series 2024B Bonds Capitalized Interest Account;

- (ii) Series 2024A Project Account;
- (iii) Series 2024B Project Account;
- (c) Bond Fund;
- (iv) Principal Account, and within such Principal Account, a Series 2024A subaccount and a Series 2024B subaccount;
- (v) Interest Account, and within such Interest Account, a Series 2024A subaccount and a Series 2024B subaccount;
- (vi) Sinking Fund Installment Account, and within such Sinking Fund Installment Account, a Series 2024A subaccount and a Series 2024B subaccount;
- (vii) Redemption Account, and within such Redemption Account, a Series 2024A subaccount and a Series 2024B subaccount;
- (d) Renewal Fund;
- (e) Rebate Fund; and
- (f) Debt Service Reserve Fund, and within such Debt Service Reserve Fund, a Series 2024A Account and a Series 2024B Account.

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 thereof. For additional information, see “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto.

**Revenue Fund.** Unless otherwise provided in the Indenture, the Trustee shall promptly deposit all amounts received from the Charter School, or transferred pursuant to the Indenture or the Loan Agreement into the Revenue Fund.

***Project Fund.***

- (a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to the Indenture or otherwise required to be deposited therein pursuant to the Loan Agreement, or the Indenture.

The Trustee shall apply the amounts on deposit in the accounts of the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Charter School or the Issuer, of Project Costs (including interest on the Series 2024 Bonds during the period of Project construction and renovation) to the extent requisitioned under paragraph (b) below. The Trustee shall automatically transfer (i) amounts on deposit in the Series 2024A Bonds Capitalized Interest Account of the Project Fund to the Series 2024A subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2024A Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date, and (ii)

amounts on deposit in the Series 2024B Bonds Capitalized Interest Account of the Project Fund to the Series 2024B subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2024B Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date.

(b) The Trustee is authorized by the Indenture to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Charter School, make wire transfers) for each disbursement from the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Charter School.

Such requisition shall be as set forth in Exhibit D — “Form of Requisition from the Project Fund” attached to the Indenture and is to be submitted to the Trustee. The Trustee may conclusively rely as to the completeness and accuracy of all statements in such requisition certificate if such requisition certificate is signed by an Authorized Representative of the Charter School, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any requisition certificate by an Authorized Representative of the Charter School shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. The Trustee shall disburse amounts from the Project Fund not later than five Business Days following the receipt of the executed requisition, except that any such requisition submitted on the Closing Date shall have disbursements made by the Trustee on such Closing Date. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facilities shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions which do not constitute Permitted Encumbrances, which notice or endorsement shall contain no exception for inchoate mechanic’s liens and shall have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such notice of title continuation or endorsement to the title insurance policies delivered to it with any requisition.

(c) The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Charter School upon reasonable written request.

(d) The Trustee shall on written request furnish to the Issuer and the Charter School within a reasonable time period a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made.

(e) The completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Charter School referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and the Indenture, be deposited by the Trustee in the Redemption

Account of the Bond Fund for the Series 2024A Bonds. Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the accounts of the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund to be applied to the redemption of Series 2024A Bonds, at the earliest practicable date. The Trustee shall promptly notify the Charter School of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to the Indenture as described under this heading.

(f) In the event the Charter School 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 respective account of the Project Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and the Indenture) and in the accounts of the Debt Service Reserve Fund shall be deposited in the applicable subaccounts of the Redemption Account of the Bond Fund for each Series of Bonds. 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 respective accounts of the Project Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and the Indenture) and in the accounts of the Debt Service Reserve Fund shall be deposited in the respective subaccounts of the Bond Fund as provided in the Indenture.

(g) All earnings on amounts held in the Project Fund (i) prior to the Project Completion Date, shall remain in the Project Fund, and (ii) after the Project Completion Date, shall be transferred by the Trustee and deposited in the Series 2024A Interest Subaccount of the Interest Account of the Bond Fund.

***Bond Fund and Renewal Fund.*** See “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto for the provisions of the Bond Fund and the Renewal Fund.

***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.

***Debt Service Reserve Fund.***

If on any Interest Payment Date or redemption date on the Bonds the amount in the respective Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the Project Fund) shall be less than the amount of interest then due and payable on the Series 2024 Bonds, or if on any principal payment date on the Series 2024 Bonds the amount in the respective Principal Account shall be less than the amount of principal of the Series 2024 Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Series 2024 Bonds the amount in the respective Sinking Fund Installment Account of the Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the Series 2024 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 City time) on such date from or on behalf of the Charter School or the Issuer on account of such interest, principal or Sinking Fund Installment, the Trustee forthwith shall transfer moneys from the subaccounts of the Debt Service Reserve Fund, first, to the respective subaccount of such Interest Account, second to the respective subaccount of such Principal Account, and third, to the respective subaccount of such Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency.

The Trustee shall give to the Charter School on or prior to each Loan Payment Date on which the Charter School is obligated pursuant to the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in the respective subaccount of the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying any such deficiency in the Debt Service Reserve Fund. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations under the Indenture or any other obligor from any of its obligations under any of the Security Documents.

Upon payment in full of the Series 2024B Bonds, all amounts in the Series 2024B Account of the Debt Service Reserve Fund shall be transferred to the Series 2024A Account of the Debt Service Reserve Fund.

***Additional Bonds.*** So long as the Promissory Note, the Loan Agreement and the other Security Documents are each in effect, and receipt by the Trustee of a certificate from the Charter School showing satisfaction of the requirements of the Loan Agreement, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facilities and any additional projects financed with proceeds from such Additional Bonds, 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 Charter School shall enter into an amendment to the Loan Agreement, and the Charter School shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Charter School 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 Charter School 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:

(a) a copy of the resolution, duly certified by the President, Vice President or Executive Director of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(b) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Note, the Loan Agreement, the Custody Agreement and the Mortgage, the Facilities 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 Series 2024 Bonds and any Series of Additional Bonds theretofore issued;

(c) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of

the Series of Additional Bonds will not cause the interest on any Series of Bonds Outstanding to become includable in gross income for federal income tax purposes;

(d) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Charter School 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;

(e) evidence that the requirements of the Loan Agreement are satisfied;

(f) 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;

(g) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document; and

(h) 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.

Upon the request of the Charter School, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund (“**Refunding Bonds**”) all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under the Indenture 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) 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 above for all Additional Bonds, as may be applicable) of:

(i) Irrevocable instructions from the Issuer to the Trustee 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:

(A) 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

(B) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Indenture (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 Indenture.

(b) The Charter School 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.

(c) Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Series 2024 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.

No Series of Additional Bonds shall be issued unless the Promissory Note, the Loan Agreement, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default. For additional information, see “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto.

### **The Loan Agreement**

As security for the payment of the Series 2024 Bonds and the obligations of the Charter School the Issuer pledges and assigns to the Trustee pursuant to the Indenture all of the Issuer’s right, title and interest in the Promissory Note and all (except for the Issuer’s Reserved Rights) of the Issuer’s right, title and interest in the Loan Agreement, including all loan payments thereunder and under the Promissory Note, and in furtherance of said pledge the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture. The Charter School has consented to the pledge and assignment of the Loan Agreement and the endorsement of the Promissory Note. See “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto.

***Nature of Charter School’s Obligation Unconditional.*** The Charter School’s obligation under the Loan Agreement and under the Promissory Note to pay the loan payments and all other payments provided for in the Loan Agreement and in the Promissory Note shall be absolute, unconditional and a general obligation of the Charter School, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Bond and the obligation of the Charter School shall arise whether or not the Project has been completed as provided in the Loan Agreement and whether or not any provider of a credit facility or liquidity facility with respect to the Bonds shall be honoring its obligations thereunder. The Charter School will not suspend or discontinue any such payment or terminate the Loan Agreement (other than such termination as is provided for thereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Charter School thereunder, for any cause whatsoever, and the Charter School waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender the Loan Agreement or any obligation of the Charter School under the Loan Agreement except as provided in the Loan Agreement or to any abatement,

suspension, deferment, diminution or reduction in the loan payments or other payments under the Loan Agreement or under the Promissory Note.

For additional information, see “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto.

***Limitations on Incurrence of Additional Indebtedness.*** The Charter School is prohibited from incurring additional Indebtedness secured by Liens on the Education Aid or Liens on the Facilities or the Gross Revenues that are senior to the Mortgage on the Facilities. The Charter School may incur other parity Indebtedness secured by the Mortgage on the Facilities and the security interest in the Gross Revenues upon satisfaction of the following:

(a) ***No Default.*** Providing a certificate signed by an Authorized Representative of the Charter School stating that no Event of Default is then existing under the Loan Agreement, the Promissory Note, the Security Documents, or any debt outstanding or any agreement entered into by the Charter School in conjunction with any Indebtedness; and

(b) ***Projected Coverage for Additional Indebtedness.*** Delivery of an Accountant’s Certificate stating that the estimated Maximum Annual Debt Service for all Indebtedness then outstanding, including the proposed Indebtedness to be incurred, is less than (ii) 20% of estimated Education Aid and Gross Revenues for the most recent fiscal year for which a budget has been adopted. The report shall take into account (i) the audited results of operations and verified enrollment of the Project for the most recently completed Fiscal Year and (ii) the projected enrollment for the Fiscal Year immediately following the completion of the planned Project being financed with such proposed Indebtedness, and shall assume that the proposed additional Indebtedness shall have been outstanding for the entire year; or

(c) ***Alternate Coverage for Additional Indebtedness.*** In lieu of the requirements of paragraph (b) above, the Charter School may deliver a certificate of an Authorized Representative of the Charter School stating that, based on the audited results of the operations for the most recently completed Fiscal Year, the Charter School’s Net Income Available for Debt Service equals at least 1.10 times Maximum Annual Debt Service on the aggregate of all parity Indebtedness then Outstanding plus the proposed additional Indebtedness; or

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

***Debt Service Coverage Ratio.*** The Charter School covenants in the Loan Agreement that, so long as any of the Bonds remain Outstanding, it will maintain a Long-Term Debt Service Coverage Ratio greater than 1.1 to 1.0 as calculated in accordance with GAAP existing as of the date of the Loan Agreement. Beginning with the Fiscal Year commencing July 1, 2026, the Charter School 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 Long-Term Debt Service Coverage Ratio indicates that the Long-Term Debt Service Coverage Ratio of the Charter School for such previous Fiscal Year is less than 1.1 to 1.0, the Charter School 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 Charter School stating the reasons for the Charter School'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 the event that the Charter School is unable to comply with the above Long-Term Debt Service Coverage Ratio requirement, then the Majority Holders shall have the right to direct the Trustee to require the Charter School to engage, at the Charter School's expense, a Management Consultant acceptable to the Majority Holders, as described under "*—Management Consultant*" below.

In the event the Long-Term Debt Service Coverage Ratio is calculated as falling between 1.0 and 1.1 following the completion of two (2) consecutive Fiscal Years, it shall be an Event of Default under the Loan Agreement.

Notwithstanding the foregoing, in the event the Long-Term Debt Service Coverage Ratio falls below 1.0 as calculated following the completion of any Fiscal Year, it shall be an Event of Default under the Loan Agreement.

***Cash on Hand.*** The Charter School covenants in the Loan Agreement that so long as any of the Bonds remain Outstanding, it will have on hand on each June 30 testing date described below cumulative unrestricted cash, unrestricted cash equivalents, unrestricted liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of the Charter School, excluding any Trustee-held funds or proceeds of Indebtedness, sufficient to meet a certain number of days Operating Expenses excluding all non-cash expenses, as follows: for the Fiscal Year ending June 30, 2025 and thereafter, 45 days.

The above covenant shall be tested as of June 30 of each year based on the results of the annual audit of the Charter School for such Fiscal Year upon release of such annual audit, commencing with the Fiscal Year ending June 30, 2025. The Charter School represents and warrants that it will annually have its books and records audited in accordance with GAAP, commencing with the Fiscal Year ending June 30, 2025 and each Fiscal Year thereafter by an Accountant as soon as practicable after the close of such Fiscal Year.

In the event that the Charter School is unable to comply with the above cash on hand requirements by the next June 30 testing date following the initial non-compliance, then the Majority Holders shall have the right to direct the Trustee to require the Charter School to engage, at the Charter School's expense, a Management Consultant acceptable to the Majority Holders, as described under "*—Management Consultant*" below.

In the event that the Charter School is unable to comply with the above cash on hand requirements by the following two June 30 testing dates following the initial non-compliance, it shall be an Event of Default under the Loan Agreement.

***Management Consultant.*** If the Charter School is unable to meet any of the above-described cash on hand or debt service coverage ratio covenants within the respective specified periods following initial non-compliance, and Majority Holders direct the Trustee to require the Charter School to engage a Management Consultant acceptable to the Majority Holders, the Management Consultant shall be required to deliver a written report to the Beneficial Owners, the Trustee and the Charter School within sixty (60) days following its engagement containing recommendations concerning the Charter School's: (i) operations; (ii) financing practices and activities, including Short-Term Indebtedness, lease financing and investment activities; (iii) management practices, including use of consultants, budgeting practices, and on-going financial systems and monitoring of the Charter School's financial condition; (iv) governance and

administrative practices; and (v) other factors relevant to maintaining compliance with the respective covenant(s).

Upon submission of the Management Consultant's report, the Charter School shall arrange for payment of the amount owed to the Management Consultant and, within thirty (30) days following receipt of the Management Consultant's report, issue a written certificate to the Trustee indicating the Charter School's acceptance or rejection of all or any material portion of the Management Consultant's recommendations. Notwithstanding the foregoing, the Majority Holders shall have the right to require the Charter School to comply with any reasonable recommendation of the Management Consultant with respect to the foregoing items.

***Financial Definitions.*** The Loan Agreement defines the following terms set forth below.

**“Long-Term Debt Service Coverage Ratio”** is defined as, for any Fiscal Year of the Charter School, or other specified period, the ratio determined by dividing the Net Income Available for Debt Service by Annual Debt Service for that Fiscal Year.

**“Net Income Available for Debt Service”** is defined as, for any period of determination thereof, Education Aid and Gross Revenues of the Charter School minus its total Operating Expenses.

**“Operating Expenses”** is defined as all reasonable and necessary expenses of the Charter School paid or accrued, to operate a public school and provide educational services, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, and (d) professional services; provided however, there shall be excluded from Operating Expenses: (i) any allowance for depreciation, (ii) expenses incurred in connection with capital improvements, (iii) deposits to and expenses paid from the Debt Service Reserve Fund, (iv) expenses paid from the proceeds of any insurance or condemnation awards, and (v) to the extent it is considered an Operating Expense, amortization of debt service costs on the Series 2024 Bonds.

**“Management Consultant”** is defined as an independent professional firm or corporation hired by the Charter School.

***Sale of the Facilities or Mortgaged Property.*** The Charter School shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facilities, including the Improvements, or any part of the Facilities or interest therein, except as set forth in in the Loan Agreement without (a) the prior written consents of the Issuer and of the Trustee and (b) the Charter School delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to the Loan Agreement will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void.

***Grant of Easements.*** The Charter School 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 Charter School for the operation or use of the Facilities, 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 Facilities as the Approved Facility, and provided, further, that any consideration received by the Charter School 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. The Issuer agrees, at the sole cost and expense

of the Charter School, 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.

**Release of Portions of Facilities.** So long as there exists no Event of Default under the Loan Agreement, and the Charter School 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 Charter School may from time to time request in writing to the Issuer and the Trustee the release of and removal from the property comprising the Facilities under the Loan Agreement and the lien and security interest of the Mortgage, of any unimproved part of the Land (on which none of the Improvements, including the buildings, structures, major appurtenances, fixtures or other property comprising the Facility Realty, is situated); provided that such release and removal will not adversely affect the use or operation of the Facilities as the Approved Facility. Upon any such request by the Charter School, the Issuer shall, at the sole cost and expense of the Charter School, 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 Facilities under the Loan Agreement and the lien and security interest of the Mortgage, subject to the following: (a) any liens, easements, encumbrances and reservations to which title to said property was subject on the Closing Date; (b) any liens, easements and encumbrances created at the request of the Charter School or to the creation or suffering of which the Charter School consented; (c) any liens and encumbrances or reservations resulting from the failure of the Charter School to perform or observe any of the agreements on its respective part contained in the Loan Agreement or any other Project Document; (d) Permitted Encumbrances (other than the lien of the Mortgage); and (e) 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:

(i) the Trustee shall have received a certificate of an Independent Engineer, dated not more than 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 Facilities, will not adversely affect the use or operation of the Facilities as the Approved Facility and will not destroy the means of ingress thereto and egress therefrom;

(ii) the Trustee shall have received an amount of cash for deposit in the Redemption Account of the Bond Fund 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 Monroe County, New York, (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 Monroe County, New York, and (C) if such unimproved Land is released in connection with its sale, the amount received by the Charter School upon such sale; and

(iii) the Facility Realty as shall remain subject to the Mortgage shall not constitute a portion of a tax lot.

**Abatement or Diminution.** No conveyance or release effected under the provisions of the Loan Agreement shall entitle the Charter School to any abatement or diminution of the loan payments or other amounts payable under the Loan Agreement or any other payments required to be made by the Charter School under the Loan Agreement or any other Project Document to which it shall be a party.

See “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto.

### **The Mortgage**

The Charter School will own the Facilities on the Closing Date. In order to secure the payment of the principal of and interest on the Series 2024 Bonds and the performance and observance by the Charter School of all of their obligations under the Project Documents, the Charter School will enter into the Mortgage. See “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto.

### **RISK FACTORS**

*Investment in the Series 2024 Bonds involves substantial risks. The following information should be considered by prospective investors in evaluating the Series 2024 Bonds. However, the following does not purport to be an exclusive listing of risks and other considerations which may be relevant to investing in the Series 2024 Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks. Certain factors which could result in a reduction of revenues available to the Charter School and a corresponding reduction in payments made to the Issuer are discussed herein.*

A number of factors could have an adverse impact on the ability of the Charter School to generate revenues needed to meet its obligations under the Loan Agreement. The Charter School’s ability to generate revenues necessary to make the loan payments under the Loan Agreement is dependent upon a number of elements, including State budget pressures, demand for charter schools, the ability of the Charter School to provide the educational services and classes demanded by parents or to attract students generally, changes in the level of confidence in the public school system in general or public charter schools in particular, competition, faculty recruitment, demographic changes, legislation, governmental regulations, changes in immigration policy, litigation and the Charter School’s ability to achieve enrollment and fundraising levels. This, in turn, is affected by numerous circumstances both within and outside the control of the Charter School, including a continuation of favorable governmental policies and programs with respect to public charter schools; the competitive appeal and perceived quality of the Charter School’s curriculum; the ability and energy of the Charter School’s faculties and administration; and the benevolence of the Charter School’s supporters. There can be no assurance given that revenues of the Charter School will not decrease. Any and all financial projections are only good faith estimates and are not intended as a representation or warranty as to the future financial condition of the Charter School.

See “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL,” and “APPENDIX D—FINANCIAL STATEMENTS AS OF JUNE 30, 2023 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS,” “APPENDIX E—FINANCIAL STATEMENTS AS OF JUNE 30, 2022 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS,” and “APPENDIX F— FINANCIAL STATEMENTS AS OF JUNE 30, 2021 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS.”

### **Sufficiency of Charter School Revenues**

The Series 2024 Bonds, together with any Additional Bonds, are secured by and payable solely from a pledge of the Trust Estate, including certain funds held under the Indenture and certain payments to be made by the Charter School under the Loan Agreement. Based on present circumstances (i.e., its charter and operating history), representatives of the Charter School believe it will generate sufficient revenues to

meet its obligations under the Loan Agreement. However, the Charter may be terminated or not renewed, or the basis of the assumptions utilized by the Charter School to formulate this belief may otherwise change and no representation or assurance can be made that the Charter School will continue to generate sufficient revenues to meet its obligations under the Loan Agreement.

### **Economic and Other Factors**

Future economic and other factors may adversely affect the Charter School's revenues and expenses. Factors that could have such adverse effects include, but are not limited to: decreases in the number of students seeking to attend the Charter School at optimum levels for each grade level; demographic changes or economic developments in the affected service area, including inflation and interest rates; diminution of the Charter School's reputation; competition from other educational institutions, including other charter schools, private schools and public schools; lessened ability of the Charter School to attract and retain qualified teachers and staff at forecasted salaries; increased costs associated with technological advances; changes in government regulation of the education industry or in the New York charter school statutes; decrease in per-student funding amounts by the State; future claims and torts (for accidents or any other reason) against the Charter School and the extent of insurance coverage for such claims; and the occurrence of natural disasters, such as floods.

### **Changes in Law; Annual Appropriation; Inadequate Education Aid Payments**

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the Charter School and could adversely affect the security and sources of payment for the Series 2024 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter Schools Act in a manner which is adverse to the interests of the owners of the Series 2024 Bonds.

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

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

### **Claims and Insurance Coverage**

Litigation could arise from the corporate and business activities of the Charter School. Such litigation may stem from the Charter School's status as an employer. Many of these risks are covered by insurance, but some are not. For example, claims arising from wrongful termination or sexual harassment claims and business disputes may not be covered by insurance or other sources. Such claims may, in whole or in part, constitute a significant liability of the Charter School if determined or settled adversely, as may any additional claims for other torts, accidents, or environmental enforcement actions, to the extent such claims exceed the limits of applicable insurance coverage.

The Charter School covenants and agrees in the Loan Agreement that it will maintain, or cause to be maintained, property and general liability insurance with respect to the Facilities at levels set forth therein. See "APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE" attached hereto.

## **Additional Charter School and School Indebtedness**

The Loan Agreement permits the Charter School to incur additional indebtedness upon compliance with the provisions thereof. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—The Loan Agreement” herein. The incurrence of such additional indebtedness by the Charter School could increase the economic burden on the Charter School and thereby adversely affect the ability of the Charter School to make required payments under the Loan Agreement. See “APPENDIX K—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE” attached hereto.

## **Non-Renewal or Revocation of Charter**

The Charter may be terminated by the Authorizer for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the revocation procedure, and other information regarding the Charter and the Charter Schools Act, see “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL—CHARTER CONTRACT,” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

The Charter School received an Accountability Summary from SUNY on February 29, 2024 regarding the analysis of Charter School performance in the context of the renewal criteria, which indicated that the Charter School must substantially increase its elementary and middle school performance to make the best case for earning subsequent renewal. The 2022-2023 school year is the fourth year of the Charter School’s Accountability Period with SUNY. In the 2022-2023 school year the Charter School met or came close to meeting its high school graduation and college preparation goals as it has in prior years, however, the Charter School has posted low achievement scores in ELA and mathematics at the elementary and middle school levels.

The Charter School has implemented a tiered level of support to address lower test scores.

***Tier 1.*** Teachers provide core instruction to the entire class which is grade level standards and concepts.

***Tier 2.*** Teachers provide small group targeted instruction that focuses on skills and standards students are struggling with, determined by multiple data points (FastBridge Diagnostic, Benchmark Exams, unit assessments, etc.).

***Tier 3.*** The Charter School provides intensive instruction/intervention to select students by an intervention teacher.

After school tutoring, Saturday school and summer school opportunities are also provided to all students. The Charter School uses coaching cycles and data tracking meetings to support teacher practice and to review data to make instructional changes.

No assurance can be given that the Charter School will be able to maintain its good standing in the future. In addition, even though the Charter School does not anticipate any non-renewal or revocation of its Charter, there can be no assurance that the Authorizer will not revoke or not renew the Charter in the future. See “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL—CHARTER CONTRACT—Charter Renewal.”

## **Competition for Students**

The Charter School competes for students primarily within the geographic area of the District, as well as other surrounding school districts, and with other public schools and charter schools within the Rochester area. There are currently approximately 14 charter schools with 26 locations within the District. Charter schools within a close proximity to the Facilities are in competition with the Charter School for students, including, but not limited to University Preparatory Charter School for Young Men, Discovery Charter Schools, Exploration Elementary, and Academy of Health Sciences Charter School. In the view of the Charter School, these schools are representative of the schools with which the Charter School competes for students. One of the many impacts of the COVID-19 pandemic on education has been a national trend of decreased enrollment of students, particularly those in lower grades, such as kindergarten. The decrease in enrollment will increase competition for students among schools. See “APPENDIX A—EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL—THE CHARTER SCHOOL—Service Area” and “—Competing Schools” in this Limited Offering Memorandum. No assurance can be given that the Charter School will attract and retain the number of students that are needed to produce revenue necessary to pay the principal of and interest on the Series 2024 Bonds, or that additional schools will not be created in or near the Charter School’s service area.

## **Reliance on Projections**

The Charter School’s projections of revenue and expenditures for the fiscal year ending June 30, 2024 and the projections of future revenues and expenses contained in “APPENDIX C—BUDGET PROJECTION” herein were prepared by the Charter School and have not been independently verified by any other party. Neither the Underwriter nor the Issuer has independently verified such projections, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate only to the Charter School’s fiscal years through 2029, and consequently do not cover the entire period that the Series 2024 Bonds will be outstanding.

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

**NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE CHARTER SCHOOL WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS ON THE SERIES 2024 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN “RISK FACTORS” AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER AND ISSUER MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN.**

## **Factors Associated with Education**

There are a number of factors affecting schools in general, including the Charter School, which could have an adverse effect on the Charter School's financial position and ability to make the payments required under the Loan Agreement. These factors include, but are not limited to, increasing costs of compliance with Federal or state regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodation of persons with disabilities; any unionization of the Charter School's workforce with consequent impact on wage scales and operating costs of the Charter School; changes in existing statutes pertaining to the powers of the Charter School; decline of the Charter School's reputation, the faculty or student body, either generally or with respect to certain academic or extracurricular areas; and the disruption of the Charter School's operations by real or perceived threats against the Charter School, the employees or the students. The Charter School cannot assess or predict the ultimate effect of these factors on its operations or its ability to make the required payments under the Loan Agreement.

## **Key Management**

The creation of, and the philosophy of teaching in, charter schools generally initially may reflect the vision and commitment of a few key persons on the board of trustees and/or the upper management of the Charter School (the "**Key Trustees/Managers**"). Loss of such Key Trustees/Managers, and the inability of the Charter School to find comparable qualified replacements, could adversely affect the Charter School's operations or financial results.

## **Value of Facilities May Fluctuate**

The value of the Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the transaction. Real property values can fluctuate substantially depending in large part on the state of the economy. There is nothing associated with the Facilities which would suggest that its value would remain stable or would increase if the general values of property in the community were to decline. Upon a default under the Mortgage, no assurances can be given that the Trustee would be able to sell or lease the Facilities, or that the amount that the Trustee would otherwise receive in connection with a foreclosure of the Facilities would be sufficient to pay the principal of, premium, if any, or interest on the Series 2024 Bonds.

## **Inability to Liquidate or Delay in Liquidating the Facilities**

Upon the occurrence and continuance of an event of default, the Trustee shall be entitled to exercise certain rights, including the right to possession of and the right to sell the Facilities pursuant to a foreclosure sale under the Mortgage. The Facilities are intended to be used solely for educational purposes of the Charter School. The location of the Facilities might also limit the number of potential purchasers. Consequently, a potential purchaser of the Series 2024 Bonds should not anticipate that a transfer of the Facilities could be accomplished rapidly, or at all. Any sale of the Facilities would require compliance with the laws of the State of New York applicable thereto. Such compliance might be difficult, time-consuming and expensive. Any delays in the ability of the Trustee to foreclose on the Mortgage would likely result in delays in the payment of the Series 2024 Bonds. In addition, in the event the Trustee took possession of the Facilities, the Facilities might be subject to real property taxation.

Enforceability of remedies may also be limited by the requirement of Section 2851(2)(t) of the Act, which provides for disposition of the Charter School's assets to the school district in which the Charter School is located or to another charter school within the school district in the event of termination or revocation of the Charter or other closure or dissolution of the Charter School.



## **Factors That Could Affect the Security Interest in the Facilities; Superior Liens**

The Trustee's security interest in the Facilities may be subordinated to the interest and claims of others in several instances. Some examples of cases of subordination of prior claims are (a) statutory liens or use restrictions recorded against the property, (b) rights arising in favor of the United States of America or any agency thereof, (c) present or future prohibitions against assignment in any statutes or regulations, (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (e) federal or state bankruptcy or insolvency laws that may affect the enforceability of the Loan Agreement, (f) rights of third parties in amounts not in the possession of the Trustee, (g) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the New York State Uniform Commercial Code as from time to time in effect, and (h) mechanic's liens.

## **Risks of Real Estate Investment**

**General.** Development, ownership and operation of real estate, such as the Facilities, involves certain risks, including the risk of adverse changes in general economic and local conditions, including population decreases; uninsured losses; operating deficits and mortgage foreclosure; lack of attractiveness of the property to students/parents; cyclical nature of the real estate market; adverse changes in neighborhood values; and adverse changes in zoning laws, other laws and regulations and real property tax rates (to the extent such taxes are applicable to the Facilities). Such losses also include the possibility of fire or other casualty or condemnation. If the Facilities, or any portion thereof, were not available during the period of restoration, such unavailability could adversely affect The Charter School's ability to make payments under the Loan Agreement. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage or other funding may render the sale or refinancing of the Facilities difficult or unattractive.

**Limitations of Appraisals.** Appraisals are estimates of value and not an assurance of what any particular property would bring in sale. Appraisals also are subject to numerous other limitations set forth therein. Potential investors should not assume that the values represent reliable estimates of what the Facilities would bring in liquidation following an event of default. The Charter School has not conducted an appraisal of the Facilities.

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

If the Facilities, or any portion thereof; are damaged or destroyed, or are taken in a condemnation proceeding, the proceeds of insurance or any such condemnation award for the Facilities, or any portion thereof; it is the Charter School's right to either restore or rebuild the Facilities or to redeem the Series 2024 Bonds in accordance with the terms of the Loan Agreement and the Indenture. There can be no assurance that the amount of revenues available to restore or rebuild the Facilities, or any portion thereof; or to redeem the Series 2024 Bonds will be sufficient for that purpose, or that any remaining portion of the Facilities will generate revenues sufficient to pay the expenses of the Charter School and the debt service on the Series 2024 Bonds remaining outstanding.

## **Construction Risks**

Construction of the Series 2024 Project 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, inflation, material availability and costs. 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 construction of the New Facilities.

Currently, the Series 2024 Project is scheduled to be completed by August of 2026. In the event of delays in the construction of the new Freshman Academy and high school facilities, grades 9-12 of the Charter School will continue to occupy the Current High School Facilities. The current lease term on the Current High School Facilities does not end until June 30, 2029, however, the Charter School is also researching alternative options for grades 9-12 in the event that the lease is terminated earlier than the end of the lease term. The renovations of the Middle School Facilities will occur during the summer of 2024 and 2025, and 2026 if needed in the event of construction delays, when students are not in the building.

## **Environmental Regulations and Permitting**

### *Phase I Environmental Site Assessments.*

LaBella Associates, D.P.C. (the “**Environmental Consultant**”) has conducted a Phase I Environmental Site Assessment of 1069-1089 and 1119 Joseph Avenue, including the site of the Series 2024 Project and the three existing buildings located thereon (including Building 1 and Building 3). The Environmental Consultant summarized its findings and conclusions in a report, dated June 28, 2024 (the “**Middle School Phase I**”). The Middle School Phase I concluded that there was no evidence of recognized environmental conditions (“**RECs**”) identified in connection with the subject property, and, therefore, indicated that no additional investigation was warranted.

The Environmental Consultant has also conducted a Phase I Environmental Site Assessment of the Elementary School Facilities and the Administration Offices and summarized its findings and conclusions in a report, dated July 12, 2024 (the “**Elementary School Phase I**”). The Elementary School Phase I concluded that no RECs were identified in connection with the subject property, and, therefore, indicated that no additional investigation was warranted.

The Environmental Assessments speak only as of their respective dates and no additional assessments have been requested or performed subsequent to the dates of the Environmental Assessments. Potential purchasers should refer to the complete reports for additional information regarding the assessments performed.

The intent of the Environmental Assessments was to identify the potential for RECs; however, no environmental assessment can completely eliminate the uncertainty regarding the potential for RECs. In addition, observations and conclusions pertaining to environmental conditions are necessarily limited to the conditions observed, and/or materials reviewed at the time the assessment was performed. In the event environmental enforcement actions are initiated, the Charter School could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Facilities. Such obligations could adversely affect the Charter School’s budget and cash flow and could adversely affect the Charter School’s ability to generate revenues sufficient to make payments under the Loan Agreement representing debt service on the Series 2024 Bonds. In addition, under certain environmental statutes, in the event an enforcement action is initiated, a lien could be attached to the Facilities, or a portion thereof. In the event

of a foreclosure on the Mortgage, the Borrower may be held liable for costs and other liabilities relating to hazardous materials, if any, on the sites of the Facilities, or any portion thereof, on a strict-liability basis, and such costs might exceed the value of such properties.

**Asbestos Reports and Abatement.** A Compilation Asbestos Survey (the “**Asbestos Survey**”) was conducted by Paradigm Environmental Services (“**Paradigm**”) for the former church building located adjacent to the Middle School Facilities. The Asbestos Survey is dated for the period of August 2011 through October 2023. The objective of the Asbestos Survey was to compile the locations, quantities, friability, and condition of all types of asbestos containing materials located throughout the location inspected. The inspection found asbestos containing building materials (“**ACBMs**”) located on the property such as metal fire doors, pipe insulation debris, pipe insulation on heating and domestic water lines, floor sealant, exterior caulking and other suspect ACBMs.

Paradigm also conducted a Pre-Demolition Asbestos Survey dated March 18 & 27, 2024 (the “**Pre-Demolition Asbestos Survey**”) for the existing structure located on the property adjacent to the Middle School Facilities that was recently acquired by the Charter School. The Pre-Demolition Asbestos Survey found ACBMs located on the property such as wall and ceiling materials, floor coverings and associated mastic (glue), caulking, insulation, roofing materials and other suspect ACBMs.

Paradigm also conducted a Renovation Asbestos Survey dated April 2 and 5, 2024 (the “**Renovation Asbestos Survey**”) for the existing Middle School Facilities. The Renovation Asbestos Survey found ACBMs located on the property, such as wall and ceiling materials, and window caulking and glazing.

The cost of the abatement of the ACBMs identified in the surveys described above has been included in the GMP Contract price described herein. According to the Design Builder, the Charter School expects to contract with Paradigm to provide the third-party air monitoring required in connection with such abatement work.

**Permitting.** The Design Builder is in the process of obtaining the full construction permit for the Series 2024 Project, which was submitted on August 7, 2024 and is expected to be issued in early September 2024. In the interim, a special use permit has been granted and the necessary variances from the zoning board have been received, and a building permit for construction work on the roof of the former church facility has been granted and is underway. Additionally, the right of way permit and temporary fence permit for roof work have been issued, and the Charter School has received final site plan approval from the City.

### **Potential Effects of Bankruptcy**

If the Charter School were to file a petition for relief (or if a petition were filed against such entity as debtor) under the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as amended, or other similar laws that protect creditors, the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the property of the debtor. If the bankruptcy court so ordered, such Charter School’s property and revenues could be used for the benefit of the Charter School despite the claims of its creditors (including the owners of the Series 2024 Bonds).

In a bankruptcy proceeding, the Charter School could file a reorganization plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured (including the owners of the Series 2024 Bonds). The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the Charter School, as the case may be, provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of

claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half the number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly. The Charter School is prohibited from creating secured creditors except as provided in the Loan Agreement.

### **Tax-Related Issues**

Under present Federal and State law, regulations and rulings, the income of non-profit exempt organizations, such as the Charter School, is exempt from Federal and State income tax, except for any unrelated business income. Failure of the Charter School to maintain its tax-exempt status or changes in such current laws, or the regulations, rulings or interpretations thereof could adversely affect the Charter School. Such failure would adversely affect the exclusion of interest on the Series 2024A Bonds from income for federal income taxation purposes, and such effects could be material.

Moreover, the ongoing tax-exempt status of interest on the Series 2024A Bonds is conditioned, under relevant provisions of the Code, on compliance by the Charter School with various requirements set forth, inter alia, in Sections 145 and 148 of the Code, requiring, among other things, that the Facilities be owned throughout the term of the Series 2024A Bonds by a governmental unit or an organization described in Section 501(c)(3) of the Code, that not more than five percent of the proceeds of the Series 2024A Bonds (inclusive of proceeds applied to defray issuance costs) be applied to any “private business use,” any use giving rise to “unrelated business income,” or other uses inconsistent with the charitable purposes of the Charter School, as an organization described in Section 501(c)(3) of the Code, and that certain investment earnings in respect of the Series 2024A Bonds be subject to non-arbitrage requirements imposed under Section 148 of the Code, including requirements to perform certain “rebate” computations and to make certain “rebate” payments of “arbitrage” earnings all as further provided in applicable statutes, regulations, rulings and decisions. Failure to comply with such requirements could result in the loss of the tax-exempt status of interest on the Series 2024A Bonds to the owners thereof, and such interest could become taxable to such owners retroactive to the date of issuance of the Series 2024A Bonds.

Under current State law, the Facilities are exempt from taxation, fees, assessments or special ad valorem taxes to the same extent as public schools. There can be no assurances that the Facilities will not be subjected in the future to taxation. Moreover, no assurances can be given that the effect of any tax payments on the Charter School would not be either adverse or material.

***Unrelated Business Income.*** In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income (“**UBTI**”). To the extent the Charter School does not properly account for and report UBTI, if any, 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 ultimately affect the tax-exempt status of the Charter School, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2024A Bonds.

### **Compliance with the No Child Left Behind Act and the Every Student Succeeds Act**

Title I of the Elementary and Secondary Education Act (“**ESEA**”), as reauthorized by the No Child Left Behind Act (“**NCLB**”) of 2001, requires each state, as a condition of receiving funds under the Title I program, to implement a single, statewide accountability system applicable to all its public schools, including charter schools. The NCLB uses Adequate Yearly Progress (“**AYP**”) to measure and hold schools

and districts responsible for student achievement. In New York, the New York State Department of Education makes AYP determinations for all schools and districts in the State.

In New York, the accountability designations are “Schools identified for Comprehensive Support and Improvement,” “Schools identified for Additional Targeted Support and Improvement,” “Schools identified for Targeted Support and Improvement,” “Schools identified for Local Support and Improvement,” and “Recognition Schools.” Materials published by the New York State Education Department, School Accountability Status, indicate that the Charter School is a “School identified for Targeted Support and Improvement” for the 2022-2023 school year based on performance results from the 2022-2023 school year.

On December 10, 2015, President Barack Obama signed the Every Student Succeeds Act (“ESSA”), which replaced NCLB and reauthorized and updated the ESEA. Overall, the new law provides states more authority on standards, assessments, accountability, supports, and interventions while preserving the general structure of the ESEA funding formulas. On January 12, 2018, the U.S. Department of Education approved New York’s plan for the implementation of ESSA (“ESSA Plan”). On June 12, 2018, the New York State Board of Regents adopted emergency regulations for the implementation of the school accountability provisions embedded in New York’s ESSA Plan. In July of 2018, the NYSED released an update for the Implementation of the State’s ESSA Statewide Accountability System. ESSA requires that the Accountability System be fully implemented for the 2018-19 school year.

On March 27, 2017, President Donald Trump signed into law two resolutions, H.J. Res. 57 and H.J. Res. 58, that roll back Obama-administration regulations informing state education officials how to implement the ESSA. H.J. Res. 57 prevents the Department of Education from dictating prescriptive requirements for how states and school districts measure achievement, using metrics such as school ratings, timelines for interventions for failing schools and student participation in state assessments. H.J. Res. 58 negates a rule that dictates specific requirements states must use to determine the effectiveness of teacher-preparation programs. The underlying ESSA statute is not affected by the two resolutions.

There can be no assurance that the Charter School will remain a “School identified for Targeted Support and Improvement” in subsequent school years. Failure of the Charter School to meet the requirements of ESSA, when implemented, may have a material adverse effect on the Charter School and its ability to make payments due under the Loan Agreement.

### **Other Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the Federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2024 Bonds or otherwise prevent holders of the Series 2024 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2024 Bonds. Further, such proposals may impact the marketability or market value of the Series 2024 Bonds simply by being proposed.

### **Debt Service Reserve Fund**

The Indenture establishes the Debt Service Reserve Fund for payment of principal of and interest on the Series 2024 Bonds to the extent revenues of the Charter School are insufficient to make such payments. Although the Charter School believes such reserve to be reasonable and anticipates that revenues of the Charter School will be sufficient to cover the debt service on the Series 2024 Bonds, there is no assurance that funds on deposit in the Debt Service Reserve Fund and future revenues will be sufficient to cover debt service on the Series 2024 Bonds.

## **Purchases and Transfers of Series 2024 Bonds Restricted to Qualified Institutional Buyers and Accredited Investors**

As described in the “NOTICE TO INVESTORS” that precedes the Table of Contents of this Limited Offering Memorandum, the Series 2024 Bonds are to be sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. The Indenture contains provisions limiting transfers of the Series 2024 Bonds and beneficial interests therein to Qualified Institutional Buyers or Accredited Investors. The face of each Bond will contain a legend indicating that the Series 2024 Bond is subject to transfer restrictions as set forth in the Indenture. The Series 2024 Bonds will be issued in minimum denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. In light of these restrictions, purchasers should not expect that there will be an active secondary market for the Series 2024 Bonds.

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2024 Bonds, and there may be no market for the Series 2024 Bonds depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Charter School. The Underwriter is not obligated to create a secondary market for the purchase or sale of the Series 2024 Bonds.

Investors should be aware that they might be required to bear the financial risks of this investment for an indefinite period of time and/or that to the extent there is a secondary market for the Series 2024 Bonds, the secondary market price of the Series 2024 Bonds may be affected as a result of the restrictions. If a trading market for the Series 2024 Bonds develops, future trading prices of such Series 2024 Bonds will depend on many factors, including, among other things, prevailing interest rates and the market for similar instruments. Depending upon those and other factors, the Series 2024 Bonds may trade at a discount from their principal amount.

### **Failure to Provide Ongoing Disclosure**

The Charter School will enter into a Continuing Disclosure Agreement with Digital Assurance Certification, L.L.C., as dissemination agent, pursuant to Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”) in connection with the issuance of the Series 2024 Bonds. Any failure to comply with the Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the affected Series 2024 Bonds and their market price in the secondary market.

### **Cybersecurity**

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

### **Public Health Emergencies**

Although the global pandemic known as “COVID-19” has abated, there can be no assurance that a future outbreak of COVID-19 or a similar public health emergency may not occur in the future. If and to the extent that any such public health emergency occurs, no assurances can be given as to the economic or

operational of effects of such public health emergency on the Charter School and its enrollment, operations or financial condition. Any such future public health emergency could materially adversely affect the Charter School's financial condition.

### **Enforceability of Obligations**

**General.** While the Series 2024 Bonds are secured pursuant to the Loan Agreement, the Indenture and the Mortgage, the practical realization of such security upon any default will depend upon the exercise of various remedies specified by the Loan Agreement, the Indenture, and the Mortgage. These and other remedies are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional, statutory and judicial law, the remedies specified by the Indenture, the Loan Agreement and the Mortgage may not be readily available or may be limited. A court may decide not to order the specific performance of covenants contained in such documents. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights. No assurance can be provided that the principal amount of the Series 2024 Bonds outstanding from time to time constitutes a realizable amount upon any foreclosure or forced sale of the Facilities.

Enforceability of remedies may also be limited by the requirement of Section 2851(2)(t) of the Act, which provides for disposition of the Charter School's assets to the school district in which the Charter School is located or to another charter school within the school district in the event of termination or revocation of the Charter or other closure or dissolution of the Charter School.

***Certain Provisions of New York Law Applicable to Charter Schools and Certain Provisions of the Charter.*** The State's Education Law requires that, in the event that the Board of Regents has revoked the charter of any education corporation or dissolved such education corporation, or in the event that a provisional charter has expired, the board of trustees of the corporation shall, within three months after such revocation, dissolution or expiration, petition the State supreme court having jurisdiction for an order directing the disposition of any and all property belonging to the corporation. The State supreme court is required to direct the sale of sufficient assets of such an education corporation to pay any outstanding debts and, if the corporation's charter contains a provision indicating a proposed disposition of assets upon dissolution, to follow such provision in its order as far as practicable. The trustees of such an education corporation are empowered to continue in office after charter revocation or dissolution for the purpose of settlement of the corporation's affairs. The court may direct any surplus monies, after payment of such an education corporation's debts and liquidation expenses, be applied to any educational, religious, benevolent, charitable or other purposes that the corporation's board of trustees may indicate in the petition. The Charter Schools Act requires that the applications to establish a charter school set forth procedures to be followed upon closure or dissolution of the charter school, including provisions for the transfer of students and student records to the school district in which the charter school is located, and provide for the disposition of the charter school's assets to the school district or to another charter school located within such school district.

The Charter provides that the Board Trustees of the Charter School shall, after providing for the payment of all the debts of the Charter School upon dissolution, dispose of its remaining assets to another charter school located within the District in accordance with the law at the time of dissolution. In such an event or an event of voluntary surrender of the Charter or the closure of all of the schools of the Charter School without termination of the Charter, the Charter further requires the Charter School to follow any procedures required by the Trustees or the Board of Regents to ensure an orderly dissolution process in addition to complying with the applicable provisions of the State's Education Law. See "*—Application of Principles of Equity and Exercise of Judicial Discretion in Cases Bearing Upon Public Interests*" below.

***New York Foreclosure Procedures.*** In order to recover the debt due on a defaulted mortgage loan, the holder of the mortgage loan may either commence an action on the mortgage debt or commence an action to foreclose the mortgage. New York law restricts the ability of the holder of a mortgage loan to simultaneously bring an action to recover the mortgage debt and foreclose the mortgage. For purposes of these restrictions, actions to recover the mortgage debt include actions against the party primarily liable on the mortgage debt, actions against any guarantor of the mortgage debt and actions on title insurance policies insuring the mortgage premises. If an election is made to commence an action to foreclose the mortgage, no other action on the mortgage debt may be commenced to recover any part of the mortgage debt without leave of the court. If an election is made to commence an action on the mortgage debt, where final judgment has been rendered in such an action, an action may not be commenced to foreclose the mortgage unless an execution has been issued against the property of the defendant, which has been returned wholly or partially unsatisfied. In addition, there is New York case law indicating that if an action is commenced on the mortgage debt where final judgment has not been rendered and a subsequent action is commenced to foreclose the mortgage, then the action on the mortgage debt may be stayed or discontinued to prevent the mortgagee from pursuing both actions simultaneously.

Where a foreclosure action is brought, every person having an estate or interest in possession or otherwise in the property whose interest is claimed to be subject and subordinate to the mortgage must be made a party defendant to the action in order to have its interest in the property extinguished. At least 20 days before a final judgment directing a sale is rendered, the mortgagee must file, in the clerk's office for the county where the mortgaged property is located, a notice of the pendency of the action. Judicial foreclosure in New York is a lengthy process, as judicial intervention is required at all stages, including, but not limited to: (a) the appointment of a referee to compute the amount due; (b) the appointment of a receiver to operate the property during the pendency of the action; (c) the confirmation of the referee's oath and report; (d) the issuance of the judgment of foreclosure and sale; (e) the confirmation of the sale; and (f) the issuance of a deficiency judgment and/or rights to surplus monies. If during the pendency of the action the mortgagor pays into court the amount due for principal, interest, the costs of the action and the expenses of the proceedings to sell, if any, the court will: (i) dismiss the complaint without costs against the mortgagee if the payment is made before judgment directing the sale; or (ii) stay all proceedings upon judgment if the payment is made after judgment directing sale but before sale.

Where the mortgage debt remains partly unsatisfied after the sale of the property, the court, upon application, may award the mortgagee a deficiency judgment for the unsatisfied portion of the mortgage debt, or as much thereof as the court may deem just and equitable, against a mortgagor who has appeared or has been personally served in the action. Prior to entering a deficiency judgment the court determines the fair and reasonable market value of the mortgaged premises as of the date such premises were bid in at auction or as of such nearest earlier date upon which there shall have been any market value thereof. In calculating the deficiency judgment, the court will reduce the amount to which the mortgagee is entitled by the higher of the bid price of the mortgaged property or the fair market value of the mortgaged property, as determined by the court.

The mortgagee may also, at its discretion, negotiate with the delinquent mortgagor to offer a deed in lieu of foreclosure to the mortgagee, subject to existing Liens. In some situations this would allow the mortgagee to reduce the cost of, and the time involved in, acquiring the property.

***Bankruptcy.*** If a voluntary petition for relief under Chapter 7 or Chapter 11 of the United States Bankruptcy Code were filed with respect to the Charter School, the filing would operate as an automatic stay of the commencement or continuation of any civil action or other proceeding, including, without limitation, foreclosure proceedings, against such mortgagor and its property. Under Chapter 7 or Chapter 11, an involuntary proceeding may not be maintained against a not-for-profit corporation pursuant to a petition filed by its creditors. Subject to a bankruptcy court's order, the mortgagor's property, including its



revenues, could be used for the benefit of the mortgagor, despite the rights granted the mortgagee or any trustee. A bankruptcy court also has the power to invalidate certain provisions of the mortgage that make the initiation of bankruptcy and related proceedings by or against the mortgagor an event of default thereunder.

In addition, if a bankruptcy court concludes that a mortgagee is “adequately protected,” it might: (a) substitute other security for the property presently pledged; and (b) subordinate the lien of the mortgagee or a trustee to (i) claims by persons supplying goods and services to the mortgagor after commencement of such bankruptcy proceedings, (ii) the administrative expenses of the bankruptcy proceedings and (iii) liens granted lenders providing funds to the mortgagor during the pendency of the bankruptcy case.

In bankruptcy proceedings initiated by the filing of a petition under Chapter 11, a mortgagor or another party-in-interest could elect to file a plan of reorganization which seeks to modify the rights of creditors generally, or any class of creditors, including secured creditors. In the event a mortgagor files under Chapter 11, the mortgagor may seek to modify the terms of the mortgage note and the mortgage in a plan of reorganization. In a reorganization case, a mortgagee holds a secured claim equal to the lesser of the value of the mortgaged premises or the debt. If the adjusted value of the premises exceeds the pre-petition debt, then the mortgagee has the right to post-petition interest to the extent of such excess. If the adjusted value of the collateral is less than the debt, then the mortgagee generally is not entitled to post-petition interest and the difference (or deficiency) will be treated as an unsecured claim. With respect to the mortgagee’s secured claim, if the debtor intends to retain the premises, the debtor will generally propose to treat the mortgage as unimpaired by curing any defaults and reinstating the terms of the mortgage. Alternatively, the debtor may seek to alter the terms; however, the mortgagee is entitled to retain its lien under a plan and must receive deferred cash payments totaling the amount of the claim with a present value not less than the value of the mortgagee’s interest in the mortgaged premises. If the premises are to be sold by the debtor, the mortgagee can bid at the bankruptcy court sale and offset its claim against the selling price at such sale.

***Application of Principles of Equity and Exercise of Judicial Discretion in Cases Bearing Upon Public Interests.*** The timing and practical availability to creditors of contractual or statutory remedies requiring judicial action to enable such creditors to exercise rights with respect to facilities whose current operation provides public benefits may be influenced by public interest considerations.

## **TAX MATTERS – SERIES 2024A BONDS**

### **Federal Income Taxes**

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2024A 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 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2024A Bonds. Pursuant to the Indenture, the Loan Agreement, and the Tax Regulatory Agreement, by and between the Issuer and the Charter School (the “**Tax Certificate**”), the Issuer and the Charter School have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2024A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer and the Charter School have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Certificate. Bond Counsel will also rely on the opinion of counsel to the Charter School as to all matters concerning (a) the status of the Charter School as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code, and (b) that the intended use of the facilities financed or refinanced with proceeds of Series 2024A Bonds will be in furtherance of the Charter School’s exempt purposes under

Section 501(c)(3) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or those opinions.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer and the Charter School described above, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Series 2024A Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

### **State Taxes**

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision of the State of New York, assuming compliance with tax covenants and the accuracy of the representations and certifications described under the heading “Federal Income Taxes” above. Bond Counsel expresses no opinion as to other State of New York or local tax consequences arising with respect to the Series 2024A Bonds nor as to the taxability of the Series 2024A Bonds or the income therefrom under the laws of any state other than the State of New York.

### **Original Issue Premium**

Series 2024A Bonds sold at prices in excess of their principal amounts are “Premium Bonds”. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2024A Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### **Ancillary Tax Matters**

Ownership of the Series 2024A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2024A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2024A Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable

obligations. In addition, interest on the Series 2024A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as APPENDIX G. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2024A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2024A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2024A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2024A Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2024A Bonds may occur. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2024A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2024A Bonds may affect the tax status of interest on the Series 2024A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2024A Bonds, or the interest thereon, if any action is taken with respect to the Series 2024A Bonds or the proceeds thereof upon the advice or approval of other counsel.

## **TAX MATTERS – SERIES 2024B BONDS**

### **Federal Income Taxes**

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2024B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2024B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2024B Bonds as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Series 2024B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2024B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2024B Bonds.

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

## **U.S. Holders**

As used herein, the term “U.S. Holder” means a beneficial owner of Series 2024B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the Issuer to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Series 2024B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Series 2024B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2024B Bonds.

## **Taxation of Interest Generally**

Interest on the Series 2024B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2024B Bonds. In general, interest paid on the Series 2024B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Series 2024B Bonds and capital gain to the extent of any excess received over such basis.

## **Recognition of Income Generally**

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Series 2024B Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Series 2024B Bonds under the Code.

## **Original Issue Discount**

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2024B Bonds issued with original issue discount (“Taxable Discount Bonds”). A Series 2024B Bond will be treated as having been issued with an original issue

discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2024B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Series 2024B Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2024B Bond’s “stated redemption price at maturity” is the total of all payments provided by the Series 2024B Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Taxable Discount Bond is the sum of the “daily portions” of original issue discount with respect to such Taxable Discount Bond for each day during the taxable year in which such holder held such Series 2024B Bond. The daily portion of original issue discount on any Taxable Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

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

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Series 2024B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

## **Market Discount**

A holder who purchases a Series 2024B Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to re-characterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2024B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

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

A holder of a Series 2024B Bond who acquires such Series 2024B Bond at a market discount also may be required to defer, until the maturity date of such Series 2024B Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2024B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder's gross income for the taxable year with respect to such Series 2024B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2024B Bond for the days during the taxable year on which the holder held the Series 2024B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2024B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

### **Bond Premium**

A holder of a Series 2024B Bond who purchases such Series 2024B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2024B Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2024B Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Series 2024B Bonds who acquire such Series 2024B Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2024B Bonds.

### **Surtax on Unearned Income**

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

### **Sale or Redemption of Bonds**

A bondholder's adjusted tax basis for a Series 2024B Bond is the price such holder pays for the Series 2024B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2024B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2024B Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2024B

Bond is held as a capital asset (except in the case of Series 2024B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Series 2024B Bond are materially modified, in certain circumstances, a new debt obligation would be deemed “reissued”, or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Series 2024B Bond under the defeasance provisions of the Indenture could result in a deemed sale or exchange of such Series 2024B Bond.

EACH POTENTIAL HOLDER OF SERIES 2024B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE SERIES 2024B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2024B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

### **Non-U.S. Holders**

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series 2024B Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “Non-U.S. Holder”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“**FATCA**”), payments of principal by the Issuer or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the Issuer, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Issuer (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Issuer, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the Series 2024B Bonds must certify to the Issuer or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

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

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2024B Bond held by such holder is effectively connected with the conduct of such trade or business, the

Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2024B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2024B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2024B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Series 2024B Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Series 2024B Bonds shall have no recourse against the Issuer, nor will the Issuer be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2024B Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2024B Bonds.

### **Information Reporting and Backup Withholding**

For each calendar year in which the Series 2024B Bonds are outstanding, the Issuer, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Issuer, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the Series 2024B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.



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

Payments of the proceeds from the sale of a Series 2024B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2024B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder’s particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2024B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

## **State Taxes**

Interest on the Series 2024B Bonds is not exempt from personal income taxes of the State of New York and its political subdivisions. Bond Counsel expresses no opinion as to other state or local tax law consequences arising with respect to the Series 2024B Bonds nor as to the taxability of the Series 2024B Bonds or the income derived therefrom under the laws of any jurisdiction other than the State of New York.

## **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2024B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2024B Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2024B Bonds. Prospective purchasers of the Series 2024B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2024B Bonds.

**IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2024B BONDS.**

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

The Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“**ERISA Plans**”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“**Qualified Retirement Plans**”), and on Individual Retirement Accounts (“**IRAs**”) described in Section 408(b) of the Code (collectively, “**Tax-Favored Plans**”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) (“**Governmental Plans**”), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) (“**Church Plans**”), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law which is, to a material extent, similar to the foregoing provisions of ERISA or the Code (“**Similar Laws**”). Accordingly, assets of such plans may be invested in the Series 2024 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

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

Certain transactions involving the purchase, holding or transfer of the Series 2024 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer or the Charter School were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor, as modified by Section 3(42) of ERISA (the “**Plan Assets Regulation**”), the assets of the Issuer or the Charter School would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an “equity interest” in the Issuer or the Charter School and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Series 2024 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2024 Bonds, including the reasonable expectation of purchasers of Series 2024 Bonds that the Series 2024 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Series 2024 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2024 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer, the Charter School, the Trustee, the Underwriter or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2024 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2024 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any exemption will be available with respect to any particular transaction involving the Series 2024 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2024 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2024 Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Series 2024 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Laws. A purchaser or transferee who acquires Series 2024 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Issuer, the Charter School, the Trustee, the Underwriter or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2024 Bonds, the purchase of the Series 2024 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Series 2024 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Issuer, the Charter School, the Trustee, the Underwriter or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2024 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code. Persons responsible for investing the assets of Government or Church Plans should seek similar counsel with respect to the applicability of Similar Laws.

## **CONTINUING DISCLOSURE**

The Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, Section 240.15c2-12) (as previously defined, the “**Rule**”) imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer’s securities. In order to comply with the requirements of the Rule, the Charter School has entered into a Continuing Disclosure Agreement, dated the Closing Date, between the Charter School and Dissemination Agent. See “APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

The Issuer does not have any obligation with respect to the Continuing Disclosure Agreement because the Issuer is not an “obligated party” under the terms of the Rule. The Issuer will not monitor the compliance by the Charter School with the terms of the Continuing Disclosure Agreement.

The Charter School has not previously entered into a continuing disclosure undertaking pursuant to the Rule.

## **ABSENCE OF MATERIAL LITIGATION**

### **The Issuer**

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

### **The Charter School**

Except as described below, no litigation, investigations or proceedings are now pending or, to the best knowledge of the Charter School, are any threatened against the Charter School which would have a materially adverse effect on the financial condition or operations of the Charter School or in any manner challenge or adversely affect the existence or power of the Charter School to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the Charter School under the Loan Agreement, the Mortgage, the Assignment of Mortgage, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, or the Bond Purchase Agreement, or any other Project Document to which the Charter School is a party.

In 2020, two former elementary school students who attended the Charter School in the early 2000s filed complaints alleging sexual abuse by a former employee of the Charter School from the early 2000s. The cases are currently nearing the end of the discovery phase, but no trial date has been set. Additionally, there is a discrimination claim from a former employee filed in 2023 that is currently pending before the State Division of Human Rights in the pre-hearing phase, and a discrimination claim from a student filed in 2022 and currently pending before the U.S. Office of Civil Rights. The potential liability for these matters is currently unknown. The Charter School’s insurer has agreed to provide a defense for the Charter School in the discrimination matters, however, with respect to the discrimination claim from a former employee, the insurer reserved the right to raise as a defense to coverage the fact that the insurer was not notified of the claim by the Charter School as soon as practicable.

If the claims described above, if successful, are not covered by or exceed coverage limits of the Charter School’s insurance, then the judgments will be a liability of the Charter School, which may or may not have a material impact on the financial condition or operations of the Charter School.

## LEGAL MATTERS

Certain legal matters incident to the issuance and sale of the Series 2024 Bonds and with regard to the tax-exempt status of interest on Series 2024A Bonds under existing laws are subject to the legal opinion of Nixon Peabody LLP, Rochester, New York, as Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Nixon Peabody LLP, Rochester, New York, and for the Charter School by its counsel, Trespasz Law Offices, LLP, Syracuse, New York. Ballard Spahr LLP, Denver, Colorado, represents the Underwriter in this transaction.

## FINANCIAL STATEMENTS

The audited financial statements of the Charter School as of and for the fiscal years ended June 30, 2021, June 30, 2022 and June 30, 2023 (the “**Audited Financial Statements**”), are included in APPENDIX F, APPENDIX E, and APPENDIX D, respectively, to this Limited Offering Memorandum. The Audited Financial Statements were audited by Bonadio & Co., LLP, certified public accountants, as stated in their report thereon. See “APPENDIX D—FINANCIAL STATEMENTS AS OF JUNE 30, 2023 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS,” “APPENDIX E—FINANCIAL STATEMENTS AS OF JUNE 30, 2022 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS,” and “APPENDIX F— FINANCIAL STATEMENTS AS OF JUNE 30, 2021 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS” in this Limited Offering Memorandum.

## UNDERWRITING

D.A. Davidson & Co. (the “**Underwriter**”) intends to offer the Series 2024 Bonds in a limited offering at the offering prices set forth on the inside cover page of this Limited Offering Memorandum, less an underwriter’s discount of \$786,375, which offering prices may be subsequently changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter will receive no fee (other than the underwriter’s discount described in the preceding sentence) from the Issuer or the Charter School for underwriting the Series 2024 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority to assist in selling the Series 2024 Bonds. The Underwriter may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Limited Offering Memorandum or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2024 Bonds will be deducted from the Underwriter’s underwriting discount.

## MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2024 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in New York, New York and thereafter at the principal corporate trust office of the Trustee. In addition to certain information provided herein, all information contained in APPENDICES A, C, D, E and F, along with information regarding the Forecast and projected debt service coverage under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—The Loan Agreement—*Debt Service Coverage Ratio*,” has been provided by the Charter School or been derived from information provided by the Charter School. Neither the Issuer nor

the Underwriter makes any representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

### **Rating**

Moody's Investors Service, Inc. ("**Moody's**") has assigned a rating of "Ba1" to the Series 2023 Bonds. Such rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's at 250 Greenwich Street, New York, New York 10007.

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

### **No Registration of the Series 2024 Bonds**

Registration or qualification of the offer and sale of the Series 2024 Bonds (as distinguished from registration of the ownership of the Series 2024 Bonds) is not required under the Securities Act. THE ISSUER ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2024 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2024 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

### **Interest of Certain Persons Named in this Limited Offering Memorandum**

The fees to be paid to counsel to the Charter School, counsel to the Underwriter, the Trustee, counsel to the Trustee, and the Underwriter are contingent upon the sale and delivery of the Series 2024 Bonds.

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## Limited Offering Memorandum Certification

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

The preparation of this Limited Offering Memorandum and its distribution has been authorized by the Charter School. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Charter School and any purchaser, owner or holder of any Series 2024 Bond.

EUGENIO MARÍA DE HOSTOS CHARTER  
SCHOOL, a New York not-for-profit education  
corporation

By: /s/ Sandra Chevalier-Blackman

Sandra Chevalier-Blackman

Chief Executive Officer

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## APPENDIX A

### EUGENIO MARÍA DE HOSTOS CHARTER SCHOOL

#### INTRODUCTION

Capitalized terms used but not otherwise defined in this APPENDIX A shall have the meanings set forth in the Limited Offering Memorandum to which this APPENDIX A is attached.

#### General

Eugenio María De Hostos Charter School (the “**Charter School**”) is a New York not-for profit education corporation within the boundaries of Rochester City School District (the “**District**”), located in the City of Rochester (the “**City**”), Monroe County (the “**County**”) in the State of New York (the “**State**”).

The Charter School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Internal Revenue Service Code of 1986, as amended, (the “**Code**”). The Charter School currently operates within the boundaries of the District in the City, offering kindergarten through 12<sup>th</sup> grade. The Charter School was authorized in 2000 by the Board of Regents of The University of the State of New York (“**SUNY**” or the “**Authorizer**”). The Charter School received a 501(c)(3) determination letter dated February 12, 2001 from the Internal Revenue Service. See “THE CHARTER SCHOOL” and this APPENDIX A in this Limited Offering Memorandum. See also “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

The Charter School operates out of educational facilities located at 27 Zimbrich Street, Rochester, New York, with a playground located across the street at 44 Zimbrich Street (the “**Elementary School Facilities**”), 1069-1089 Joseph Avenue, Rochester, New York (the “**Middle School Facilities**”) and 343 State Street, Building 10, 5<sup>th</sup> Floor, Rochester, New York (the “**Current High School Facilities**”). The Charter School’s administrative offices are located at 977 Joseph Avenue, Rochester, New York on a parcel of property owned by the Charter School at 967-979 Joseph Avenue (the “**Administrative Offices**”). The Elementary School Facilities, the Middle School Facilities, and the Administrative Offices are collectively referred to herein as the “**Existing Facilities.**” The Existing Facilities and the New Facilities (as defined below) are collectively referred to herein as the “**Facilities.**”

The Charter School owns the Elementary School Facilities, Middle School Facilities and the Administrative Offices, and leases the Current High School Facilities.

#### The Charter

The Charter School operates pursuant to the Provision Charter, a charter agreement with the Authorizer for and on behalf of the Education Department of the State of New York (the “**Charter**”). The Charter governs such matters as the Charter School’s ability to operate, student performance, financial management, governance and operations. Pursuant to the Charter Schools Act, the term of a charter cannot exceed five years and therefore must be renewed periodically while the Series 2024 Bonds are outstanding. The Charter School was granted its first Charter in 2000 to govern the Charter School’s operations through June 30, 2005 for kindergarten through 5<sup>th</sup> grade. The renewal granted on February 5, 2010 granted a full-term renewal for a period of five years and included the authority to expand through the 8<sup>th</sup> grade. The renewal granted on August 30, 2015 granted a full-term renewal for a period of five years and included the authority to expand through the 12<sup>th</sup> grade. The Charter was most recently renewed on June 29, 2020 for a term through June 30, 2025.

## **The Authorizer**

Charter schools in State of New York may be authorized by either the New York State Board of Regents (the “**Regents**”) or SUNY. Pursuant to the State of New York, Department of Education, as of February 8, 2023, a total of 359 charter schools have been approved to operate in the State. The State Department of Education maintains a directory of charter schools, and reported that of such approved charter schools, 222 of them are authorized by SUNY, 97 by the Regents, 38 by the New York City Department of Education and 2 by the Buffalo Board of Education. School districts in the State are no longer an approved authorizer of charter schools, however, those charter schools authorized by school districts prior to the change in law eliminating school district’s authorizing authority are still able to maintain authorization through the school district. There is a statutory limit on the number of charter schools that can open in the State, which is currently 460 charters with a smaller sub-cap for New York City, which has been reached. Of those 460 charters, SUNY may issue up to 230 charters and the Regents may also issue up to 230 charters.

## **PLAN OF FINANCE**

### **Use of Proceeds of the Series 2024 Bonds**

The Charter School has requested the Monroe County Industrial Development Corporation issue its Revenue Bonds (Eugenio María De Hostos Charter School Project), Series 2024A in the aggregate principal amount of \$50,060,000 (the “**Series 2024A Bonds**”), and its Taxable Revenue Bonds (Eugenio María De Hostos Charter School Project), Series 2024B in the aggregate principal amount of \$2,365,000 (the “**Series 2024B Bonds**,” and together with the Series 2024A Bonds, the “**Series 2024 Bonds**”). The proceeds of the Series 2024 Bonds will be used to (a) finance or refinance (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (“**Property A**” or the “**Middle School Facilities**”), which Property A included at the time of acquisition an approximately 23,900 square foot building (“**Building 1**,” also referred to herein as the current Middle School Facilities), an approximately 9,800 square foot building (“**Building 2**”) and an approximately 11,465 square foot building (“**Building 3**,” also referred to herein as the former church facility), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (“**Property B**”) and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B (Property A, Building 1, Building 3 and Property B are collectively referred to as the “**New Facilities**”); (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York; (c) refinancing existing debt of the Charter School used for the acquisition, renovation and equipping of other Charter School facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Series 2024 Bonds (collectively (a) through (e), the “**Project**” or the “**Series 2024 Project**”)

### ***Existing Facilities.***

The Elementary School Facilities include a two-story masonry building consisting of approximately 69,775 square feet of usable interior space. The building was originally constructed in 1927,

with a small cafeteria addition constructed in 1972, and includes 38 classrooms, a music room, auditorium with a stage, a gymnasium, staff dining room, and an administration area for the main office, principal's office, waiting room and staff offices. The Elementary School Facilities are designed to accommodate 700 students.

The Middle School Facilities include a two-story masonry building consisting of approximately 23,866 square feet of usable interior space. The building was originally constructed in 1964 and includes 16 classrooms, a multipurpose room, a cafeteria, a main office, and five administration offices. The Middle School Facilities are designed to accommodate 200 students.

The Current High School Facilities, which are leased from a third-party, are a concrete framed multi-story building formerly used as an office building consisting of approximately 21,514 square feet of usable interior space. The Current High School Facilities include 11 general classrooms, two science rooms, an art room, administration offices and one large group instruction room. The Current High School Facilities also include a cafeteria and gymnasium. The Current High School Facilities are designed to accommodate 250 students. The Charter School is constructing a new high school facility as part of the Series 2024 Project described herein and plans to terminate its current lease upon completion of such facility. See "FINANCIAL INFORMATION—Additional Financial Obligations."

The Administrative Offices include 2,544 square feet of space and were purchased in 2021.

The Charter School owns the Elementary School Facilities, Middle School Facilities and the Administrative Offices, and leases the Current High School Facilities.

The Charter School also owns an approximately 0.6 acre parcel of land adjacent to the Middle School Facilities at 1119 Joseph Avenue, on which an approximately 4,408 square foot two-story building currently stands, that the Charter School acquired in 2023.

There are 145 onsite parking spaces for the elementary school, 88 onsite parking spaces for the middle school and the high school has a dedicated parking lot with 37 parking spaces.

#### ***Future Facilities.***

The Charter School has selected Hamilton Stern Construction, LLC, a New York limited liability company (the "**Design Builder**") as the design-builder for the New Facilities. The Design Builder and the Charter School entered into an AIA Document A141-2014 Standard Form of Agreement Between Owner and Design-Builder, dated as of February 29, 2024 (the "**Design-Build Agreement**"), and a GMP amendment thereto executed on July 25, 2024 (the "**GMP Contract**"), pursuant to which the parties agreed to a Guaranteed Maximum Price of \$42,669,693 to complete the New Facilities. The Charter School and the Design Builder have selected SWBR as the architect for the New Facilities. The Design Builder will hire and contract with the architect and their design sub-consultants directly and the fees of the architect are included in the GMP Contract price. Construction of the Facilities is scheduled to be complete by August of 2026 for the 2026-2027 school year.

The Series 2024 Project includes: (a) interior renovations to approximately 23,900 square feet of the Middle School Facilities, (b) renovation of the existing approximately 9,800 square foot former church facility into a new Freshman Academy by adding two additional floors for a total of three floors and approximately 27,071 square feet, (c) construction of a new two-story approximately 34,945 square foot educational facility to accommodate grades 10-12 (who, along with the 9<sup>th</sup> grade will move from the Current High School Facilities upon completion of the renovated and new facilities), (d) construction of a new

approximately 12,800 square foot gymnasium, and (e) demolition of the existing building at 1119 Joseph Avenue for additional access and parking.

The approximate budget for the New Facilities is set forth below:

<b>New Facilities Budget</b>	
Hard Costs	\$36,593,328
Developer Fee	1,610,107
Soft and Other Costs	2,356,926
Owner Contingency	3,659,334
Acquisition of 1119 Joseph Ave.	<u>329,622</u>
<b>Total</b>	<b><u>\$44,549,317</u></b>

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**Artistic Renderings**

Below are artistic renderings, which are subject to design and color changes, of the completed New Facilities:





## Environmental Reports

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

## CHARTER SCHOOL GOVERNANCE, ADMINISTRATION AND TEACHERS

### Board of Trustees

The Charter School is a not-for-profit education corporation and has no members. The Charter School is overseen by a Board of Trustees (the “**Board**”). Trustees have no power as individuals and only act through the Board. Under the Charter School’s Bylaws, the Board consists of not less than five nor more than 11 trustees, with one trustee selected by the Ibero-American Action League (“**Ibero**”), two trustees selected by the Parents Association of the Charter School, and the balance of the trustees selected by the Board. Trustees appointed by the Board are divided into three classes for the purpose of staggering their terms in office, which are terms of three years. The trustee appointed by Ibero serves for a term of three years, and the trustees appointed by the Parents Association serve for a term of one year, provided, however, that the term of such trustee shall end upon the child’s not being an enrolled student in the Charter School.

The officers of the Charter School include a President (Chair), Vice President (Vice Chair), Secretary, Treasurer, and a Chief Executive Officer. The Charter School Board is responsible for making all governance and policy decisions affecting the students and staff and assuring that the Charter School is run in compliance with all applicable laws, contractual obligations, the bylaws and the Charter Contract. In addition, the Charter School Board has the authority to establish committees that undertake certain advisory functions. Each committee of the Board will have at least three members of the Board, and only trustees are to be members of committees of the Board.

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

Name	Office	Initial Start Date	Current Term Expiration
Julio Vázquez	Chair, Co-Founder	April 4, 2000	October 31, 2024
Eugenio Marlin	Vice Chair, Co-Founder	January 1, 2018	October 31, 2025
Angélica Pérez-Delgado	Secretary	June 12, 2019	October 31, 2024
Ryan Caster	Treasurer	March 20, 2003	October 31, 2025
Dr. Marcia DeJesús-Rueff	Trustee	August 21, 2019	October 31, 2024
Dr. Miriam Vazquez	Trustee, Co-Founder	February 2, 2021	October 31, 2025
Miguel Meléndez	Trustee	March 20, 2018	October 31, 2026
Caroline Rodriguez	Trustee	May 13, 2024	May 31, 2027
Gloria Soldevila	Trustee, Parent Representative	November 14, 2023	November 14, 2024
Rosemary Johnson	Trustee, Parent Representative	November 14, 2023	November 14, 2024

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

**Julio Vázquez, Chair, Co-Founder.** Mr. Vazquez has overseen the Charter School’s operations on a volunteer basis since 2000. He has served on the Charter School Board since 2000, and has served on the boards of the Greater Rochester Housing Partnership, the Rochester Housing Development Fund Corporation, and Northeast Charter School Network. He was previously the President and CEO of Ibero-American Action League, Inc. and employed by the City, working in community development. Mr.

Vazquez received his bachelor of science in social services administration from SUNY Empire State College and his master's degree in education from SUNY College at Brockport.

***Eugenio Marlin, Vice Chair, Co-Founder.*** Mr. Marlin has over 40 years' experience in communications and has managed public relations, promotion, planning and strategic development with funding sources and has conducted technical training for the transfer of technology for foreign residents at Xerox. He is a bilingual translator and columnist, and has served many corporations in developing Spanish materials for their employees and customers. Mr. Marlin studied Electromechanical Engineering at the Universidad Autónoma de Santo Domingo in the Dominican Republic, and has participated in coursework, workshops, seminars at the Rochester Institute of Technology, Empire State College and other educational and training facilities.

***Angélica Pérez-Delgado, Secretary.*** Ms. Pérez-Delgado has more than 25 years of experience with not for profit entities, and began her career as a substance abuse therapist before transitioning into administration. She received her bachelor's degree in community and human services from Empire State College, a master's degree in health administration from Roberts Wesleyan College, and has been a Credentialed Alcoholism and Substance Counselor since 2003. Ms. Pérez-Delgado is active with several community organizations, and is on the board of the Center for Governmental Research, University of Rochester Medical Center, RochesterWorks!, and Common Ground Health.

***Ryan Caster, Treasurer.*** Mr. Caster is a Director at Freed Maxick CPAs, P.C. He is the firm's higher education practice leader and co-leader of the healthcare audit practice. He graduated from Canisius University with a Bachelor of Science degree in accounting and accounting information system in 2003.

***Dr. Marcia DeJesús-Rueff, Trustee.*** Dr. DeJesús-Rueff has more than 30 years of experience in education. She received her bachelor's degree from Bryn Mawr College, master's degree in art history from Oberlin College, master's degree in mathematics, science and technology education from St. John Fisher College, and doctorate degree in teaching and curriculum from the Margaret J. Warner Graduate School of Education at the University of Rochester.

***Dr. Miriam Vazquez, Trustee, Co-Founder.*** Dr. Vazquez has more than 40 years' experience in education, and spent most of her career as a bilingual teacher and an administrator in the District. She volunteers as Literacy Committee Chair for the Rochester Latino Rotary Club and as the treasurer for Heart and Soul Community Church. Dr. Vazquez received her bachelor's degree in Spanish and master's degree in Education from the State University College at Brockport and her doctorate degree from the University of Rochester.

***Miguel Meléndez, Trustee.*** Mr. Meléndez is the Chief Community Engagement Officer at Ibero-American Action League where he improves planning efforts, creates partnerships, enhances case management services, and supports residents in their quest to improve quality of life in their neighborhoods. He received his bachelor's degree in psychology with a minor in philosophy from St. John Fisher College.

***Caroline Rodriguez, Trustee.*** Ms. Rodriguez is a prosecutor with the Monroe County District Attorney's Office – General Felonies Bureau. Prior to becoming an attorney, she worked as an English tutor for Argentine professionals and children in Buenos Aires, volunteered at the American Embassy as General Manager of the American Citizen Services Association, a small non-profit that brought various products and services from the United States to the embassy community. Ms. Rodriguez received her bachelor's degree from Cornell University where she majored in Spanish Language and Literature, and minored in Art History, and her Juris Doctor from Albany Law School.



***Gloria Soldevila Ramos, Trustee, Parent Representative.*** Gloria Soldevila Ramos is a parent representative on the Board. She works as a line cook at Wegmans Food Markets.

***Rosemary Johnson, Trustee, Parent Representative.*** Rosemary Johnson is a parent representative on the Board. She has her General Educational Development and a culinary degree.

## **Senior Leadership**

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

***Sandra Chevalier-Blackman, Chief Executive Officer.*** Ms. Chevalier-Blackman has been with the Charter School since 2021. She has more than 30 years of academic education in various positions including teacher, mentor, and administration. Prior to joining the Charter School, Ms. Chevalier-Blackman was the principal at James Monroe High School where she created a pathway for Bilingual students to receive the New York State Seal of Bi-Literacy in the District. She received her bachelor's degree in LOTE Spanish, bachelor's degree in elementary education, and bilingual extension from SUNY College of Brockport, her master of educational leadership from St. John Fisher College, and holds New York State certifications in School Building Leader, Bilingual Extension, LOTE Spanish, and Elementary Education.

***John Harris, Jr., Chief of Operations.*** Mr. Harris has been with the Charter School since 2007. He has more than more than 10 years of academic experience in various positions including teacher, assistant principal, athletic director, and administration. Mr. Harris received his associates degree from Genesee Community College, his bachelor's degree in education and master's degree in organizational leadership from Medaille College, and Christian counseling certification from Burroughs School of Divinity.

***Nikki Kersbergen, Chief Finance Officer.*** Ms. Kersbergen has been with the Charter School since 2018. She has 20 years of experience in education in various positions including teacher, assistant principal, dean of students, grant coordinator, and finance. Ms. Kersbergen received her bachelor's degree in English and Psychology from Hartwick College, master's degree in Secondary English Education from Brooklyn College, School District Business Leadership Certification from SUNY Brockport, and Educational Leadership Certification from the University of Rochester.

***Leslie Rivera, Chief of Academics.*** Ms. Rivera has been with the Charter School since 2021. She has more than nine years of academic experience including teaching in bilingual programs and serving as a response to intervention teacher and an instructional coach for the special education department in the District. She received her bachelors of education in childhood education from SUNY Geneseo, a masters degree in bilingual education from SUNY Brockport, and has completed an advanced certificate in school and district leadership at the University of Rochester.

## **Conflicts Policy**

The purpose of the Charter School's Conflict of Interest Policy (the "**Conflict of Interest Policy**") is to protect the interest of the Charter School when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a trustee, officer, committee member or an employee of the Charter School, or might result in a possible excess benefit transaction. The Conflict of Interest Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit corporations.

In connection with any actual or possible conflict of interest, a trustee, officer, committee member or employee must disclose existence of the financial interest and be given the opportunity to disclose all material facts to the Charter School Board or authorized committee, which disclosure will be provided to the Audit Committee or the Charter School Board. After the disclosure of the financial interest and material facts, the Charter School Board or committee members will decide if a conflict exists, and if a conflict exists, the Chair of the Charter School Board will appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Charter School Board is to determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the Charter School’s best interest and decide as to whether to enter into the transaction or arrangement. Trustees are required to sign an annual statement confirming such trustee:

- (a) has received a copy of the Conflict of Interest Policy
- (b) has read and understands the Conflict of Interest Policy
- (c) has agreed to comply with the Conflict of Interest Policy; and
- (d) understands that the Charter School is a tax exempt organization and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The Charter School represents that there have been no conflict disclosures or are no conflict disclosures relating to the Series 2024 Bonds.

**Teachers and Staff**

*Salaries.* The average teacher salary in the District is approximately \$58,000. The Charter School teacher salaries range from \$50,000 to \$65,000.

In order to provide the variety of services required by law, the Charter School employs 198 total employees, 83 of whom are teachers.

Table 1 Charter School Employees		
	Full Time	Part-Time
Teachers	83	--
Administrators	21	--
Other professionals <sup>1</sup>	17	--
Support staff	68	4
Counselors	<u>5</u>	<u>--</u>
Total	<u>194</u>	<u>4</u>

<sup>1</sup> Includes instructional coaches, coordinators, dean of students, finance manager, human resources manager, and payroll specialist.

The student-teacher ratio for the Charter School for the 2023-2024 school year is 25:1 for elementary students, 20:1 for middle school students, and 25:1 for high school students.

The following table shows the level of experience and education for teachers and teacher aides/assistants for the 2023-2024 school year at the Charter School.

<b>Table 2</b>	
<b>Teacher Experience and Education</b>	
	<b>2023-2024</b>
0–5 Years’ Experience	70%
5–10 Years’ Experience	20
Over 10 Years’ Experience	<u>10</u>
Total	<u>100%</u>
Bachelor’s Degree	33%
Master’s Degree	52
Doctoral Degree	<u>15</u>
Total	<u>100%</u>

The following table shows historical teacher and associate teacher retention rates at the Charter School. The Charter School has seen lower teacher retention numbers due to an increase in teacher retirement during COVID. Additionally, larger school districts are offering higher salaries that smaller school districts are unable to compete with. To attract and retain teachers, the following recruitment, retention, and staffing strategies have been put in place by the Charter School:

- promote the Charter School beyond the City of Rochester
- partner with local colleges to secure interns, student teachers, and graduates
- host job fairs; attend community job fairs
- provide incentives to existing staff; promote the Charter School’s benefits
- support staff with additional education
- work with recruitment companies

<b>Table 3</b>	
<b>Historical Teacher Retention Rates</b>	
<b>Year <sup>1</sup></b>	<b>Percent Retained</b>
From 2020-2021 to 2021-2022	62%
From 2021-2022 to 2022-2023	62
From 2022-2023 to 2023-2024	65
Average	63

<sup>1</sup> The Charter School did not track teacher retention prior to the 2020-2021 school year.

# CHARTER CONTRACT

## General

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

## Annual Reports

As part of the Charter, the Charter School is required to submit to the Regents an annual report stating the academic program and performance for the previous school year (the “**Annual Report**”). An Annual Report is to be submitted no later than August 1 for the preceding school year and is to be posted to the Charter School’s website.

## Charter Renewal

Under the terms of the Charter Schools Act, charters may be renewed, upon application for renewal, for a term of up to five years. In connection with charter renewal, the Charter Schools Act requires applicants such as the Charter School to submit: (a) a report of progress in achieving the educational objectives set forth in the charter; (b) a detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private; (c) copies of each of the annual reports of the charter school required by the Charter and the Charter Schools Act, including charter school report cards and certified financial statements; (d) evidence of parent and student satisfaction; (e) the means by which each school will meet or exceed enrollment and retention targets; (f) a summary of the current status of any school’s probationary status, closure plan, or corrective action plan; and (g) such other material and information as required by the Regents.

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

The Charter School was granted its first Charter in 2000 to govern the Charter School’s operations through June 30, 2005 for kindergarten through 5<sup>th</sup> grade. The renewal granted on February 5, 2010 granted a full-term renewal for a period of five years and included the authority to expand through the 8<sup>th</sup> grade. The renewal granted on August 30, 2015 granted a full-term renewal for a period of five years and included the authority to expand through the 12<sup>th</sup> grade. The Charter was most recently renewed on June 29, 2020 for a term through June 30, 2025.

The Charter School received an Accountability Summary from SUNY on February 29, 2024 regarding the analysis of the Charter School’s performance in the context of the renewal criteria, which

indicated that the Charter School must substantially increase its elementary and middle school performance to make the best case for earning subsequent renewal. The 2022-2023 school year is the fourth year of the Charter School's Accountability Period with SUNY. In the 2022-2023 school year the Charter School met its high school graduation and came close to meeting its college preparation goals as it has in prior years, however, the Charter School has posted low achievement scores in ELA and mathematics at the elementary and middle school levels. No assurance can be given that the Charter School will be able to maintain such good standing in the future. In addition, even though the Charter School does not anticipate any non-renewal or revocation of its Charter, there can be no assurance that the Authorizer will not revoke or not renew the Charter in the future.

### **Charter Revocation**

A charter may be terminated by the charter entity or the authorizer upon any of the following statutory grounds: (a) 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; (b) serious violations of law; (c) material and substantial violation of the charter, including fiscal mismanagement; (d) if the New York Public Employment Relations Board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of subdivision one of § 209-A of the New York Civil Service Law involving interference with or discrimination against employee rights under Article 14 of the New York Civil Service Law, 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 Regents or the Board of Trustees of SUNY, as applicable, provided, however, if no grounds for terminating a charter as described above are established other than as described in this subsection (c), 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 the board of regents may retain such charter.

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

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

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

## THE CHARTER SCHOOL

### School Year and School Day Length

Breakfast is available for all students from 7:45 a.m. to 9 a.m. each school day. The school day for elementary starts at 9:00 a.m. and ends at 4:00 p.m. Monday through Friday, middle school starts at 7:48 a.m. and ends at 2:30 p.m., and high school starts at 7:40 a.m. and ends at 2:15 p.m. There are at least 180 instructional school days. The school year begins in early September and ends at the end of June.

### Transportation

Transportation is provided to approximately 75% of the Charter School's students. Transportation is provided by the District or home district of the student, free of charge to the students. The Charter School currently has access to 21 buses that pick up and drop off students, which are owned by the home districts of the students. The Middle and High School students ride the same buses and the Elementary Students ride separate buses.

### Capital Improvements Plan

The Charter School has a five-year plan, including levels of priority, projected start and completion dates and projected costs in place for repairs and replacements at the Existing Facilities.

### Strategic Planning

The Charter School adopted a Strategic Plan in the 2020-2021 school year with the following long term goals: (a) academic success; (b) continue to ensure the Charter School is an effective, viable organization; and (c) operate the Charter School in a fiscally sound manner.

### Marketing and Recruitment

Charter School marketing and recruitment includes local advertising, social media presence, and sponsorships at various community functions.

### Mission and Vision Statements

**Mission.** The mission of the Charter School is to create a safe and nurturing community of learners where students earn the Seal of Biliteracy (English and Spanish), learn to advocate for social justice and are prepared to enjoy and access what the world has to offer.

**Vision.** The vision of the Charter School is "If a child cannot learn the way we teach, then we will learn to teach the way the child can learn."

**Pride.** The Charter School is committed to embodying and promoting values that support its mission and vision:

**Perseverance** – I have put forth my best effort without being asked to do so

**Respect** – I have worked cooperatively with others and respected their voices by listening and not speaking out of turn with no reminders or cues

**Integrity** – I have consistently followed classroom norms without being reminded or cued

**Dedication** – I have completed all my classwork and contributed to classroom discussions without prompting

**Excellence** – I have been a role model for my peers and am proud of myself. I have set my own goals and reached them this week

## **Curriculum**

The Charter School is a network school under EL Education, a school reform model that emphasizes high achievement through active learning, character growth, and teamwork. Charter School students engage in their learning through expeditions, case studies, and projects. Charter School students demonstrate ownership of their learning when they engage in student-led conferences held biannually.

**Elementary Education.** Charter School students in kindergarten through 2<sup>nd</sup> grade begin schooling in a Dual Language Program. Students learn literacy instruction in their dominant language and learn math, science, and social studies in both Spanish and English. This establishes a foundation in both languages for students. Once a student begins 3<sup>rd</sup> grade, they transition out of a Dual Language Program model and receive their instruction primarily in English while they continue to develop the Spanish language.

Elementary education curriculum is aligned with the Next Generation Standards. Teachers use a multitude of resources (Illustrative Math, EL Education 2.0 Modules, PebbleGo, Generation Genius, Descubre Listos, Elevate Science, and Aleks) to create rigorous and engaging units and lessons.

**Middle School.** Middle school students continue their core instruction in English while further developing the Spanish language through World Language: Spanish courses or Spanish Language Arts courses. Both options lead students towards earning the Seal of Biliteracy upon graduation. Eighth grade students have the opportunity to earn high school credit through honors classes in math, science, and Spanish.

Middle school curriculum is aligned with the Next Generation Standards. Teachers use a multitude of resources (Illustrative Math, Aleks, EL Education 2.0 Modules, Mosa Mack, and Encuentros) to create rigorous and engaging units and lessons.

**High School.** The Charter School is committed to ensuring that all students graduate with a Regents Diploma. The Charter School offers the opportunity for multiple diploma designations including an Advanced Regents Diploma, the Seal of Biliteracy, and the Seal of Civic Readiness. All Charter School students must complete a capstone course in their senior year with a focus on social justice.

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**Graduation Requirements.** Charter School students entering 9<sup>th</sup> grade are officially designated into a graduation cohort. The minimum requirements for students to earn a New York State Regents diploma include 22 course credits and five Regents exams. The Charter School requires additional courses and up to 9 Regents exams to promote the Advance Regents Diploma and the NY Seal of Biliteracy. Charter School students have four years to complete New York State graduation requirements and demonstrate College and Career Readiness.

Graduation Requirements	
Subject Area	Graduation Requirements (Credits)
English	4.0
Social studies	4.0
Science	3.0
Mathematics	3.0
World language	1.0
Physical education	2.0
Health	0.5
Fine arts	1.0
Crew	2.0
Electives	<u>1.5</u>
Total	<u>22.0</u>

**Special Education.** The Charter School provides for an appropriate special education program for special needs students. For the 2023-2024 school year there are approximately 79 special education students enrolled in kindergarten through 12<sup>th</sup> grade.

**English-Language Learners.** The Charter School has 186 English-language learners for the 2023-2024 school year.

**Reduced Lunch.** Children whose household income is at or below 130% of the Federal poverty guidelines qualify for free or reduced priced menus. Under the Community Eligibility Provision, 100% of students receive free breakfast and lunch daily.

**Extracurricular Activities.** The Charter School participates in the private/parochial Monroe County school sports league. This league has opened to area charter schools for modified sports starting in seventh grade. The league currently offers the following sports:

- |                                     |   |
|-------------------------------------|---|
| Modified girls volleyball           | Varsity and Junior Varsity girls volleyball   |
| Varsity and Junior Varsity football | Coed flag football                            |
| Modified girls basketball           | Varsity and Junior Varsity boys basketball    |
| Varsity girls basketball            | Varsity boys and girls indoor track and field |
| Modified boys baseball              | Modified girls softball                       |
| Varsity girls flag football         | Varsity girls softball                        |
| Varsity boys baseball               | Varsity track and field                       |
| Club coed lacrosse                  |   |



The Charter School incorporates other club experiences during the school day in order for students to elect interest-based experiences that enhance their school experience including a cooking club, jewelry making, barbering, cosmetology, book club, performing arts, book club, music, technology/STEM, art and gardening.

**Enrollment and Wait List**

**Enrollment.** The Charter School selects students through the use of a lottery system to fill vacant slots in all grades. The lottery process consists of four rounds: (a) siblings of currently enrolled students, (b) children of Charter School employees, limited to 15% of enrollment, (c) new applicants residing in the District; and (d) applicants living outside the District. The application period runs from January 1<sup>st</sup> through April 1<sup>st</sup> each year. If there are more applications than slots available in a grade, the lottery list becomes a waiting list. Students are not limited or denied based on intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry.

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

Table 4 Historical and Current Enrollment						
Grade	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024 <sup>1</sup>
K	100	93	91	70	81	69
1 <sup>st</sup>	104	84	98	95	90	83
2 <sup>nd</sup>	101	101	83	94	92	92
3 <sup>rd</sup>	78	94	103	84	86	91
4 <sup>th</sup>	80	83	98	96	87	82
5 <sup>th</sup>	52	80	80	86	88	87
6 <sup>th</sup>	49	53	81	81	74	92
7 <sup>th</sup>	49	55	54	95	85	92
8 <sup>th</sup>	53	55	55	66	89	86
9 <sup>th</sup>	52	52	63	55	70	79
10 <sup>th</sup>	47	56	52	60	45	69
11 <sup>th</sup>	46	42	55	48	49	40
12 <sup>th</sup>	--	38	28	41	30	30
<b>Total</b>	<u>811</u>	<u>886</u>	<u>941</u>	<u>971</u>	<u>966</u>	<u>992</u>

<sup>1</sup> As of May 1, 2024.

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The following table shows projected student enrollment numbers at the Charter School by grade level for the next five school years. The Charter School has 1,093 students currently enrolled for the 2024-2025 school year, and an additional 61 pending applications as of August 14, 2024.

Table 5 Projected Enrollment by Grade Level					
Grade	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
K	100	100	100	100	100
1 <sup>st</sup>	100	100	100	100	100
2 <sup>nd</sup>	100	100	100	100	100
3 <sup>rd</sup>	100	100	100	100	100
4 <sup>th</sup>	100	100	100	100	100
5 <sup>th</sup>	100	100	100	100	100
6 <sup>th</sup>	100	100	100	100	100
7 <sup>th</sup>	100	100	100	100	100
8 <sup>th</sup>	95	100	100	100	100
9 <sup>th</sup>	95	100	100	100	100
10 <sup>th</sup>	95	100	100	100	100
11 <sup>th</sup>	80	90	100	100	100
12 <sup>th</sup>	<u>45</u>	<u>60</u>	<u>90</u>	<u>100</u>	<u>100</u>
Total Enrollment	<u>1,210</u>	<u>1,250</u>	<u>1,290</u>	<u>1,300</u>	<u>1,300</u>

**Wait List.** The waitlist expires annually at the end of the school year. Set forth below is the historical waitlist summary, listed by grade level for the Charter School.

Table 6 Historical Wait List Summary					
Grade	2019-2020	2020-2021	2021-2022	2022-2021	2023-2024 <sup>1</sup>
K	40	3	2	2	21
1 <sup>st</sup>	3	1	--	--	15
2 <sup>nd</sup>	19	--	--	18	14
3 <sup>rd</sup>	28	--	--	9	21
4 <sup>th</sup>	31	--	5	13	10
5 <sup>th</sup>	34	11	1	23	17
6 <sup>th</sup>	41	--	6	22	20
7 <sup>th</sup>	45	27	29	49	33
8 <sup>th</sup>	32	4	8	26	28
9 <sup>th</sup>	33	1	23	29	52
10 <sup>th</sup>	6	1	15	32	21
11 <sup>th</sup>	--	3	2	11	20
12 <sup>th</sup>	<u>1</u>	<u>1</u>	<u>4</u>	<u>6</u>	<u>7</u>
Total	<u>313</u>	<u>52</u>	<u>95</u>	<u>240</u>	<u>279</u>

<sup>1</sup> As of May 1, 2024.

**Graduation Rates.** The following table sets for the Charter School’s historic graduation rates.

Table 7 Graduation Rates			
2019-2020	2020-2021	2021-2022	2022-2023
83%	82%	94%	91%

### Student Retention

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

Table 8 Percentage of Students Retained by Grade					
Grade	2018-2019 to 2019- 2020	2019-2020 to 2020- 2021	2020-2021 to 2021- 2022	2021-2022 to 2022- 2023	2022-2023 to 2023- 2024
K	65%	84%	85%	93%	80%
1 <sup>st</sup>	79	93	77	85	79
2 <sup>nd</sup>	83	81	86	85	82
3 <sup>rd</sup>	81	87	84	85	84
4 <sup>th</sup>	79	85	77	90	70
5 <sup>th</sup>	81	85	86	81	79
6 <sup>th</sup>	89	74	85	89	83
7 <sup>th</sup>	76	91	79	88	68
8 <sup>th</sup>	87	80	85	83	70
9 <sup>th</sup>	88	89	88	81	82
10 <sup>th</sup>	74	91	90	78	84
11 <sup>th</sup>	80	93	69	73	52*

\* Lower retention due to 11<sup>th</sup> grade early graduates.

### Facilities Capacity

Upon completion of Series 2024 Project and any additional improvements being constructed at the Facilities, the student capacity at the Facilities will be approximately 1,300 students in kindergarten through 12<sup>th</sup> grade.

### Academic Achievement Indicators

The Charter School assessment system uses a variety of methods to evaluate student progress.

#### **Assessment.**

*State Assessments.* Summative assessment to determine a student’s level of proficiency in meeting grade level standards.

*NYSESLAT.* The NYS English as a Second Language Achievement Test to annually assess the English language proficiency of all ELLs.

**State Testing Performance.** The following is a summary of student performance at the Charter School for 2020-2021, 2021-2022, and 2022-2024 in which such data is available in ELA, mathematics, and science. Performance on State assessments is reported in terms of mean scores and percentages of tested students scoring at or above Level 3 and 4. Level 3 is the “meets proficiency” standard that means students demonstrate an understanding of the subject and the knowledge and skills expected at their grade level.

The Charter School has implemented a tiered level of support to address lower test scores.

**Tier 1.** Teachers provide core instruction to the entire class, which is grade level standards and concepts.

**Tier 2.** Teachers provide small group targeted instruction that focuses on skills and standards students are struggling with, determined by multiple data points (FastBridge Diagnostic, Benchmark Exams, unit assessments, etc.).

**Tier 3.** The Charter School provides intensive instruction/intervention to select students by an intervention teacher.

After school tutoring, Saturday school and summer school opportunities are also provided to all students. The Charter School uses coaching cycles and data tracking meetings to support teacher practice and to review data to make instructional changes.

**2020-2021 Testing Participation.** In an ordinary year, the percentage of students who participate in the tests is typically over 80%. Due to COVID-19, for the 2020-2021 school year, only 40% of students’ results are available, state assessments are not representative of the state’s student population and the results should not be compared statewide or by statewide subgroup or with prior year’s results. District and school level performance data, as well as the number and percentage of students who tested and did not test, are available for 2020-2021. However, depending on the percentage of students that took the tests in a given school or district, the school and district’s results may not be representative of that school or district’s student population. Due to COVID-19 and changes to New York State testing requirements, only the June 2021 Regents examination was administered. Data may be incomplete and/or not representative of the State, district, or school population. Approximately 95% of the Charter School students took the tests, and remote learning students were not allowed to take the State tests.

**Table 9**  
Percentage of students that scored at or above  
Level 3 in English Language Arts

Grade	2020-2021			2021-2022			2022-2023		
	Charter School	District	State	Charter School	District	State	Charter School	District	State
3 <sup>rd</sup>	39%	18%	60%	23%	11%	46%	27%	15%	45%
4 <sup>th</sup>	45	20	62	18	8	42	23	14	49
5 <sup>th</sup>	13	11	47	11	8	38	16	13	45
6 <sup>th</sup>	19	19	62	29	22	57	26	15	46
7 <sup>th</sup>	37	10	49	20	13	48	22	18	48
8 <sup>th</sup>	39	19	59	17	16	50	12	21	55

**Table 10**  
Percentage of students that scored at or above  
Level 3 in Mathematics

Grade	2020-2021			2021-2022			2022-2023		
	Charter School	District	State	Charter School	District	State	Charter School	District	State
3 <sup>rd</sup>	48%	8%	53%	19%	14%	48%	32%	17%	54%
4 <sup>th</sup>	15	4	47	12	6	43	16	13	54
5 <sup>th</sup>	8	5	42	4	6	37	18	11	50
6 <sup>th</sup>	2	4	39	8	7	38	14	12	48
7 <sup>th</sup>	7	4	40	13	4	35	12	11	52
8 <sup>th</sup>	4	0	20	4	2	24	2	4	41

**Table 11**  
Percentage of students that scored at or above  
Level 3 in Science

Grade	2020-2021			2021-2022			2022-2023		
	Charter School	District	State	Charter School	District	State	Charter School	District	State
4 <sup>th</sup>	58%	39%	82%	69%	40%	80%	--	--	--
8 <sup>th</sup>	25	3	47	33	6	49	4%	6%	47%

**Table 12**  
Percentage of students that scored at or above  
Level 3 – Annual Regents Exams

Subject	2020-2021			2021-2022			2022-2023		
	Charter School	District	State	Charter School	District	State	Charter School	District	State
ELA	--	54%	86%	63%	49%	81%	50%	48%	77%
Algebra I	0%	32	76	48	25	66	24	27	65
Geometry	--	--	--	0	14	53	8	14	53
Algebra II	--	--	--	10	25	65	0	26	64
Living Environment	50	30	80	54	30	74	22	21	66
Physical Setting/ Earth Science	--	18	66	11	25	62	7	29	65
Physical Setting/Chemistry	--	--	--	0	21	60	0	22	65
Physical Setting/Physics	--	--	--	--	19	62	--	32	68
Global History & Geography II	--	--	--	63	40	80	40	30	74
U.S. History & Government	--	--	--	--	--	--	0	39	80

**School Safety**

The Charter School’s safety plan was most recently updated in July of 2023 and was developed pursuant to State and local requirements. Additionally, the Elementary School Facilities, Middle School Facilities, and Current High School Facilities each have building level emergency response plans. See also “FINANCIAL DATA—Charter School Funding—*Security in Schools*” below.

**Service Area**

The Charter School is located in Monroe County, in Rochester, New York. According to U.S. Census data, Monroe County has an estimated population of 748,482 of July 1, 2023. All students attending the Charter School reside in Monroe County. The Facilities are located in the District.

The student population at the Charter School consists of students residing in the following zip codes:

<b>Zip Code</b>	<b>Percentage of Students</b>
14604	0.20%
14605	11.87
14606	6.84
14607	1.11
14608	4.53
14609	14.79
14610	0.30
14611	7.24
14612	3.52
14613	7.75
14615	8.45
14616	2.72
14617	0.10
14618	0.10
14619	2.92
14620	1.11
14621	25.25
14622	0.10
14624	0.20
14626	0.60
14450	0.10
14580	0.10

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The average student population at the Charter School in the 2023-2024 school year was approximately 74.7% Hispanic or Latino, 21% Black or African American, 2% Multiracial, 2% White, and 0.3% American Indian or Alaska Native. For comparison, the racial demographics of Monroe County and the State are also included.

Monroe County and State Racial Demographics		
Race	Monroe County	State
White	76.0%	68.6%
Black or African America	16.6	17.7
American Indian and Alaska Native	0.4	1.0
Asian	3.9	9.6
Native Hawaiian or Other Pacific Islander	0.1	0.1
Two or More Races	3.0	2.8
Hispanic or Latino	9.9	19.7
White, not Hispanic or Latino	68.9	54.2

Source: U.S. Census Bureau, Quick Facts, July, 2021.

### Population

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

Comparative Population				
Year	Monroe County	Percent Change	State of New York	Percent Change
1990	715,825	--	18,020,784	--
2000	738,979	3.23%	19,001,780	5.44%
2010	745,042	0.82	19,419,964	2.20
2022	752,035	0.94	19,677,151	1.32

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

### Median Age

According to the U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Data Profile, the estimated median age for the residents of both Monroe County and the State was 39.3 years.

### Income

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

Per Capita Personal Income					
	2018	2019	2020	2021	2022
Monroe County	\$50,729	\$52,499	\$57,124	\$59,883	\$59,354
State of New York	\$64,218	\$66,415	\$69,873	\$75,948	\$75,407
United States	\$53,309	\$55,547	\$59,153	\$64,430	\$65,470

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

## Competing Schools

The Charter School competes for students primarily within the geographic area of the District and other surrounding school districts, and with other public schools and charter schools within the City area. Currently, approximately 75% of the student body lives within 1.5 miles of the Facilities and approximately 24% of the student body live within two to seven miles of the Charter School. A growing number of students come from outside the District (seven or more miles from the Charter School). The Charter School has had students from the nearby school districts of Greece, Churchville-Chili, Brighton, Fairport, Spencerport, Gates-Chili, West Irondequoit, and East Irondequoit.

There are currently approximately 14 charter schools with 27 locations within the Rochester area. Charter schools within a close proximity to the Facilities are in competition with the Charter School for students, including, but not limited to University Preparatory Charter School for Young Men, Discovery Charter Schools, Exploration Elementary, and Academy of Health Sciences Charter School.

## FINANCIAL DATA

### Charter School Funding

School Year	Per Pupil Funding <sup>1</sup>
2019–2020	\$13,995
2020–2021	\$13,785
2021–2022	\$13,995
2022–2023	\$14,216
2023–2024	\$14,316

<sup>1</sup> Per pupil funding does not include supplemental aid which may have been available in any year.

Source: The Charter School.

The Charter School has received \$403,064 in ESSER I funds, \$1,446,172 in ESSER II funds, \$20,253 in ARP Homeless Youth and Children ESSER II funds, and \$3,250,246 in ARP ESSER III funds.

Additionally, the Charter School received a Paycheck Protection Program loan (the “**PPP Loan**”) in the amount of \$1,892,420, which has been fully forgiven.

The PPP Loan was used to provide payroll and benefits for 193 employees and two consultants, payments on three mortgages/loan interest, payments on the lease for the Current High School Facilities, copier leases, and utilities. ESSER funds were used for staff salaries and benefits, professional development activities for staff and students, purchase of internet connected devices, educational software, IT support services, classroom supplies, textbooks, curriculum materials, and PPE supplies.

**Security in Schools.** As of July 1, 2019 all district and charter schools were required to define the roles and responsibilities of school security personnel in response to student misconduct. Specifically, schools that employ or contract with public or private security personnel (including law enforcement) must have a written contract or memorandum of understanding (“**MOU**”) that defines the roles and responsibilities of security personnel that is consistent with the school’s code of conduct and defines the relationship between the school, school personnel, students, visitors, law enforcement and the security



personnel. The contract must also clearly delegate the role of school discipline to the school administration. In preparing the contract or MOU, the school must consult with stakeholders such as parents, students, school administrators, teachers, collective bargaining units, parent and student organizations, and community members, as well as probation officers, prosecutors, defense counsel and courts that are familiar with school discipline. Schools will also be required to submit any contract or MOU with school personnel with their school's safety plan.

The Charter School entered into a Security Services Agreement with Blackhawk Security and Investigations Inc. ("**Blackhawk**"), dated and effective as of July 1, 2023 (the "**Security Services Agreement**"). Pursuant to the terms of the Security Services Agreement, Blackhawk is to provide properly equipped uniformed guards to perform security services (including patrolling inside and outer perimeter) at the Elementary School Facilities, the Middle School Facilities, and the Current High School Facilities. The Security Services Agreement is to continue in effect until September 2025, subject to either party's right to terminate on 30 days' written notice.

### **Budgeting of Funds and Reports**

The Charter School's budgeting process is an ongoing process throughout the school year and involves the administration personnel of the Charter School. The draft budget is presented to the Charter School Board in April and upon final approval is provided to the stakeholders and budget managers in July/August. On or before August 1<sup>st</sup> of each year, the Charter School is to prepare and provide to NYSED a copy of the annual budget and monthly cash flow projection for each fiscal year. Budget update meetings are held with the finance manager, CEO and budget manager in October, January, and March of each school year.

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The following table sets forth the budgeted financial data of the Charter School as compared to the financials for the fiscal year ending June 30, 2023 and the data for the fiscal year ending June 30, 2024.

<b>Table 15</b>				
<b>Charter School Budgeted and Actual Financial Data <sup>1</sup></b>				
	<b>2022-2023 Budget</b>	<b>2022-2023 Year End (audited)</b>	<b>2023-2024 Budget</b>	<b>2023-2024 Year-to-Date (unaudited)<sup>2</sup></b>
<b>Revenue and Support:</b>				
State sources	\$13,810,832	\$14,309,124	\$14,407,666	\$14,787,216
Federal sources	2,640,509	6,826,925	2,719,207	3,790,334
Local and other sources	<u>185,535</u>	<u>672,140</u>	<u>114,392</u>	<u>641,724</u>
Total Revenue & Support	<u>16,636,876</u>	<u>21,808,189</u>	<u>17,241,265</u>	<u>19,219,274</u>
<b>Expenses:</b>				
Administrative personnel	2,498,858	2,026,041	2,413,187	1,993,717
Instructional personnel	6,539,123	7,309,352	7,110,223	7,270,167
Non-instructional	425,901	58,016	471,742	853,333
Payroll taxes and benefits	3,185,005	3,180,208	3,343,898	3,215,320
Contracted services	390,576	377,883	511,500	844,049
School operations	1,663,489	2,196,752	1,493,930	1,552,488
Facility operation and maintenance	1,754,837	1,641,509	1,738,550	1,749,135
Depreciation and amortization	<u>662,945</u>	<u>750,219</u>	<u>661,770</u>	<u>747,773</u>
Total Expenses	<u>17,120,734</u>	<u>17,539,980</u>	<u>17,744,800</u>	<u>18,225,983</u>
Net Income	<u>\$ (483,858)</u>	<u>\$ 4,268,209</u>	<u>\$ (503,535)</u>	<u>\$ 993,291</u>

<sup>1</sup> Figures may not add due to rounding.

<sup>2</sup> Year to date unaudited financials through June 30, 2024.

Source: The Charter School.

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**Table 16**  
**Charter School Audited Historical Statement of Financial Position**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Assets</b>					
Current Assets					
Cash	\$ 952,870	\$2,140,419	\$2,609,645	\$ 4,217,269	\$3,800,588
Grants and other receivables	220,898	316,203	554,182	603,868	1,080,064
Accounts receivable, net of allowance for doubtful accounts	38,207	134,875	--	--	319,077
Due from Rochester City School District	136,746	--	--	--	--
Prepaid expenses	34,714	19,714	19,714	191,890	19,714
Investments	2,269,439	2,032,589	2,055,741	2,685,698	5,868,135
Other Assets					
Designated cash	75,000	75,000	75,000	75,000	75,000
Right-of-use asset – operating leases	--	--	--	--	235,714
Right-of-use asset – finance leases	--	--	--	--	53,475
Land, buildings, and equipment, net	<u>3,948,285</u>	<u>5,013,787</u>	<u>4,633,126</u>	<u>4,776,621</u>	<u>4,700,252</u>
<b>Total Assets</b>	<b><u>\$7,676,159</u></b>	<b><u>\$9,732,587</u></b>	<b><u>\$9,947,408</u></b>	<b><u>\$12,550,346</u></b>	<b><u>\$16,152,019</u></b>
<b>Liabilities and Net Assets</b>					
Current Liabilities					
Current portion of long-term debt	\$ 54,692	\$ 86,622	\$ 89,072	\$ 75,572	\$78,963
Current portion of operating lease liabilities	--	--	--	--	221,348
Current portion of finance lease liabilities	--	--	--	--	15,812
Accounts payable	244,090	88,980	109,039	24,815	151,759
Accrued liabilities	496,056	801,756	934,101	1,051,398	1,188,235
Deferred revenue	37,653	123,951	40,555	1,433,489	55,159
Due to Rochester City School District	--	47,295	148,051	123,450	--
Long Term Debt	1,660,312	2,320,171	2,256,641	2,039,238	1,970,382
Long Term Debt, net of current portion	--	--	--	--	20,127
Finance lease liabilities, net of current portion	--	--	--	--	38,423
PPP loan payable	--	<u>1,892,420</u>	--	--	--
<b>Total Liabilities</b>	<b><u>\$2,492,803</u></b>	<b><u>\$5,361,195</u></b>	<b><u>\$3,577,459</u></b>	<b><u>\$ 4,747,962</u></b>	<b><u>\$ 3,740,208</u></b>
<b>Net Assets</b>	<b><u>\$5,183,356</u></b>	<b><u>\$4,371,392</u></b>	<b><u>\$6,369,949</u></b>	<b><u>\$ 7,802,384</u></b>	<b><u>\$12,411,811</u></b>

Source: The Charter School's 2019 - 2023 audits and the Charter School.

### **Annual Financial Audit**

The Charter School is required to have an annual audit conducted by an outside independent accounting firm. Financial audits are conducted in accordance with generally accepted auditing standards. Bonadio & Co., LLP has been the Charter School's auditor since the Charter School's first audit in 2002.

The audited financial statements of the Charter School for the fiscal years ended June 30, 2021, June 30, 2022 and June 30, 2023 are included in “APPENDIX D—FINANCIAL STATEMENTS AS OF JUNE 30, 2023 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS,” “APPENDIX E— FINANCIAL STATEMENTS AS OF JUNE 30, 2022 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS,” and “APPENDIX F— FINANCIAL STATEMENTS AS OF JUNE 30, 2021 TOGETHER WITH INDEPENDENT AUDITOR’S REPORT’S AND SINGLE AUDIT REPORTS,” respectively, in this Limited Offering Memorandum.

### Historical Financial Data

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

**Table 17**  
**Historical Statement of Activities and Change in Net Assets <sup>1</sup>**

	<u>2018–2019</u>	<u>2019–2020</u>	<u>2020–2021</u>	<u>2021–2022</u>	<u>2022–2023</u>
Revenues, Gains, and Other Support					
Resident student enrollment	\$10,913,931	\$12,251,121	\$12,807,158	\$13,263,077	\$13,886,649
Students with disabilities	314,751	367,801	393,151	450,471	422,475
Employee retention credit	--	--	--	--	2,447,443
Federal and state grants	1,673,758	1,465,209	1,898,162	3,518,464	3,617,486
Federal and state food service	802,366	542,384	242,790	815,182	761,996
Forgiveness of PPP loan payable	--	--	1,892,420	--	--
Interest	2,505	1,323	1,197	2,131	66,172
Investment income, net	19,947	111	23,165	(86,653)	182,437
Other grants	11,179	--	--	--	--
Other	55,010	55,010	83,115	395,702	423,631
Total Revenues, Gains and Other Support	<u>13,793,447</u>	<u>14,682,959</u>	<u>17,341,158</u>	<u>18,358,374</u>	<u>21,808,289</u>
Expenses					
Regular education	9,697,368	11,559,645	11,448,470	12,521,025	13,233,150
Special education	877,724	1,144,742	775,338	986,424	763,350
Management and general	<u>1,742,500</u>	<u>2,790,536</u>	<u>3,118,793</u>	<u>3,418,490</u>	<u>3,202,362</u>
Total Expenses	<u>12,317,592</u>	<u>15,494,923</u>	<u>15,342,601</u>	<u>16,925,939</u>	<u>17,198,862</u>
Change in net assets	1,475,855	(811,964)	1,998,557	1,432,435	4,609,427
Net assets – beginning of year	<u>3,707,501</u>	<u>5,183,356</u>	<u>4,371,392</u>	<u>6,369,949</u>	<u>7,802,384</u>
Net assets – end of year	<u>\$ 5,183,356</u>	<u>\$ 4,371,392</u>	<u>\$ 6,369,949</u>	<u>\$ 7,802,384</u>	<u>\$12,411,811</u>

<sup>1</sup> Figures may not total due to rounding.

Source: The Charter School.

### Additional Financial Obligations

**Current High School Facilities.** The Current High School Facilities are located at 343 State Street, Building 10, 5<sup>th</sup> floor, Rochester, New York, where the Charter School leases approximately 23,046 square feet of space through June 30, 2029. The Current High School Facilities serve up to 250 students in 9<sup>th</sup> through 12<sup>th</sup> grade. Upon completion, the Charter School will move the high school students to the new educational facility being developed and financed with proceeds of the Series 2024 Bonds located at 1069-1089 Joseph Avenue, Rochester, New York.

The Charter School entered into a Lease Agreement dated June 27, 2019, as amended on June 10, 2021, February 1, 2022, September 1, 2023 and March 14, 2024 (collectively, the “**Current High School Facilities Lease**”) with Eastman Kodak Company (the “**Landlord**”), for the Current High School Facilities. The term of the Current High School Facilities Lease will expire on June 30, 2029 or the earlier termination or cancellation of the Current High School Facilities Lease in accordance with its terms. The Current High School Facilities Lease may be renewed for up to three additional terms of five years each. Upon completion of the Series 2024 Project, the Charter School intends to terminate the Current High School Facilities Lease.

Pursuant to the terms of the Current High School Facilities Lease, the Landlord may terminate the Current High School Facilities Lease or relet the premises upon (a) the bankruptcy or reorganization of the Charter School, or (b) a default by the Charter School under the Current High School Facilities Lease beyond the applicable cure period.

The Charter School currently pays the Landlord \$31,584 in rent in equal monthly payments, which includes base rent, utilities charges and CAM rent. The Charter School will lease the Current High School Facilities through August of 2026, which is the anticipated date by which the Charter School anticipates the Series 2024 Project to be complete. See “RISK FACTORS—Construction Risks.”

**M&T Term Note.** The Charter School entered into a Term Note dated as of November 8, 2019 with M&T Bank (“**M&T**”) in the amount of \$750,000 (the “**2019 Term Note**”), which was used to fund improvements to the Current High School Facilities. The maturity date of the 2019 Term Note is November 8, 2029. Under the terms of the 2019 Term Note, the Charter School is to pay M&T consecutive monthly installments of principal and interest in the amount of \$4,858.32, with a principal balloon payment due on the maturity date. The aggregate principal balance outstanding bears interest thereon at a per annum rate equal to 4.71%. The outstanding principal balance of the 2019 Term Note is \$630,501.14 as of August 22, 2024. The balance of the 2019 Term Note will be paid in full with a portion of the proceeds of the Series 2024B Bonds.

**M&T Restated Term Note.** The Charter School entered into a Restated Term Note dated as of August 30, 2021 with M&T in the amount of \$1,500,000 (the “**2021 Restated Term Note**”), which was used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York. The maturity date of the 2021 Restated Term Note is September 1, 2031. Under the terms of the 2021 Restated Term Note, the Charter School is to pay M&T consecutive monthly installments of principal and interest in the amount of \$9,394.62, with a principal balloon payment due on the maturity date. Unpaid principal on the 2021 Restated Term Note earns interest calculated on the basis of a 360-day year from the date proceeds are disbursed to, but not including, the date all amounts under the 2021 Restated Term Note are paid in full, at a fixed rate per year equal to 4.32%. The outstanding principal balance of the 2021 Restated Term Note is \$1,354,003.32 as of August 22, 2024. The balance of the 2021 Restated Term Note will be paid in full with a portion of the proceeds of the Series 2024 Bonds.

## **Employee Benefits and Retirement**

The Charter School currently offers employees a variety of benefits, including medical, dental and vision insurance, short-term and long-term disability insurance and life insurance. The Charter School participates in the New York State Teachers’ Retirement System (“**TRS**”), a cost sharing multiple employer, defined benefit pension plan. The Charter School also provides a tax-sheltered annuity 403(b)

plan to all employees. The Charter School makes a 4.5% contribution of an employee's annual salary to such plan for all salaried, full-time employees who do not participate in TRS.

### **Insurance**

The Charter School will maintain the insurance coverages required in the Mortgage and the Loan Agreement.

### **Litigation**

Except as described below, no material action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the best of the knowledge of the Charter School is overtly threatened against the Charter School.

In 2020, two former elementary school students who attended the Charter School in the early 2000s filed complaints alleging sexual abuse by a former employee of the Charter School from the early 2000s. The cases are currently nearing the end of the discovery phase, but no trial date has been set. Additionally, there is a discrimination claim from a former employee filed in 2023 that is currently pending before the State Division of Human Rights in the pre-hearing phase, and a discrimination claim from a student filed in 2022 and currently pending before the U.S. Office of Civil Rights. The potential liability for these matters is currently unknown. The Charter School's insurer has agreed to provide a defense for the Charter School in the discrimination matters, however, with respect to the discrimination claim from a former employee, the insurer reserved the right to raise as a defense to coverage the fact that the insurer was not notified of the claim by the Charter School as soon as practicable.

If the claims described above, if successful, are not covered by or exceed coverage limits of the Charter School's insurance, then the judgments will be a liability of the Charter School, which may or may not have a material impact on the financial condition or operations of the Charter School.

## APPENDIX B

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

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

#### **Purpose (New York Education Law § 2850)**

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

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

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

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

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

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

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

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

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

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

- (a) A report of the progress of the charter school in achieving the educational objectives set forth in the charter.
- (b) A detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private. Such statement shall be in a form prescribed by the Board of Regents.
- (c) Copies of each of the annual reports of the charter school required by § 2857(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 Charter School (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 Issuer for policy and operational decisions of the school. Nothing herein shall prohibit the Board of Trustees of a charter school from delegating decision-making Issuer 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))**

(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)**

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

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

§3602(1)(paragraph t) of the New York Education Law from two years prior to the base year to the base year;

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

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

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

(v) for the 2017-2018 school year, the charter school basic tuition shall be the sum of (A) the charter school basic tuition for the 2016-2017 school year plus (B) \$500;

(vi) for the 2018-2019 school year, the charter school basic tuition shall be the lesser of (A) the product of (i) the charter school basic tuition calculated for the base year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the base year and finishing with the year prior to the base year of the total approved operating expense for such school district calculated pursuant to §3602(1)(paragraph t) of the New York Education Law for each such year divided by the total approved operating expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with §305(21)(paragraph b) of the New York Education Law published annually on May 15<sup>th</sup> 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 15<sup>th</sup> 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 15<sup>th</sup> 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 15<sup>th</sup> 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 15<sup>th</sup> for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to §3602(1)(paragraph n) of the New York Education Law for the year prior to the base year.

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

of (i) the supplemental basic tuition calculated for the 2016-2017 school year plus (ii) \$500, and (B) for school years prior to the 2017-2018 school year, for a school district for which the charter school basic tuition for the 2010-2011 school year is greater than the charter school basic tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the positive difference of the charter school basic tuition for the 2010-2011 school year minus the charter school basic tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph and (C) for school years following the 2016-2017 school years, for a school district for which the charter school basic tuition for the 2010-2011 school year is greater than the charter school basic tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016-2017 school year plus (ii) \$500.

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

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

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

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

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

As referenced in § 2856 of the Act, the amount calculated pursuant to § 3602(1)(f) of the New York Education Law is "Expense per Pupil" which is defined as Approved Operating Expense for the year prior to the Base Year divided by the sum, computed using year prior to the Base Year pupil counts, of the Total

Aidable Pupil Units plus Weighted Pupils with Disabilities. Expense per Pupil for each borough in the city school district of The City of New York shall be the Expense per Pupil of the entire city school district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The “Approved Operating Expense” for the apportionments to any school district under the New York Education Law shall mean the amount computed as follows: The apportionment to any school district for operating expense shall be based upon the total expenditures from its general fund and from its capital fund and from its risk retention fund for purposes of employee benefit claims related to salaries paid from the general fund, and for any city school districts with a population of more than one hundred twenty-five thousand inhabitants its expenditures from the special aid fund of grant moneys for improving pupil performance and categorical aid for special reading programs as provided in the aid to localities budget

during the applicable year as approved by the Commissioner, and in accordance with the classification of expenditures in use by the Commissioner for the reporting by school districts of receipts, expenditures and other financial data. For the purpose of this paragraph "Operating Expense" shall be defined as total cash expenditures during the applicable year, but shall exclude:

- (a) any balances and transfers;
- (b) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;
  - (b-2) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;
- (c) any payments for capital outlay and debt service for school building purposes, provided, however, that in the case of a school district which has entered into a contract with state university pursuant to § 355(2)(o) (conduct of research and experiments) of the New York Education Law, under which the school district makes payments to state university on account of capital outlay relating to certain children residing in such school district, such payments shall not be so excluded;
- (d) any payments for cafeteria or school lunch programs;
- (e) any proceeds of short term borrowings in the general fund and any payments from the proceeds of the sale of obligations in the capital fund;
- (f) any cash receipts which reduce the cost of an item when applied against the expenditure therefor, except gifts, donations, and earned interest and any refunds made;
- (g) any payments made to boards of cooperative educational services for purposes or programs for which an apportionment is paid pursuant to other sections of the New York Education Law, except that payments attributable to eligible pupils with disabilities and ineligible pupils residing in noncomponent districts shall be included in operating expense;
- (h) any tuition payments made to other school districts inclusive of payments made to a central high school district by one of its component school districts;
- (i) any apportionment or payment received from the state for experimental or special programs paid under provisions other than those found in this section and other than any apportionments or payments received from the state by the city school district of the city of Yonkers for the purpose of funding an educational improvement program pursuant to a court order and other than any other state grants in aid identified by the Commissioner for general use as specified by the board of education pursuant to § 1718(2) (limitation upon expenditures) of the New York Education Law;
- (j) any funds received from the federal government except the federal share of Medicaid subject to the provisions of § 3600 (9-a) (moneys apportioned, when and how payable commencing July 1, 2007) of the New York Education Law and except Impact Aid funds received



pursuant to Public Law 81- 874 or §§ 2 and 6 or any law superseding such law in any such district which received aid pursuant to both such sections; provided further, however, that there shall be excluded from such federal funds or other apportionments any payments from such funds already deducted pursuant to this paragraph;

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this section:

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

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

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

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

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

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

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

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

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

(i) for the first year of operation of the charter school, the allocation that would be attributable to the charter school pursuant to 20 U.S.C. 1411 and 1419 (United

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

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

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

Charter school obligations:

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

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

(c) In the event of the failure of a school district to fulfill the financial obligation required by § 2856 of the New York Education Law equal to the amounts calculated pursuant to

this section, the charter school shall notify the Commissioner no later than May 31st of the school year in which the payments were due.

Public school district of residence obligations:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Department obligations:

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

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

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## **APPENDIX C**

### **BUDGET PROJECTION**

The following projections are “forward-looking statements” and are subject to the general qualifications and limitations described under “CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM” with respect to such statements.

The information contained in the following table has been prepared by the Charter School. Such projections relate only to a limited number of fiscal years and consequently do not cover the entire period that the Series 2024 Bonds will be outstanding. Neither the Underwriter nor the Issuer has independently verified the following projections, and they make no representation nor give any assurances that such projections or the assumptions underlying them are complete or correct. The financial projections are based on assumptions made by the Charter School (on matters such as future enrollment, revenues and anticipated expenses), but there can be no assurance that actual enrollment, revenues and expenses will be consistent with such assumptions. Actual operating results of the Charter School may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced payments from the State of New York, or otherwise), effects of the COVID-19 pandemic, employee relations, changes in taxes, changes to applicable government regulation, changes in demographic trends, factors associated with education, competition for students, and changes in local or general economic conditions.

**NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE CHARTER SCHOOL WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS ON THE SERIES 2024 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN “RISK FACTORS” AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER AND ISSUER MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN.**

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**Eugenio Maria de Hostos Charter School  
Cash Flow Projections**

	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>	<b>2028-2029</b>
	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<i>Total Enrollment</i>	1,210	1,250	1,290	1,300	1,300
<i>RCSD Enrollment</i>	1,166	1,206	1,246	1,256	1,256
<i>Suburban Enrollment</i>	44	44	44	44	44
<i>RCSD Per Pupil Aid Rate</i>	\$ 14,089	\$ 14,512	\$ 14,947	\$ 15,395	\$ 15,857
<i>Suburban Per Pupil Aid Rate</i>	\$ 13,455	\$ 13,859	\$ 14,274	\$ 14,703	\$ 15,144
RCSD Per Pupil Aid Revenue	16,427,774	17,501,074	18,623,987	19,336,661	19,916,761
Suburban Per Pupil Aid Revenue	592,020	609,781	628,074	646,916	666,324
Total Per Pupil Aid Revenue	17,019,794	18,110,855	19,252,061	19,983,577	20,583,085
Special Education Revenue	460,000	466,900	473,904	481,012	488,227
Title Revenue	825,000	837,375	849,936	862,685	875,625
USDA Meals Support Revenue	959,189	973,577	988,181	1,003,003	1,018,048
Erate Reimbursement	52,327	57,004	60,596	62,899	64,786
Dividend Income	300,000	300,000	300,000	300,000	300,000
Interest Income	230,000	230,000	230,000	230,000	230,000
Other Revenue	50,000	50,000	50,000	50,000	50,000
<b>Total Revenue</b>	<b>19,896,310</b>	<b>21,025,711</b>	<b>22,204,677</b>	<b>22,973,176</b>	<b>23,609,771</b>
Salaries and Benefits	13,434,782	13,837,826	14,252,961	14,680,550	15,120,966
Contracted Services	426,519	445,712	465,769	486,729	508,632
School Operations	1,816,572	1,898,317	1,983,742	2,073,010	2,166,295
Facility Operation & Maintenance	1,916,326	2,002,561	2,092,676	2,186,846	2,285,254
Depreciation & Amortization	695,369	726,660	759,360	793,531	829,240
<b>Total Expenses</b>	<b>18,289,567</b>	<b>18,911,076</b>	<b>19,554,507</b>	<b>20,220,666</b>	<b>20,910,387</b>
<b>Operating Surplus / (Deficit)</b>	<b>1,606,743</b>	<b>2,114,635</b>	<b>2,650,170</b>	<b>2,752,511</b>	<b>2,699,384</b>
Add back: Depreciation & Amortization	695,369	726,660	759,360	793,531	829,240
Add back: HS Lease Expense	379,011	396,067	450,000	450,000	450,000
Add back: Interest Expense	802,381	790,197	777,294	765,664	749,281
<b>Net Revenue Available for Debt Service/Lease</b>	<b>3,483,503</b>	<b>4,027,559</b>	<b>4,636,824</b>	<b>4,761,706</b>	<b>4,727,905</b>
High School Lease Expense	379,011	396,067	-	-	-
Existing Debt P&I	133,730	-	-	-	-
Series 2024 Bond Principal	-	-	620,000	660,000	705,000
Series 2024 Bond Interest & Fees	2,142,506	2,667,638	2,667,638	2,625,788	2,581,238
Capitalized Interest	(892,506)	(443,773)	-	-	-
<b>Total Net Debt Service &amp; Lease</b>	<b>1,762,741</b>	<b>2,619,931</b>	<b>3,287,638</b>	<b>3,285,788</b>	<b>3,286,238</b>
<b>Bond Debt Service Coverage</b>	<b>2.38x</b>	<b>1.63x</b>	<b>1.41x</b>	<b>1.45x</b>	<b>1.44x</b>
<b>Bonds Outstanding</b>	<b>\$ 53,055,000</b>	<b>\$ 53,055,000</b>	<b>\$ 52,435,000</b>	<b>\$ 51,775,000</b>	<b>\$ 51,070,000</b>
Net Revenue After Debt Service	1,720,762	1,407,627	1,349,186	1,475,918	1,441,667
Add: Reimbursement of Project Expenditures*	3,279,494	-	-	-	-
Beginning Cash & Investment Balance	9,694,586	14,694,842	16,102,469	17,451,656	18,927,574
Ending Cash & Investment Balance	14,694,842	16,102,469	17,451,656	18,927,574	20,369,241
<b>Days' Cash on Hand</b>	<b>285</b>	<b>293</b>	<b>308</b>	<b>325</b>	<b>339</b>

\*Projected related expenses paid for by the School prior to close and reimbursed from bond proceeds at closing.



**APPENDIX D**

**FINANCIAL STATEMENTS AS OF JUNE 30, 2023 TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT'S AND SINGLE AUDIT REPORTS**

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**EUGENIO MARIA DE HOSTOS  
CHARTER SCHOOL**

**Financial Statements as of  
June 30, 2023  
Together with  
Independent Auditor's Report  
and Single Audit Reports**

**Bonadio & Co., LLP**  
Certified Public Accountants

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

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## INDEPENDENT AUDITOR'S REPORT

October 31, 2023

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Eugenio Maria de Hostos Charter School (the School) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Change in Accounting Principle**

As described in Note 2 to the financial statements, the School adopted Accounting Standards Codification 842, Leases, as of July 1, 2022. Our opinion is not modified with respect to this matter.

#### **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.

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(Continued)

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### ***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.

### ***Report on Summarized Comparative Information***

We have previously audited the School's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(Continued)

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### ***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 information 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 31, 2023 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.

Bonadio & Co., LLP

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 3,800,588	\$ 4,217,269
Accounts receivable	319,077	-
Grants and contracts receivable	1,080,064	603,868
Prepaid expenses	19,714	191,890
Investments	<u>5,868,135</u>	<u>2,685,698</u>
Total current assets	11,087,578	7,698,725
DESIGNATED CASH	75,000	75,000
LAND, BUILDINGS, AND EQUIPMENT, net	4,700,252	4,776,621
RIGHT-OF-USE ASSET - OPERATING LEASES	235,714	-
RIGHT-OF-USE ASSET - FINANCE LEASES	<u>53,475</u>	<u>-</u>
	<u>\$ 16,152,019</u>	<u>\$ 12,550,346</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 78,963	\$ 75,572
Accounts payable	151,759	24,815
Due to Rochester City School District	-	123,450
Accrued liabilities	1,188,235	1,051,398
Deferred revenue	55,159	1,433,489
Current portion of operating lease liabilities	221,348	-
Current portion of finance lease liabilities	<u>15,812</u>	<u>-</u>
Total current liabilities	1,711,276	2,708,724
LONG-TERM DEBT, net of current portion	1,970,382	2,039,238
OPERATING LEASE LIABILITIES, net of current portion	20,127	-
FINANCE LEASE LIABILITIES, net of current portion	<u>38,423</u>	<u>-</u>
Total liabilities	3,740,208	4,747,962
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>12,411,811</u>	<u>7,802,384</u>
	<u>\$ 16,152,019</u>	<u>\$ 12,550,346</u>

The accompanying notes are an integral part of these statements.



## EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

### STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
REVENUES, GAINS, AND OTHER SUPPORT:		
Public school district -		
Resident student enrollment	\$ 13,886,649	\$ 13,263,077
Students with disabilities	422,475	450,471
Federal and state grants	3,617,486	3,518,464
Federal and state food service	761,996	815,182
Employee Retention Credit	2,447,443	-
Interest	66,172	2,131
Investment income (loss), net	182,437	(86,653)
Other	<u>423,631</u>	<u>395,702</u>
Total revenues, gains, and other support	<u>21,808,289</u>	<u>18,358,374</u>
EXPENSES:		
Program -		
Regular education	13,233,150	12,521,025
Special education	<u>763,350</u>	<u>986,424</u>
Total program	13,996,500	13,507,449
Supporting services -		
Management and general	<u>3,202,362</u>	<u>3,418,490</u>
Total expenses	<u>17,198,862</u>	<u>16,925,939</u>
CHANGE IN NET ASSETS	4,609,427	1,432,435
NET ASSETS - beginning of year	<u>7,802,384</u>	<u>6,369,949</u>
NET ASSETS - end of year	<u>\$ 12,411,811</u>	<u>\$ 7,802,384</u>

The accompanying notes are an integral part of these statements.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023  
(With Comparative Totals for 2022)**

	Program Services				Supporting Services			Total	
	Regular <u>Education</u>	Special <u>Education</u>	Other <u>Education</u>	<u>Total</u>	<u>Fundraising</u>	Management <u>and General</u>	<u>Total</u>	<u>2023</u>	<u>2022</u>
Personnel services costs:									
Administrative staff personnel	\$ 176,722	\$ -	\$ -	\$ 176,722	\$ -	\$ 1,849,319	\$ 1,849,319	\$ 2,026,041	\$ 2,194,860
Instructional personnel	6,855,269	454,083	-	7,309,352	-	-	-	7,309,352	7,058,707
Non-instructional personnel	-	-	-	-	-	58,016	58,016	58,016	57,812
Total personnel services costs	7,031,991	454,083	-	7,486,074	-	1,907,335	1,907,335	9,393,409	9,311,379
Fringe benefits and payroll taxes	1,830,000	118,170	-	1,948,170	-	496,363	496,363	2,444,533	2,488,888
Retirement	550,733	35,563	-	586,296	-	149,379	149,379	735,675	732,623
Legal services	-	-	-	-	-	50,297	50,297	50,297	13,654
Accounting/audit services	-	-	-	-	-	31,050	31,050	31,050	27,210
Other purchased/professional/consulting services	1,146,344	-	-	1,146,344	-	127,372	127,372	1,273,716	753,814
Repairs and maintenance	499,154	11,344	-	510,498	-	56,722	56,722	567,220	416,861
Insurance	77,428	1,760	-	79,188	-	8,799	8,799	87,987	61,427
Utilities	196,640	4,469	-	201,109	-	22,346	22,346	223,455	213,740
Supplies/materials	212,823	4,837	-	217,660	-	24,184	24,184	241,844	185,726
Equipment/furnishings	165,909	3,771	-	169,680	-	18,853	18,853	188,533	102,930
Staff development	30,965	704	-	31,669	-	3,519	3,519	35,188	30,307
Marketing/recruitment	-	-	-	-	-	71,675	71,675	71,675	58,402
Technology	248,674	82,891	-	331,565	-	-	-	331,565	714,557
Food service	409,101	-	-	409,101	-	-	-	409,101	372,397
Student services	124,773	-	-	124,773	-	-	-	124,773	40,986
Office expense	-	-	-	-	-	42,266	42,266	42,266	29,834
Depreciation and amortization	561,621	36,266	-	597,887	-	152,332	152,332	750,219	653,362
Other	146,994	9,492	-	156,486	-	39,870	39,870	196,356	717,842
	<u>\$ 13,233,150</u>	<u>\$ 763,350</u>	<u>\$ -</u>	<u>\$ 13,996,500</u>	<u>\$ -</u>	<u>\$ 3,202,362</u>	<u>\$ 3,202,362</u>	<u>\$ 17,198,862</u>	<u>\$ 16,925,939</u>

The accompanying notes are an integral part of these statements.

## EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023 (With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Revenue from school districts	\$ 13,990,047	\$ 13,666,253
Grant revenues	2,515,997	5,676,894
Miscellaneous sources	3,128,642	311,180
Payments to charter school personnel for services rendered	(7,349,237)	(7,109,825)
Payments to vendors for goods and services rendered	<u>(8,773,986)</u>	<u>(9,168,656)</u>
Net cash flow from operating activities	<u>3,511,463</u>	<u>3,375,846</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	-	1,500,000
Debt issuance costs	-	(38,103)
Repayment of long-term debt	(75,584)	(1,716,652)
Repayment of finance lease liabilities	<u>(28,382)</u>	<u>-</u>
Net cash flow from financing activities	<u>(103,966)</u>	<u>(254,755)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(3,189,588)	(716,610)
Purchases of land, buildings, and equipment	<u>(634,590)</u>	<u>(796,857)</u>
Net cash flow from investing activities	<u>(3,824,178)</u>	<u>(1,513,467)</u>
<b>CHANGE IN CASH AND DESIGNATED CASH</b>	<b>(416,681)</b>	<b>1,607,624</b>
<b>CASH AND DESIGNATED CASH - beginning of year</b>	<b><u>4,292,269</u></b>	<b><u>2,684,645</u></b>
<b>CASH AND DESIGNATED CASH - end of year</b>	<b><u>\$ 3,875,588</u></b>	<b><u>\$ 4,292,269</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 4,609,427	\$ 1,432,435
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Loss on investments, net	7,151	86,653
Depreciation and amortization	740,101	653,362
Amortization of debt issuance costs	10,119	23,852
Operating leases	5,761	-
(Increase) decrease in assets:		
Grants and contracts receivable	(476,196)	(49,686)
Accounts receivable	(319,077)	-
Prepaid expenses	172,176	(172,176)
Increase (decrease) in liabilities:		
Accounts payable	126,944	(84,224)
Due to Rochester City School District	(123,450)	(24,601)
Accrued liabilities	136,837	117,297
Deferred revenue	<u>(1,378,330)</u>	<u>1,392,934</u>
Net cash flow from operating activities	<u>\$ 3,511,463</u>	<u>\$ 3,375,846</u>

The accompanying notes are an integral part of these statements.

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

---

### 1. THE SCHOOL

Eugenio Maria de Hostos Charter School (the School) is an independent public school established under the provisions of the New York State Charter School Act of 1998, enacted as Article 56 of the Education Law. The School's initial charter was sponsored by Ibero-American Action League, Inc. (Ibero). Ibero is a New York not-for-profit corporation with a mission to foster the well-being and socio-economic development of the Latino community in Rochester, New York and the surrounding area.

The School is designed to meet the cognitive and affective needs of a specific population of urban elementary students who reside in Rochester, New York. This population includes children of Latino descent and others for whom a strong academic program is most appropriate in order to prepare them to meet and exceed all New York State educational standards.

In June 2020, the School received a renewal of its charter for an additional five years through 2025. This extension also provided the School with the authority to increase student levels for its existing grades and to provide instruction through grade twelve. Under the terms of the charter, the School added grade twelve in the 2019-2020 school year.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Change in Accounting Principle - Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the standard effective July 1, 2022 using the modified retrospective approach and comparative financial information has not been restated. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Change in Accounting Principle - Leases (Continued)**

The School elected the available practical expedients to account for the existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the School recognized on July 1, 2022 an operating lease liability and an operating ROU asset of \$440,851 and \$441,286, respectively. The School also recognized on July 1, 2022 a finance lease liability and a finance ROU asset of \$82,617. The standard did not have an impact on the statements of activities and change in net assets or cash flows.

### **Financial Reporting**

Net assets without donor restrictions include operating resources that are available for use without any donor-imposed restrictions. Board designated net assets are net assets without donor restrictions set aside by the School's Board of Trustees (the Board) for use at the Board's discretion.

At June 30, 2023 and 2022, all of the School's net assets were without donor restrictions.

### **Revenue Recognition**

Revenue from contracts with students is recognized in the fiscal year in which the academic programs are delivered. The School records per pupil tuition revenue on a per student basis at the students' resident district's allocated rate which is established by New York State (the State). The rate is prorated based on the student's full time equivalent during the academic year. The School recognizes tuition revenue in the period in which it satisfies its performance obligation by providing services to its students.

The School's performance obligation relative to per pupil tuition is to provide instruction for its students over the academic year. These obligations are satisfied over the academic year as these services are provided by the School and received by the student.

Payments for per pupil tuition are recognized at the amounts to which the School expects to be entitled, and this transaction price is allocated to the service. Each academic year, the performance obligation is satisfied as the benefit of the services are consumed.

Per pupil tuition is charged to the student's resident district on a bimonthly basis with six payments made during the academic year. The School expects to collect all payments due from the students' resident districts and, therefore, the School has not established an allowance for doubtful accounts.

### **Cash and Designated Cash**

Cash and designated cash include bank demand deposit and money market accounts. The amount in the bank accounts, at times, may exceed federally insured limits. The School has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and designated cash.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Cash and Designated Cash (Continued)**

In accordance with New York State Department of Education (NYSED) regulations, the School is required to maintain funds to pay for expenses associated with the potential termination of the School or non-renewal of the School's charter. The School had designated cash totaling \$75,000 at June 30, 2023 and 2022 to satisfy this requirement.

### **Grants and Contracts Receivable**

Grant revenue is recognized as the related costs are incurred. Grants subject to conditions are not recorded as revenue until those conditions have been met. Amounts received in advance of incurring the related costs are reported as deferred revenue.

The School records an allowance for uncollectible accounts based on historical collection experience and a review of specific amounts outstanding. Accounts are written off against the allowance when uncollectibility becomes known. There was no allowance for uncollectible accounts at June 30, 2023 and 2022.

### **Investments**

Investments are recorded at fair value, based on quoted market prices.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the net assets of the School.

Investment income (loss) consists of interest and dividends, net realized and unrealized gains or losses, and investment management fees. Interest income is recognized on an accrual basis, dividends are recorded on the ex-dividend date.

### **Fair Value Measurement**

GAAP establishes a framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the School has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Fair Value Measurement (Continued)**

The methods described above may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### **Land, Buildings, and Equipment**

Land, buildings, and equipment are stated at cost or fair value at the date of donation. It is the School's policy to capitalize all additions greater than \$5,000 with a useful life in excess of one year. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 39½ years. Leasehold improvements are amortized over the shorter of the assets' estimated useful lives or the remaining lease term.

The School assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized during the years ended June 30, 2023 and 2022.

### **Leases**

The School determines if an arrangement is a lease at inception. ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the School is reasonably certain to exercise these options.

For all underlying classes of assets, the School has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the School is reasonably certain to exercise. The School recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The School elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component. The School elected to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

Variable lease costs paid to or on behalf of the lessor, consisting primarily of utilities, custodial services, and property maintenance are excluded from the measurement of the ROU asset and lease liability and are expensed in the period incurred.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Debt Issuance Costs**

Debt issuance costs represent costs incurred to obtain long-term debt. These costs are amortized as interest expense on a straight-line basis over the term of the related debt.

### **Expense Allocations**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Personnel services costs and fringe benefits and payroll taxes are directly charged whenever possible and practicable and otherwise are allocated based on time and effort. Depreciation, insurance, repairs and maintenance, and utilities are allocated based on square footage occupied. Expenses not mentioned above are directly charged to the appropriate function on a transactional basis.

### **Program Services**

Regular education expenses include the costs of all other educational activities. Special education expenses represent the cost of educating students with individualized education programs or those receiving special education services in the classroom.

### **Donated Services**

Volunteers have donated significant amounts of time in support of the School's activities. However, the value of these services is not reflected in the financial statements as they do not meet the criteria for recognition as set forth under GAAP.

### **Income Taxes**

The School is exempt from income taxes as a corporation qualified under Section 501(c)(3) of the Internal Revenue Code. The School has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

### **Comparative Information**

The financial statements include certain prior year summarized comparative information in total, but not by functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the School's financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

### **Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.



### 3. LIQUIDITY

The School had financial assets available to meet cash needs for general expenditures one year from the statement of financial position date as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,800,588	\$ 4,217,269
Accounts receivables	319,077	-
Grants and contract receivables	1,041,064	603,868
Investments	<u>5,868,135</u>	<u>2,685,698</u>
	11,028,864	7,506,835
Less: Board designated net assets	<u>(1,500,000)</u>	<u>(1,500,000)</u>
	<u>\$ 9,528,864</u>	<u>\$ 6,006,835</u>

The School is substantially supported by student enrollment revenue and federal and state grants that are without contractual or donor restrictions. As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available for expenditure include amounts set aside for long-term purposes as designated by the Board of Trustees.

The School maintains cash and investments that are readily available for general expenditures. Additionally, the School's ability to meet its cash needs is further dependent, in part, on timely collection of its accounts receivable and grants and contracts receivable. The School's accounts receivable and grants and contracts receivable are due primarily from government funders, such as New York State and various New York central school districts. The School employs procedures specifically designed to collect from these payers as quickly as possible. In the event of unanticipated liquidity needs, the School maintains a line of credit in the amount of \$200,000 that it could utilize.

### 4. NET ASSETS

The School's Board of Trustees has designated certain net assets without donor restrictions for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Campus development	\$ 1,000,000	\$ 1,000,000
Renewal transformation	<u>500,000</u>	<u>500,000</u>
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

### 5. CONCENTRATIONS

The School's primary source of funding is obtained from the NYSED and is reported as public school district revenue in the accompanying statements of activities and change in net assets. This funding is received on a per pupil basis and was approximately 66% and 76% of the School's total revenue for the years ended June 30, 2023 and 2022, respectively.

## 6. CASH AND DESIGNATED CASH

Cash and designated cash, as reported in the statements of cash flows, consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,800,588	\$ 4,217,269
Designated cash	<u>75,000</u>	<u>75,000</u>
	<u>\$ 3,875,588</u>	<u>\$ 4,292,269</u>

## 7. INVESTMENTS

The School's investments consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 6,539	\$ 2,215,740
Fixed income mutual funds	<u>5,861,596</u>	<u>469,958</u>
	<u>\$ 5,868,135</u>	<u>\$ 2,685,698</u>

The School's fixed income mutual funds were measured at fair value on a recurring basis using Level 1 inputs at June 30, 2023 and 2022.

## 8. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 237,000	\$ 237,000
Buildings and improvements	5,415,817	5,394,305
Leasehold improvements	2,178,160	2,178,160
Equipment	<u>623,839</u>	<u>494,094</u>
	8,454,816	8,303,559
Less: Accumulated depreciation and amortization	<u>(4,237,896)</u>	<u>(3,526,938)</u>
	4,216,920	4,776,621
Plus: Construction in process	<u>483,332</u>	<u>-</u>
	<u>\$ 4,700,252</u>	<u>\$ 4,776,621</u>

Depreciation expense was \$710,959 and \$653,362 for the years ended June 30, 2023 and 2022, respectively.

## 9. LEASES

The School leases a School building and postage meters under the terms of operating lease agreements, which expire at various dates through 2028. The School building agreement contains three options to exercise additional five-year extensions. These extension options are not recognized as part of the ROU asset and lease liability. The School also leases a copier and information technology equipment under the terms of finance lease agreements which expire at various dates through 2026.

The components of total lease cost for the year ended June 30, 2023 were as follows:

Finance lease cost:	
Amortization of ROU assets	\$ 29,142
Interest on lease liabilities	1,927
Operating lease cost	214,514
Variable lease cost	<u>112,805</u>
	<u>\$ 358,388</u>

Supplemental cash flow information related to leases for the year ended June 30, 2023 were as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ <u>208,318</u>
Operating cash flows from finance leases	\$ <u>1,797</u>
Financing cash flows from finance leases	\$ <u>28,512</u>

ROU assets obtained in exchange for lease obligations:	
Finance leases	\$ <u>82,617</u>
Operating leases	\$ <u>440,851</u>

Other information related to leases as of June 30, 2023 is as follows:

Weighted-average remaining lease term:	
Finance leases	3.51 years
Operating leases	1.42 years
Weighted-average discount rate:	
Finance leases	2.88%
Operating leases	2.95%

## 9. LEASES (Continued)

The School's maturities of lease liabilities are as follows for the years ending June 30:

	Operating <u>Leases</u>	Finance <u>Leases</u>
2024	\$ 225,059	\$ 17,109
2025	5,218	15,909
2026	5,218	15,909
2027	5,218	7,956
2028	5,218	-
Thereafter	<u>870</u>	<u>-</u>
	246,801	56,883
Less: Present value discount	<u>(5,326)</u>	<u>(2,648)</u>
Total present value of lease liabilities	241,475	54,235
Less: Current portion	<u>(221,348)</u>	<u>(15,812)</u>
	<u>\$ 20,127</u>	<u>\$ 38,423</u>

Future minimum lease payments disclosed in the notes to the 2022 financial statements under prior lease guidance for the years succeeding 2022, were reported as follows for the years ending June 30:

2023	249,492
2024	<u>286,584</u>
	<u>\$ 566,076</u>

Rental expense was approximately \$362,000 for the year ended June 30, 2022.

## 10. LINE OF CREDIT

The School has a line of credit agreement with a bank that provides for borrowings up to \$200,000 that is renewable on an annual basis. Amounts borrowed bear interest at the prime rate plus 1.5% (9.75% at June 30, 2023) and are collateralized by a general lien on substantially all of the School's assets. There were no amounts outstanding at June 30, 2023 and 2022.

## 11. LONG-TERM DEBT

### Composition

Long-term debt consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Note payable to a bank requiring monthly payments of \$9,395, including interest at 4.32%, requiring a final balloon payment in September 2031, collateralized by the related building.	\$ 1,414,475	\$ 1,464,068
Note payable to a bank requiring monthly payments of \$4,858, including interest at 4.71%, through 2029, collateralized by the related building.	<u>662,333</u>	<u>688,324</u>
	2,076,808	2,152,392
Less: Current portion	(78,963)	(75,572)
Less: Unamortized debt issuance costs	<u>(27,463)</u>	<u>(37,582)</u>
	<u>\$ 1,970,382</u>	<u>\$ 2,039,238</u>

### Principal Repayments

Principal repayments under the terms of these agreements are as follows for the years ending June 30:

2024	\$ 78,963
2025	82,690
2026	86,503
2027	90,493
2028	94,593
Thereafter	<u>1,643,566</u>
	<u>\$ 2,076,808</u>

### Interest

Interest expense incurred and paid under the terms of these agreements were \$97,378 and \$107,560 during the years ended June 30, 2023 and 2022, respectively, and are included in other expenses in the statements of activities and change in net assets. Amortization of debt issuance costs were \$10,119 and \$23,852 during the years ended June 30, 2023 and 2022 respectively, and are also included in other expenses in the statements of activities and change in net assets.

## 11. LONG-TERM DEBT (Continued)

### Debt Issuance Costs

Estimated future amortization expense of the debt issuance costs are as follows for the years ending June 30:

2024	\$	10,119
2025		8,453
2026		7,620
2027		<u>1,271</u>
	\$	<u>27,463</u>

## 12. RETIREMENT PLANS

### Retirement Savings Plan

The School sponsors a tax-sheltered annuity 403(b) retirement plan (the Plan) for all salaried, full-time employees who are not participants in the New York State Teachers' Retirement System (TRS). These employees are eligible to participate upon hiring and are immediately vested in the School's contributions. The School makes contributions of 4.5% of the employees' annual salaries. The School recognized expense for contributions to the Plan of \$104,597 and \$75,468 during the years ended June 30, 2023 and 2022, respectively.

### New York State Teachers' Retirement System (TRS)

The School participates in the TRS, a cost sharing multiple employer, defined benefit pension plan. TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. TRS is administered by the New York State Teachers' Retirement Board and provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System.

TRS requires employee contributions of 3% of their annual salary for the first 10 years of service for those employees who joined the plan between July 1976 and December 2009. Participants hired between January 1, 2010 and March 31, 2012 are required to contribute 3.5% of their annual salary, and participants hired after April 1, 2012 are required to contribute between 3% and 6% of the annual salary, depending on their reportable salary. Participants hired after January 1, 2010 are required to contribute throughout the active membership in TRS. No employee contribution is required for those hired prior to July 1976. Pursuant to Article 11 of the Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board. The rate for the years ended June 30, 2023 and 2022 was 10.29% and 9.80% of the annual covered payroll, respectively. The School's required contributions were \$678,567 and \$650,935 for the years ended June 30, 2023 and 2022, respectively.

### **13. AFFILIATE TRANSACTIONS**

The School enters into annual agreements with Ibero in which Ibero provides family service assistance services as a component of a grant agreement between the School and New York State. The School paid expenses of approximately \$79,500 and \$100,000 to Ibero for these services during the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the School had amounts due to Ibero of \$5,462 and \$6,028, respectively, related to these services.

### **14. COVID-19**

#### **Elementary and Secondary School Emergency Relief Fund**

The Elementary and Secondary School Emergency Relief Fund (ESSER) was established and funded by a number of federal stimulus legislations related to the COVID-19 pandemic. ESSER grants were awarded to help schools safely reopen and to sustain their safe operations as the schools addressed the COVID-19 impact on their students.

During the years ended June 30, 2023 and 2022, the School received funds totaling approximately \$1,770,000 and \$1,420,000, respectively, which has been recognized as a component of federal and state grants on the statements of activities and change in net assets.

#### **Employee Retention Credits**

Federal legislation provided various payroll tax provisions, including an Employee Retention Credit (ERC) for eligible organizations to use against certain employment taxes. The 2021 ERC is equal to 70% of the qualified wages up to a maximum threshold, as defined, which an employer paid to employees during the first two quarters of fiscal 2021. The School determined eligibility and received and claimed revenue of approximately \$2,447,000 related to these credits, which is recorded in the statement of activities and change in net assets for the year ended June 30, 2023.

### **15. SUBSEQUENT EVENTS**

#### **Purchase Commitment**

In August 2023, the School entered into a Purchase and Sale Agreement for the purchase of a property in the amount of \$325,000 from an unrelated party.

#### **Evaluation Date**

Subsequent events have been evaluated through October 31, 2023, which is the date the financial statements were available to be issued.

**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**

October 31, 2023

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eugenio Maria de Hostos Charter School (the School) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2023.

**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 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 or significant deficiencies may exist that were not identified.

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(Continued)



**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**

(Continued)

**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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

October 31, 2023

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Eugenio Maria de Hostos Charter School’s (the School) 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, 2023. 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, 2023.

***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.

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(Continued)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

(Continued)

***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.

(Continued)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

(Continued)

**Report on Internal Control over Compliance (Continued)**

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.

*Bonadio & Co., LLP*

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Numbers</u>	<u>Assistance Listing Number</u>	<u>Total</u>
U.S. Department of Education:			
Passed through New York State Department of Education - Twenty-First Century Community Learning Centers	0187-22-7035	84.287	\$ <u>933,080</u>
Education Stabilization Fund - COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	5880-21-4055	84.425U	849,988
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	5891-21-4055	84.425D	<u>565,714</u>
Total Education Stabilization Fund			1,415,702
COVID-19 - Expanding Opportunity Through Quality Charter School Programs (CSP)	N/A	84.242	49,950
Title I Grants to Local Education Agencies (LEA)	0021-22-4055	84.010	636,915
Supporting Effective Instruction State Grant Title II	0147-21-4055	84.367	65,147
Student Support and Academic Enrichment Grant Title IV	0204-21-4055	84.424	35,305
English Language Acquisition State Grants Title III	0293-21-4055	84.365	24,326
Special Education - Grants to States (IDEA Funding)	N/A	84.027	<u>422,475</u>
Total U.S. Department of Education			<u>3,582,900</u>
U.S. Department of Agriculture:			
Passed through New York State Department of Education - Child Nutrition Cluster:			
School Breakfast Program	N/A	10.553	<u>243,400</u>
National School Lunch Program	N/A	10.555	467,791
National School Lunch Program	N/A	10.555	<u>36,092</u>
Total National School Lunch Program			<u>503,883</u>
Total Child Nutrition Cluster			<u>747,283</u>
Passed through New York State Department of Health - Child and Adult Care Food Program (CACFP)	N/A	10.558	<u>14,713</u>
Total U.S. Department of Agriculture			<u>761,996</u>
			<u>\$ 4,344,896</u>

The accompanying notes are an integral part of this schedule.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of Eugenio Maria de Hostos Charter School (the School) for the year ended June 30, 2023. 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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the School's operations, it is not intended to, and does not, present the financial position, activities and change in net assets, or cash flows of the School.

**2. BASIS OF ACCOUNTING**

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.

**3. INDIRECT COST RATE**

The School has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. The Independent Auditor's Report expresses an unmodified opinion on whether the financial statements of Eugenio Maria de Hostos Charter School (the School) are presented in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies related to the audit of the School's financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The Independent Auditor's Report on Compliance for Each Major Program expresses an unmodified opinion.
6. There were no audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs were:
  - U.S. Department of Education:
    - Education Stabilization Funds:
      - ALN 84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund
      - ALN 84.425U Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
    - ALN 84.287 Twenty-First Century Community Learning Centers Fund
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. The School was determined to not be a low-risk auditee.

(Continued)

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**(Continued)**

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM**

None.

**D. SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS, QUESTIONED COSTS,  
AND RECOMMENDATIONS**

**Finding 2022-001**

**Criteria** - The School's financial statements, including interim internal financial reporting, should be prepared on a timely basis. As part of the June 30, 2022 audit process, there were a significant number of general ledger accounts that were not reconciled until months after the end of the fiscal year.

**Recommendation** - We recommend the School reengage its previous consultants to assist the School's Finance Manager with the monthly general ledger closing process.

**Current Status** - The closing process improved throughout fiscal 2023, resulting in timely filings for the June 20, 2023 audit process.



**APPENDIX E**

**FINANCIAL STATEMENTS AS OF JUNE 30, 2022 TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT'S AND SINGLE AUDIT REPORTS**

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**EUGENIO MARIA DE HOSTOS  
CHARTER SCHOOL**

**Financial Statements as of  
June 30, 2022  
Together with  
Independent Auditor's Report  
and Single Audit Reports**

**Bonadio & Co., LLP**  
Certified Public Accountants

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

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**INDEPENDENT AUDITOR'S REPORT**

March 28, 2023

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

**Report on the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Eugenio Maria de Hostos Charter School (the School) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to 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 the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. 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 these 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.

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(Continued)

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### ***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.

### **Report on Summarized Comparative Information**

We have previously audited the School's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(Continued)

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### 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 information 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 March 28, 2023 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.

Bonadio & Co., LLP

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## STATEMENT OF FINANCIAL POSITION

**JUNE 30, 2022**

(With Comparative Totals for 2021)

---

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 4,217,269	\$ 2,609,645
Grants and contracts receivable	603,868	554,182
Prepaid expenses	191,890	19,714
Investments	<u>2,685,698</u>	<u>2,055,741</u>
Total current assets	7,698,725	5,239,282
DESIGNATED CASH	75,000	75,000
LAND, BUILDINGS, AND EQUIPMENT, net	<u>4,776,621</u>	<u>4,633,126</u>
	<u>\$ 12,550,346</u>	<u>\$ 9,947,408</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 75,572	\$ 89,072
Accounts payable	24,815	109,039
Due to Rochester City School District	123,450	148,051
Accrued liabilities	1,051,398	934,101
Deferred revenue	<u>1,433,489</u>	<u>40,555</u>
Total current liabilities	2,708,724	1,320,818
LONG-TERM DEBT, net of current portion	<u>2,039,238</u>	<u>2,256,641</u>
Total liabilities	4,747,962	3,577,459
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>7,802,384</u>	<u>6,369,949</u>
	<u>\$ 12,550,346</u>	<u>\$ 9,947,408</u>

The accompanying notes are an integral part of these statements.



# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
REVENUES, GAINS, AND OTHER SUPPORT:		
Public school district -		
Resident student enrollment	\$ 13,263,077	\$ 12,807,158
Students with disabilities	450,471	393,151
Federal and state grants	3,518,464	1,898,162
Federal and state food service	815,182	242,790
Forgiveness of PPP loan payable	-	1,892,420
Interest	2,131	1,197
Investment income (loss), net	(86,653)	23,165
Other	<u>395,702</u>	<u>83,115</u>
Total revenues, gains, and other support	<u>18,358,374</u>	<u>17,341,158</u>
EXPENSES:		
Program -		
Regular education	12,521,025	11,448,470
Special education	<u>986,424</u>	<u>775,338</u>
Total program	13,507,449	12,223,808
Supporting services -		
Management and general	<u>3,418,490</u>	<u>3,118,793</u>
Total expenses	<u>16,925,939</u>	<u>15,342,601</u>
CHANGE IN NET ASSETS	1,432,435	1,998,557
NET ASSETS - beginning of year	<u>6,369,949</u>	<u>4,371,392</u>
NET ASSETS - end of year	<u>\$ 7,802,384</u>	<u>\$ 6,369,949</u>

The accompanying notes are an integral part of these statements.

## EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

(With Comparative Totals for 2021)

	Program Services			Supporting Services			Total		
	Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total	2022	2021
Personnel services costs:									
Administrative staff personnel	\$ 168,415	\$ -	\$ -	\$ 168,415	\$ -	\$ 2,026,445	\$ 2,026,445	\$ 2,194,860	\$ 1,644,306
Instructional personnel	6,531,517	527,190	-	7,058,707	-	-	-	7,058,707	7,163,350
Non-instructional personnel	-	-	-	-	-	57,812	57,812	57,812	212,453
Total personnel services costs	6,699,932	527,190	-	7,227,122	-	2,084,257	2,084,257	9,311,379	9,020,109
Fringe benefits and payroll taxes	1,790,861	140,915	-	1,931,776	-	557,112	557,112	2,488,888	2,248,865
Retirement	527,184	41,474	-	568,658	-	163,965	163,965	732,623	727,837
Legal services	-	-	-	-	-	13,654	13,654	13,654	18,227
Accounting/audit services	-	-	-	-	-	27,210	27,210	27,210	23,840
Other purchased/professional/consulting services	678,433	-	-	678,433	-	75,381	75,381	753,814	557,892
Repairs and maintenance	366,838	8,337	-	375,175	-	41,686	41,686	416,861	341,869
Insurance	54,055	1,229	-	55,284	-	6,143	6,143	61,427	75,497
Utilities	188,091	4,275	-	192,366	-	21,374	21,374	213,740	226,934
Supplies/materials	163,438	3,715	-	167,153	-	18,573	18,573	185,726	72,621
Equipment/furnishings	90,578	2,059	-	92,637	-	10,293	10,293	102,930	119,083
Staff development	21,807	1,716	-	23,523	-	6,784	6,784	30,307	16,000
Marketing/recruitment	-	-	-	-	-	58,402	58,402	58,402	65,007
Technology	535,918	178,639	-	714,557	-	-	-	714,557	488,679
Food service	372,397	-	-	372,397	-	-	-	372,397	156,157
Student services	40,986	-	-	40,986	-	-	-	40,986	5,608
Office expense	-	-	-	-	-	29,834	29,834	29,834	22,197
Depreciation and amortization	467,227	37,577	-	504,804	-	148,558	148,558	653,362	614,363
Other	523,280	39,298	-	562,578	-	155,264	155,264	717,842	541,816
	<u>\$ 12,521,025</u>	<u>\$ 986,424</u>	<u>\$ -</u>	<u>\$ 13,507,449</u>	<u>\$ -</u>	<u>\$ 3,418,490</u>	<u>\$ 3,418,490</u>	<u>\$ 16,925,939</u>	<u>\$ 15,342,601</u>

The accompanying notes are an integral part of these statements.

## EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022 (With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Revenue from school districts	\$ 13,666,253	\$ 13,287,889
Grant revenues	5,676,894	1,819,577
Miscellaneous sources	311,180	107,477
Payments to charter school personnel for services rendered	(7,109,825)	(7,323,045)
Payments to vendors for goods and services rendered	<u>(9,168,656)</u>	<u>(7,084,278)</u>
Net cash flow from operating activities	<u>3,375,846</u>	<u>807,620</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	1,500,000	-
Debt issuance costs	(38,103)	-
Repayment of long-term debt	<u>(1,716,652)</u>	<u>(81,540)</u>
Net cash flow from financing activities	<u>(254,755)</u>	<u>(81,540)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(716,610)	(23,152)
Purchases of land, buildings, and equipment	<u>(796,857)</u>	<u>(233,702)</u>
Net cash flow from investing activities	<u>(1,513,467)</u>	<u>(256,854)</u>
<b>CHANGE IN CASH AND DESIGNATED CASH</b>	<b>1,607,624</b>	<b>469,226</b>
CASH AND DESIGNATED CASH - beginning of year	<u>2,684,645</u>	<u>2,215,419</u>
CASH AND DESIGNATED CASH - end of year	<u>\$ 4,292,269</u>	<u>\$ 2,684,645</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,432,435	\$ 1,998,557
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Loss on investments, net	86,653	-
Depreciation and amortization	653,362	614,363
Amortization of debt issuance costs	23,852	20,460
Gain on forgiveness of PPP loan payable	-	(1,892,420)
(Increase) decrease in assets:		
Grants and contracts receivable	(49,686)	(237,979)
Accounts receivable	-	134,875
Prepaid expenses	(172,176)	-
Increase (decrease) in liabilities:		
Accounts payable	(84,224)	20,059
Due to Rochester City School District	(24,601)	100,756
Accrued liabilities	117,297	132,345
Deferred revenue	<u>1,392,934</u>	<u>(83,396)</u>
Net cash flow from operating activities	<u>\$ 3,375,846</u>	<u>\$ 807,620</u>

The accompanying notes are an integral part of these statements.

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

---

### 1. THE SCHOOL

Eugenio Maria de Hostos Charter School (the School) is an independent public school established under the provisions of the New York State Charter School Act of 1998, enacted as Article 56 of the Education Law. The School's initial charter was sponsored by Ibero-American Action League, Inc. (Ibero). Ibero is a New York not-for-profit corporation with a mission to foster the well-being and socio-economic development of the Latino community of Rochester, New York and the surrounding area.

The School is designed to meet the cognitive and affective needs of a specific population of urban elementary students who reside in Rochester, New York. This population includes children of Latino descent and others for whom a strong academic program is most appropriate in order to prepare them to meet and exceed all New York State educational standards.

In its initial year of operation, the 2000-2001 school year, the School provided educational instruction to students in kindergarten through second grade. In June 2020, the School received a renewal of its charter for an additional five years through 2025. This extension provided the School with the authority to increase student levels for its existing grades and to provide instruction through grade twelve. Under the terms of the charter, the School added grade twelve in the 2019-2020 school year.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Financial Reporting**

Net assets without donor restrictions include operating resources that are available for use without any donor-imposed restrictions. Board designated net assets are net assets without donor restrictions set aside by the School's Board of Trustees for use at the Board's discretion.

At June 30, 2022 and 2021, all of the School's net assets were without donor restrictions.

#### **Revenue Recognition**

Revenue from contracts with students is recognized in the fiscal year in which the academic programs are delivered. The School records per pupil tuition revenue on a per student basis at the students' resident district's allocated rate which is established by New York State (the State). The rate is prorated based on the student's full time equivalent during the academic year. The School recognizes tuition revenue in the period in which it satisfies its performance obligation by providing services to its students.

The School's performance obligation relative to per pupil tuition is to provide instruction for its students over the academic year. These obligations are satisfied over the academic year as these services are provided by the School and received by the student.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue Recognition (Continued)

Payments for per pupil tuition are recognized at the amounts to which the School expects to be entitled, and this transaction price is allocated to the service. Each academic year, the performance obligation is satisfied as the benefit of the services are consumed.

Per pupil tuition is charged to the student's resident district on a bimonthly basis with six payments made during the academic year. The School expects to collect all payments due from the students' resident districts and, therefore, the School has not established an allowance for doubtful accounts.

### Cash and Designated Cash

Cash and designated cash include bank demand deposit and money market accounts. The amount in the bank accounts, at times, may exceed federally insured limits. The School has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and designated cash.

In accordance with New York State Department of Education (NYSED) regulations, the School is required to maintain funds to pay for expenses associated with the potential termination of the School or non-renewal of the School's charter. The School had designated cash totaling \$75,000 at June 30, 2022 and 2021 to satisfy this requirement.

### Grants and Contracts Receivable

Grant revenue is recognized as the related costs are incurred. Grants subject to conditions are not recorded as income until those conditions have been met. Amounts received in advance of incurring the related costs are reported as deferred revenue.

The School records an allowance for uncollectible accounts based on historical collection experience and a review of specific amounts outstanding. Accounts are written off against the allowance when uncollectibility becomes known.

### Investments

Investments are recorded at fair value, based on quoted market prices.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the net assets of the School.

### Fair Value Measurement

GAAP establishes a framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the School has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fair Value Measurement (Continued)

- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost or fair value at the date of donation. It is the School's policy to capitalize all additions greater than \$5,000 with a useful life in excess of one year. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 39½ years. Leasehold improvements are amortized over the shorter of the assets' estimated useful lives or the remaining lease term.

The School assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized during the years ended June 30, 2022 and 2021.

### Debt Issuance Costs

Debt issuance costs represent costs incurred to obtain long-term debt. These costs are amortized as interest expense on a straight-line basis over the term of the related debt.

### Expense Allocations

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Personnel services costs and fringe benefits and payroll taxes are directly charged whenever possible and practicable and otherwise are allocated based on time and effort. Depreciation, insurance, repairs and maintenance, and utilities are allocated based on square footage occupied. Expenses not mentioned above are directly charged to the appropriate function on a transactional basis.

### Program Services

Special education expenses represent the cost of educating students with individualized education programs or those receiving special education services in the classroom. Regular education expenses include the costs of all other educational activities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Donated Services

Volunteers have donated significant amounts of time in support of the School's activities. However, the value of these services is not reflected in the accompanying financial statements, as they do not meet the criteria for recognition as set forth under GAAP.

### Income Taxes

The School is exempt from income taxes as a corporation qualified under Section 501(c)(3) of the Internal Revenue Code. The School has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

### Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the School's financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

### Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 3. LIQUIDITY

The School had financial assets available to meet cash needs for general expenditures one year from the statement of financial position date as follows at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 4,217,269	\$ 2,609,645
Grants and contract receivables	603,868	554,182
Investments	<u>2,685,698</u>	<u>2,055,741</u>
	7,506,835	5,219,568
Less: Board designated net assets	<u>(1,500,000)</u>	<u>(1,500,000)</u>
	<u>\$ 6,006,835</u>	<u>\$ 3,719,568</u>

The School is substantially supported by student enrollment revenue and federal and state grants that are without contractual or donor restrictions. As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available for expenditure include amounts set aside for long-term purposes as designated by the Board of Trustees.

The School maintains cash and investments that are readily available for general expenditures. Additionally, the School's ability to meet its cash needs is further dependent, in part, on timely collection of its accounts receivable and grants and contracts receivable. The School's accounts receivable and grants and contracts receivable are due primarily from government funders, such as New York State and various New York central school districts. The School employs procedures specifically designed to collect from these payers as quickly as possible. In the event of unanticipated liquidity needs, the School maintains a line of credit in the amount of \$200,000 that it could utilize.

#### 4. NET ASSETS

The School's Board of Trustees has designated certain net assets without donor restrictions for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Campus development	\$ 1,000,000	\$ 1,000,000
Renewal transformation	<u>500,000</u>	<u>500,000</u>
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

#### 5. CONCENTRATIONS

The School's primary source of funding is obtained from the New York State Department of Education and is reported as public school district revenue in the accompanying statements of activities and change in net assets. This funding is received on a per pupil basis and was approximately 76% of the School's total revenue for both of the years ended June 30, 2022 and 2021.

#### 6. CASH AND DESIGNATED CASH

Cash and designated cash, as reported in the statements of cash flows, consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 4,217,269	\$ 2,609,645
Designated cash	<u>75,000</u>	<u>75,000</u>
	<u>\$ 4,292,269</u>	<u>\$ 2,684,645</u>

#### 7. INVESTMENTS

The School's investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,215,740	\$ 532,696
Fixed income mutual funds	<u>469,958</u>	<u>1,523,045</u>
	<u>\$ 2,685,698</u>	<u>\$ 2,055,741</u>

The School's fixed income mutual funds were measured at fair value on a recurring basis using Level 1 inputs at June 30, 2022 and 2021.



## 8. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 237,000	\$ 237,000
Buildings and improvements	5,394,305	4,597,447
Leasehold improvements	2,178,160	2,178,160
Computers	287,409	287,409
Equipment	<u>206,685</u>	<u>206,685</u>
	8,303,559	7,506,701
Less: Accumulated depreciation and amortization	<u>(3,526,938)</u>	<u>(2,873,575)</u>
	<u>\$ 4,776,621</u>	<u>\$ 4,633,126</u>

Depreciation expense was \$653,358 and \$614,363 for the years ended June 30, 2022 and 2021, respectively.

## 9. LINE OF CREDIT

The School has line of credit agreement with a bank that provides for borrowings up to \$200,000 that is renewable on an annual basis. Amounts borrowed bear interest at the prime rate plus 1.5% (4.75% at June 30, 2022) and are collateralized by a general lien on substantially all of the School's assets. There were no amounts outstanding at June 30, 2022 and 2021.

## 10. LONG-TERM DEBT

### Composition

Long-term debt consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Note payable to a bank requiring monthly payments of \$9,395, including interest at 4.32%, through September 2031, collateralized by the related building.	\$ 1,464,068	\$ -
Note payable to a bank requiring monthly payments of \$4,858, including interest at 4.71%, through 2029, collateralized by the related building.	688,324	713,106
Mortgage payable to a bank repaid during the year ended June 30, 2022.	-	420,646
Mortgage payable to a corporation repaid during the year ended June 30, 2022.	<u>-</u>	<u>1,235,292</u>
	2,152,392	2,369,044
Less: Current portion	(75,572)	(89,072)
Less: Unamortized debt issuance costs	<u>(37,582)</u>	<u>(23,331)</u>
	<u>\$ 2,039,238</u>	<u>\$ 2,256,641</u>

## 10. LONG-TERM DEBT (Continued)

### Principal Repayments

Principal repayments under the terms of these agreements are as follows for the years ending June 30:

2023	\$	75,572
2024		78,802
2025		82,689
2026		86,503
2027		90,492
Thereafter		<u>1,738,334</u>
		<u>\$ 2,152,392</u>

### Interest

Interest expense incurred and paid under the terms of these agreements were \$107,560 and \$134,588 during the years ended June 30, 2022 and 2021, respectively, and is included in other expenses in the accompanying financial statements. Amortization of debt issuance costs were \$23,852 and \$20,460 during the years ended June 30, 2022 and 2021 respectively, and are also included in other expenses in the accompanying financial statements.

### Debt Issuance Costs

Estimated future amortization expense of the debt issuance costs is as follows for the years ending June 30:

2023	\$	10,118
2024		10,118
2025		8,453
2026		7,620
2027		<u>1,273</u>
		<u>\$ 37,582</u>

## 11. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In April 2020, the School entered into a Paycheck Protection Program (PPP) loan agreement with a bank under which the School received \$1,892,420. This arrangement included provisions whereby the loan balance would be fully or partially forgiven based on the School's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the bank in accordance with the requirements of the PPP.

During the year ended June 30, 2021, the School received forgiveness of this loan, as acknowledged by the U.S. Small Business Administration and recognized \$1,892,420 as forgiveness of PPP loan payable in the accompanying statement of activities and change in net assets.

## **12. RETIREMENT PLANS**

### **Retirement Savings Plan**

The School sponsors a tax-sheltered annuity 403(b) retirement plan (the Plan) for all salaried, full-time employees who are not participants in the New York State Teachers' Retirement System (TRS). These employees are eligible to participate upon hiring and are immediately vested in the School's contributions. The School makes contributions of 4.5% of the employees' annual salaries. The School recognized expense for contributions to the Plan of \$75,468 and \$103,096 during the years ended June 30, 2022 and 2021, respectively.

### **New York State Teachers' Retirement System**

The School participates in the TRS, a cost sharing multiple employer, defined benefit pension plan. TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. TRS is administered by the New York State Teachers' Retirement Board and provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System.

TRS requires employee contributions of 3% of their annual salary for the first 10 years of service for those employees who joined the plan between July 1976 and December 2009. Participants hired between January 1, 2010 and March 31, 2012 are required to contribute 3.5% of their annual salary, and participants hired after April 1, 2012 are required to contribute between 3% and 6% of the annual salary, depending on their reportable salary. Participants hired after January 1, 2010 are required to contribute throughout the active membership in TRS. No employee contribution is required for those hired prior to July 1976. Pursuant to Article 11 of the Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board. The rate for the years ended June 30, 2022 and 2021 was 9.80% and 9.53% of the annual covered payroll, respectively. The School's required contributions were \$650,935 and \$624,741 for the years ended June 30, 2022 and 2021, respectively.

## **13. AFFILIATE TRANSACTIONS**

The School enters into annual agreements with Ibero in which Ibero provides family service assistance services as a component of a grant agreement between the School and New York State. The School paid recognized expense of approximately \$100,000 and \$155,000 to Ibero for these services during the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the School had amounts due to Ibero of \$6,028 and \$16,666, respectively, related to these services.

**14. COMMITMENTS**

In June 2019, the School entered into a non-cancellable lease agreement in Rochester, New York to accommodate the School's grades 9 through 12. This lease was effective July 2019 and expires in June 2024. The School has the option to renew the lease for up to three additional terms of five years each. Future minimum lease payments under the terms of this agreement are as follows for the years ending June 30:

2023	\$	249,492
2024		<u>286,584</u>
	\$	<u>566,076</u>

Total rent expense under this agreement for the years ended June 30, 2022 and 2021 was approximately \$362,000 and \$241,000, respectively.

**15. COVID-19**

**Elementary and Secondary School Emergency Relief Fund**

The Elementary and Secondary School Emergency Relief Fund (ESSER) was established and funded by a number of federal stimulus legislations. ESSER grants were awarded to help schools safely reopen and to sustain their safe operations as the schools addressed the COVID-19 impact on their students.

During the years ended June 30, 2022 and 2021, the School received funds totaling approximately \$1,420,000 and \$403,000, respectively, which has been recorded as a component of federal and state grants on the accompanying statement of activities and change in net assets.

**16. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 28, 2023, which is the date the financial statements were available to be issued.

**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**

March 28, 2023

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eugenio Maria de Hostos Charter School (the School) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and change in net assets, 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 March 28, 2023.

**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 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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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(Continued)

**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***

(Continued)

**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*.

**Organization's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bonadio & Co., LLP*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

March 28, 2023

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Eugenio Maria de Hostos Charter School's (the School) 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.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

(Continued)

***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.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

(Continued)

**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.

*Bonadio & Co., LLP*

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Numbers</u>	<u>Assistance Listing Number</u>	<u>Total</u>
U.S. Department of Education:			
Passed through New York State Department of Education - Twenty-First Century Community Learning Centers	0187-22-7035	84.287	\$ <u>791,974</u>
Education Stabilization Fund - COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	5880-21-4055	84.425U	849,988
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	5218-21-4055	84.425W	4,050
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	5891-21-4055	84.425D	<u>565,714</u>
Total Education Stabilization Fund			1,419,752
Title I Grants to Local Education Agencies (LEA)	0021-22-4055	84.010	510,130
Supporting Effective Instruction State Grant Title II	0147-21-4055	84.367	59,544
Student Support and Academic Enrichment Grant Title IV	0204-21-4055	84.424	32,326
English Language Acquisition State Grants Title III	0293-21-4055	84.365	<u>9,952</u>
Total U.S. Department of Education			<u>2,823,678</u>
U.S. Department of Agriculture:			
Passed through New York State Department of Education - Child Nutrition Cluster:			
School Breakfast Program	N/A	10.553	<u>210,776</u>
National School Lunch Program	N/A	10.555	432,654
National School Lunch Program	N/A	10.555	<u>136,429</u>
Total National School Lunch Program			<u>569,083</u>
Total Child Nutrition Cluster			<u>779,859</u>
Passed through New York State Department of Health - Child and Adult Care Food Program (CACFP)	N/A	10.558	<u>35,625</u>
Total U.S. Department of Agriculture			<u>815,484</u>
Federal Communications Commission:			
COVID-19 - Emergency Connectivity Fund Program	N/A	32.009	<u>346,000</u>
Total Federal Communications Commission			<u>346,000</u>
			<u>\$ 3,985,162</u>

The accompanying notes are an integral part of this schedule.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of Eugenio Maria de Hostos Charter School (the School) 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 Requirements, 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, activity, and change in net assets of the School.

**2. BASIS OF ACCOUNTING**

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.

**3. INDIRECT COST RATE**

The School has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

## EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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#### A. SUMMARY OF AUDITOR'S RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on whether the financial statements of Eugenio Maria de Hostos Charter School (the School) are presented in accordance with accounting principles generally accepted in the United States of America.
2. One material weakness in internal control related to the audit of the School's financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The Independent Auditor's Report on Compliance for Each Major Program expresses an unmodified opinion.
6. There were no audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs were:
  - U.S. Department of Education:
    - ALN 84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund
    - ALN 84.425U Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
    - ALN 84.425W Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. The School was determined to be a low-risk auditee.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2022**

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**Finding 2022-001**

**Condition**

As part of the June 30, 2022 audit process, there were a significant number of general ledger accounts that were not reconciled until months after the end of the fiscal year.

**Criteria**

The School's financial statements, including interim internal financial reporting, should be prepared on a timely basis.

**Cause**

The School experienced turnover in its CFO position.

**Effect**

The lack of timely financial reporting does not provide the Board of Trustees and management with the requisite information to properly govern and manage the School.

**Recommendation**

We recommend the School reengage its previous consultants to assist the School's Finance Manager with the monthly general ledger closing process.

**Views of Responsible Officials and Planned Corrective Actions**

Management agrees with this recommendation and has reengaged the previous consultants to assist in the monthly general ledger closing process.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM**

None.

**D. SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS, QUESTIONED COSTS,  
AND RECOMMENDATIONS**

None.



**BELIEVE. ACHIEVE. SUCCEED.**

Corrective Action Plan

March 28, 2023

Eugenio Maria de Hostos Charter School respectfully submits the following corrective action plan for the year ending June 30, 2022.

Name and address of independent public accounting firm:

Bonadio & Co., LLP  
171 Sully's Trail  
Pittsford, NY 14534

Audit Period: July 1, 2021 – June 30, 2022

Finding – Financial Statement Audit

Material Weakness

Finding: 2022-001:

As part of the June 30, 2022 audit process, there were a significant number of general ledger accounts that were not reconciled until months after the end of the fiscal year.

Recommendation: The auditors recommended that the School reengage our previous consultants to assist the School's Finance Manager with the monthly general ledger closing process.

Action Taken: Management agrees with their recommendation and has reengaged our previous consultants to assist in the monthly general ledger closing process. Sandra Chevalier-Blackman, CEO, will assume responsibility for the implementation by June 30, 2022.

If the US Department of Education has questions regarding this plan, please call Sandra Chevalier-Blackman at (585) 544-6170.

Sincerely yours,

Sandra Chevalier-Blackman  
CEO

**ELEMENTARY CAMPUS (GRADES K-6)**  
27 Zimbrich Street Rochester, NY 14621

**MIDDLE SCHOOL CAMPUS (GRADES 7-8)**  
1069 Joseph Avenue Rochester, NY 14621

**HIGH SCHOOL CAMPUS (GRADES 9-12)**  
343 State Street, Building 10, 5th floor. Rochester, NY 14650

[www.emhcharter.org](http://www.emhcharter.org)

PHONE: 585-544-6170

**APPENDIX F**

**FINANCIAL STATEMENTS AS OF JUNE 30, 2021 TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT'S AND SINGLE AUDIT REPORTS**

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**EUGENIO MARIA DE HOSTOS  
CHARTER SCHOOL**

**Financial Statements as of  
June 30, 2021  
Together with  
Independent Auditor's Report  
and Single Audit Reports**

**Bonadio & Co., LLP**  
Certified Public Accountants

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

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## **INDEPENDENT AUDITOR'S REPORT**

October 22, 2021

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Eugenio Maria de Hostos Charter School (the School) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

171 Sully's Trail  
Pittsford, New York 14534  
p (585) 381-1000  
f (585) 381-3131

[www.bonadio.com](http://www.bonadio.com)

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eugenio Maria de Hostos Charter School as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the School's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 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, 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 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.

### **Report on Supplemental 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 (CFR) 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 information is fairly stated, in all material respects in relation to the financial statements as a whole.

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 2,609,645	\$ 2,140,419
Grants and contracts receivable	554,182	316,203
Accounts receivable, net of allowance for doubtful accounts of \$3,060 in 2021 and 2020	-	134,875
Prepaid expenses	19,714	19,714
Investments	<u>2,055,741</u>	<u>2,032,589</u>
Total current assets	5,239,282	4,643,800
DESIGNATED CASH	75,000	75,000
LAND, BUILDINGS, AND EQUIPMENT, net	<u>4,633,126</u>	<u>5,013,787</u>
	<u>\$ 9,947,408</u>	<u>\$ 9,732,587</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 89,072	\$ 86,622
Accounts payable	109,039	88,980
Due to Rochester City School District	148,051	47,295
Accrued liabilities	934,101	801,756
Deferred revenue	<u>40,555</u>	<u>123,951</u>
Total current liabilities	1,320,818	1,148,604
LONG-TERM DEBT, net of current portion	2,256,641	2,320,171
PPP LOAN PAYABLE	<u>-</u>	<u>1,892,420</u>
Total liabilities	3,577,459	5,361,195
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>6,369,949</u>	<u>4,371,392</u>
	<u>\$ 9,947,408</u>	<u>\$ 9,732,587</u>

The accompanying notes are an integral part of these statements.

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2021 (With Comparative Totals for 2020)

---

	<u>2021</u>	<u>2020</u>
REVENUES, GAINS, AND OTHER SUPPORT:		
Public school district -		
Resident student enrollment	\$ 12,807,158	\$ 12,251,121
Students with disabilities	393,151	367,801
Federal and state grants	1,898,162	1,465,209
Federal and state food service	242,790	542,384
Forgiveness of PPP loan payable	1,892,420	-
Interest	1,197	1,323
Investment income, net	23,165	24,129
Other	83,115	30,992
	<u>17,341,158</u>	<u>14,682,959</u>
Total revenues, gains, and other support		
EXPENSES:		
Program -		
Regular education	11,448,470	11,559,645
Special education	775,338	1,144,742
	<u>12,223,808</u>	<u>12,704,387</u>
Total program		
Supporting services -		
Management and general	3,118,793	2,790,536
	<u>15,342,601</u>	<u>15,494,923</u>
Total expenses		
CHANGE IN NET ASSETS	1,998,557	(811,964)
NET ASSETS - beginning of year	<u>4,371,392</u>	<u>5,183,356</u>
NET ASSETS - end of year	<u>\$ 6,369,949</u>	<u>\$ 4,371,392</u>

The accompanying notes are an integral part of these statements.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021  
(With Comparative Totals for 2020)**

	Program Services				Supporting Services			Total	
	Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total	2021	2020
Personnel services costs:									
Administrative staff personnel	\$ 292,040	\$ -	\$ -	\$ 292,040	\$ -	\$ 1,352,266	\$ 1,352,266	\$ 1,644,306	\$ 1,541,665
Instructional personnel	6,665,736	497,614	-	7,163,350	-	-	-	7,163,350	7,282,834
Non-instructional personnel	-	-	-	-	-	212,453	212,453	212,453	55,221
Total personnel services costs	6,957,776	497,614	-	7,455,390	-	1,564,719	1,564,719	9,020,109	8,879,720
Fringe benefits and payroll taxes	1,734,690	124,064	-	1,858,754	-	390,111	390,111	2,248,865	1,881,846
Retirement	648,429	48,580	-	697,009	-	30,828	30,828	727,837	667,251
Legal services	-	-	-	-	-	18,227	18,227	18,227	6,002
Accounting/audit services	-	-	-	-	-	23,840	23,840	23,840	60,311
Other purchased/professional/consulting services	502,103	-	-	502,103	-	55,789	55,789	557,892	623,277
Repairs and maintenance	270,760	36,922	-	307,682	-	34,187	34,187	341,869	271,131
Insurance	59,793	8,154	-	67,947	-	7,550	7,550	75,497	59,898
Utilities	133,201	18,164	-	151,365	-	75,569	75,569	226,934	217,868
Supplies/materials	67,538	5,083	-	72,621	-	-	-	72,621	166,244
Equipment/furnishings	26,794	1,011	-	27,805	-	91,278	91,278	119,083	170,346
Staff development	14,766	298	-	15,064	-	936	936	16,000	105,262
Marketing/recruitment	-	-	-	-	-	65,007	65,007	65,007	69,980
Technology	300,969	-	-	300,969	-	187,710	187,710	488,679	378,963
Food service	156,157	-	-	156,157	-	-	-	156,157	625,683
Student services	5,181	427	-	5,608	-	-	-	5,608	159,083
Office expense	13,096	-	-	13,096	-	9,101	9,101	22,197	24,982
Depreciation and amortization	504,149	35,021	-	539,170	-	95,653	95,653	634,823	568,402
Other	53,068	-	-	53,068	-	468,288	468,288	521,356	558,674
Total expenses	\$ 11,448,470	\$ 775,338	\$ -	\$ 12,223,808	\$ -	\$ 3,118,793	\$ 3,118,793	\$ 15,342,601	\$ 15,494,923

The accompanying notes are an integral part of these statements.

# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Revenue from school districts	\$ 13,287,889	\$ 12,659,000
Grant revenues	1,819,577	1,998,586
Miscellaneous sources	107,477	56,444
Payments to charter school personnel for services rendered	(7,323,045)	(7,248,849)
Payments to vendors for goods and services rendered	<u>(7,084,278)</u>	<u>(7,477,729)</u>
Net cash flow from operating activities	<u>807,620</u>	<u>(12,548)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	-	750,000
Repayment of long-term debt	(81,540)	(65,300)
Proceeds from issuance of PPP loan payable	<u>-</u>	<u>1,892,420</u>
Net cash flow from financing activities	<u>(81,540)</u>	<u>2,577,120</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Reinvestment of interest and dividends	(23,152)	(24,091)
Proceeds from sale of investments	-	260,941
Purchases of land, buildings, and equipment	<u>(233,702)</u>	<u>(1,613,873)</u>
Net cash flow from investing activities	<u>(256,854)</u>	<u>(1,377,023)</u>
CHANGE IN CASH AND DESIGNATED CASH	469,226	1,187,549
CASH AND DESIGNATED CASH - beginning of year	<u>2,215,419</u>	<u>1,027,870</u>
CASH AND DESIGNATED CASH - end of year	<u>\$ 2,684,645</u>	<u>\$ 2,215,419</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,998,557	\$ (811,964)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	614,363	548,371
Amortization of debt issuance costs	20,460	19,581
Gain on forgiveness of PPP loan payable	(1,892,420)	-
(Increase) decrease in assets:		
Grants receivable	(237,979)	(95,305)
Accounts receivable	134,875	(96,668)
Due to Rochester City School District	100,756	184,041
Prepaid expenses	-	15,000
Increase (decrease) in liabilities:		
Accounts payable	20,059	(155,110)
Accrued liabilities	132,345	293,208
Deferred revenue	<u>(83,396)</u>	<u>86,298</u>
Net cash flow from operating activities	<u>\$ 807,620</u>	<u>\$ (12,548)</u>

The accompanying notes are an integral part of these statements.



# EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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### 1. THE SCHOOL

Eugenio Maria de Hostos Charter School (the School) is an independent public school established under the provisions of the New York State Charter School Act of 1998, enacted as Article 56 of the Education Law. The School's initial charter was sponsored by Ibero-American Action League, Inc. (Ibero). Ibero is a New York not-for-profit corporation with a mission to foster the well-being and socio-economic development of the Latino community of Rochester, New York and the surrounding area.

The School is designed to meet the cognitive and affective needs of a specific population of urban elementary students who reside in Rochester, New York. This population includes children of Latino descent and others for whom a strong academic program is most appropriate in order to prepare them to meet and exceed all New York State educational standards. The School also utilizes certain community organizations for the delivery of additional learning opportunities.

In its initial year of operation, the 2000-2001 school year, the School provided educational instruction to students in kindergarten through second grade. In June 2020, the School received a renewal of its charter for an additional five years through 2025. This extension provided the School with the authority to increase student levels for its existing grades and to provide instruction through grade twelve. Under the terms of the charter, the School added grade twelve in the 2019-2020 school year.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Change in Accounting Principle**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The School adopted ASC 606 as of July 1, 2020, utilizing the modified retrospective method of transition and there was no effect on total net assets or the change in net assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Financial Reporting**

Net assets without donor restrictions include operating resources that are available for use without any donor-imposed restrictions. Board designated net assets are net assets without donor restrictions set aside by the School's Board of Trustees for use at the Board's discretion.

At June 30, 2021 and 2020, all of the School's net assets were without donor restrictions.

### **Revenue Recognition**

Revenue from contracts with students is recognized in the fiscal year in which the academic programs are delivered. The School records per pupil tuition revenue on a per student basis at the student's resident district's allocated rate which is established by New York State (the State). The rate is prorated based on the student's full time equivalent during the academic year. The School recognizes tuition revenue in the period in which it satisfies its performance obligation by providing services to its students.

The School's performance obligation relative to per pupil tuition is to provide instruction for its students over the academic year. These obligations are satisfied over the academic year as these services are provided by the School and received by the student.

Payments for per pupil tuition are recognized at the amounts to which the School expects to be entitled, and this transaction price is allocated to the service. Each academic year, the performance obligation is satisfied as the benefit of the services are consumed.

Per pupil tuition is charged to the student's resident district on a bimonthly basis with six payments made during the academic year. The School expects to collect all payments due from the students' resident districts and, therefore, the School has not established an allowance for doubtful accounts.

### **Cash and Designated Cash**

Cash and designated cash include bank demand deposit and money market accounts. The bank accounts, at times, may exceed federally insured limits. The School has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

### **Designated Cash**

In accordance with New York State Department of Education (NYSED) regulations, the School is required to maintain funds to pay for expenses associated with the potential termination of the School or non-renewal of the School's charter. The School had designated cash totaling \$75,000 at June 30, 2021 and 2020 to satisfy this requirement.

### **Grants and Other Receivables**

Grant revenue revenue is recognized as the related costs are incurred. Grants subject to conditions are not recorded as income until those conditions have been met. Amounts received in advance of incurring the related costs are reported as deferred revenue.

The School records an allowance for uncollectible accounts based on historical collection experience and a review of specific amounts outstanding. Accounts are written off against the allowance when uncollectibility becomes known.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Investments**

Investments are recorded at fair value, based on quoted market prices.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the net assets of the School.

### **Fair Value Measurement**

Generally accepted accounting principles establish a framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair market value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the School has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### **Land, Buildings, and Equipment**

Land, buildings, and equipment are stated at cost or fair value at the date of donation. It is the School's policy to capitalize all additions greater than \$5,000 with a useful life in excess of one year. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 39½ years. Leasehold improvements are amortized over the shorter of the assets' estimated useful lives or the remaining lease term.

### **Debt Issuance Costs**

Debt issuance costs represent costs incurred to obtain long-term debt. These costs are amortized as interest expense on a straight-line basis over the term of the related debt.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Expense Allocations**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Personnel services costs and fringe benefits and payroll taxes are directly charged whenever possible and practicable and otherwise are allocated based on time and effort. Depreciation, insurance, repairs and maintenance, and utilities are allocated based on square footage occupied. Expenses not mentioned above are directly charged to the appropriate function on a transactional basis.

### **Program Services**

Special education expenses represent the cost of educating students with individualized education programs or those receiving special education services in the classroom. Regular education expenses include the costs of all other educational activities.

### **Donated Services**

Volunteers have donated significant amounts of time in support of the School's activities. However, the value of these services is not reflected in the accompanying financial statements, as they do not meet the criteria for recognition as set forth under generally accepted accounting principles.

### **Income Taxes**

The School is exempt from income taxes as a corporation qualified under Section 501(c)(3) of the Internal Revenue Code. The School has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

### **Comparative Information**

The financial statements include certain prior year summarized comparative information in total, but not by functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School's financial statements as of and for the year ended June 30, 2020, from which the summarized information was derived.

### **Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### 3. LIQUIDITY

The School had financial assets available to meet cash needs for general expenditures in the subsequent year as follows at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,609,645	\$ 2,140,419
Grants and contract receivables	554,182	316,203
Accounts receivable, net allowance for doubtful accounts	-	134,875
Investments	<u>2,055,741</u>	<u>2,032,589</u>
	5,219,568	4,624,086
Less: Board designated net assets	<u>(1,500,000)</u>	<u>(1,500,000)</u>
	<u>\$ 3,719,568</u>	<u>\$ 3,124,086</u>

The School is substantially supported by student enrollment revenue and federal and state grants that are without contractual or donor restrictions. As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available include amounts set aside for long-term purposes as designated by the Board of Trustees.

The School maintains cash and investments that are readily available for general expenditures. Additionally, the School's ability to meet its cash needs is further dependent, in part, on timely collection of its accounts receivable and grants and contracts receivable. The School's accounts receivable and grants and contracts receivable are due primarily from government funders, such as New York State and various New York central school districts. The School employs procedures specifically designed to collect from these payers as quickly as possible. In the event of unanticipated liquidity needs, the School maintains a line of credit in the amount of \$200,000 which it could draw on.

### 4. NET ASSETS

The School's Board of Trustees has designated certain net assets without donor restrictions for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Campus development	\$ 1,000,000	\$ 1,000,000
Renewal transformation	<u>500,000</u>	<u>500,000</u>
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

### 5. CONCENTRATIONS

The School's primary source of funding is obtained from the New York State Department of Education and is reported as public school district revenue in the accompanying statements of activities and change in net assets. This funding is received on a per pupil basis and was approximately 76% and 86% of the School's total revenue for the years ended June 30, 2021 and 2020, respectively.

## 6. CASH AND DESIGNATED CASH

Cash and designated cash, as reported in the statements of cash flows, consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,609,645	\$ 2,140,419
Designated cash	<u>75,000</u>	<u>75,000</u>
	<u>\$ 2,684,645</u>	<u>\$ 2,215,419</u>

## 7. INVESTMENTS

The School's investments consisted of the following and were measured at fair value on a recurring basis using Level 1 inputs at June 30.

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 532,696	\$ 2,032,589
Fixed income mutual funds	<u>1,523,045</u>	<u>-</u>
	<u>\$ 2,055,741</u>	<u>\$ 2,032,589</u>

## 8. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 237,000	\$ 237,000
Buildings and improvements	4,597,447	4,374,620
Leasehold improvements	2,178,160	2,178,160
Computers	287,409	276,534
Equipment	<u>206,685</u>	<u>206,685</u>
	7,506,701	7,272,999
Less: Accumulated depreciation and amortization	<u>(2,873,575)</u>	<u>(2,259,212)</u>
	<u>\$ 4,633,126</u>	<u>\$ 5,013,787</u>

Depreciation expense was \$614,363 and \$548,371 for the years ended June 30, 2021 and 2020, respectively.

## 9. LINE OF CREDIT

The School has line of credit agreement with a bank that provides for borrowings up to \$200,000 that is renewable on an annual basis. Amounts borrowed bear interest at the prime rate plus 1.5% (4.75% at June 30, 2021) and are collateralized by a general lien on substantially all of the School's assets. There were no amounts outstanding at June 30, 2021 and 2020.

## 10. LONG-TERM DEBT

### Composition

Long-term debt consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mortgage payable to a bank requiring monthly payments of \$4,316, including interest at 5.37%, through 2032, collateralized by the related building.	\$ 420,646	\$ 448,695
Mortgage payable to a corporation requiring monthly payments of \$8,834, including interest at 6.00%, through 2022, collateralized by the related building.	1,235,292	1,265,155
Note payable to a bank requiring monthly payments of \$4,316, including interest at 5.37%, through 2039, collateralized by the related building.	<u>713,106</u>	<u>736,734</u>
	2,369,044	2,450,584
Less: Current portion	(89,072)	(86,622)
Less: Unamortized debt issuance costs	<u>(23,331)</u>	<u>(43,791)</u>
	<u>\$ 2,256,641</u>	<u>\$ 2,320,171</u>

Subsequent to year-end, the School entered into a mortgage payable with a bank for \$1,500,000 and used the proceeds to pay off the mortgage payable to a corporation. This obligation requires monthly payments of \$9,620, including interest at 4.66%, through September 1, 2041.

### Principal Repayments

Principal repayments under the terms of these agreements, including the effect of the mortgage entered into subsequent to June 30, 2021, are as follows for the years ending June 30:

2022	\$ 89,072
2023	105,421
2024	110,591
2025	116,296
2026	122,154
Thereafter	<u>2,090,218</u>
	<u>\$ 2,633,752</u>

**10. LONG-TERM DEBT (Continued)**

**Interest**

Interest expense incurred and paid under the terms of these agreements were \$134,588 and \$117,671 during the years ended June 30, 2021 and 2020, respectively, and is included in other expenses in the accompanying financial statements. Amortization of the debt issuance costs were \$20,460 and \$19,581 during the years ended June 30, 2021 and 2020 respectively, and is also included in other expenses in the accompanying financial statements.

**Debt Issuance Costs**

Estimated future amortization expense of the debt issuance costs is as follows for the years ending June 30:

2022	\$	19,581
2023		<u>3,750</u>
	\$	<u>23,331</u>

**Covenant Compliance**

The School's mortgage payable to a corporation contains various document submission and restrictive financial covenants. The School was in compliance with the debt service coverage ratio at June 30, 2021. The school was not in compliance with the debt service coverage ratio at June 30, 2020, but did obtain a waiver for this instance of noncompliance at June 30, 2020. The School was in compliance with all other covenants at June 30, 2021 and 2020.

**11. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE**

In April 2020, the School entered into a Paycheck Protection Program (PPP) loan agreement with a bank under which the School received \$1,892,420. This arrangement includes provisions whereby the loan balance could be fully or partially forgiven based on the School's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the bank in accordance with the requirements of the PPP.

During the year ended June 30, 2021, the School received forgiveness of this loan, as acknowledged by the U.S. Small Business Administration and has recorded \$1,892,420 as forgiveness of PPP loan payable in the accompanying statement of activities and change in net assets.

**12. RETIREMENT PLANS**

**Retirement Savings Plan**

The School sponsors a tax-sheltered annuity 403(b) retirement plan (the Plan) for all salaried, full-time employees who are not participants in the New York State Teachers' Retirement System (TRS). These employees are eligible to participate upon hiring and are immediately vested in the School's contributions. The School makes contributions of 4.5% of the employees' annual salaries. The School recognized expense for contributions to the Plan of \$103,096 and \$226,820 during the years ended June 30, 2021 and 2020, respectively.



## **12. RETIREMENT PLANS (Continued)**

### **New York State Teachers' Retirement System**

The School participates in the TRS, a cost sharing multiple employer, defined benefit pension plan. TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. TRS is administered by the New York State Teachers' Retirement Board and provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System.

TRS requires employee contributions of 3% of their annual salary for the first 10 years of service for those employees who joined the plan between July 1976 and December 2009. Participants hired between January 1, 2010 and March 31, 2012 are required to contribute 3.5% of their annual salary, and participants hired after April 1, 2012 are required to contribute between 3% and 6% of the annual salary, depending on their reportable salary. Participants hired after January 1, 2010 are required to contribute throughout the active membership in TRS. No employee contribution is required for those hired prior to July 1976. Pursuant to Article 11 of the Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board. The rate for the years ended June 30, 2021 and 2020 was 9.53% and 8.86% of the annual covered payroll, respectively. The School's required contribution was \$624,741 and \$440,431 for the years ended June 30, 2021 and 2020, respectively.

## **13. AFFILIATE TRANSACTIONS**

In July 2018, the School entered into an agreement with Ibero in which Ibero provides family assistance services as a component of a grant agreement between the School and New York State. The School paid approximately \$155,000 to Ibero for these services during the years ended June 30, 2021 and 2020.

## **14. COMMITMENTS**

In June 2019, the School entered into a non-cancellable lease agreement to lease additional program space in Rochester, New York to accommodate the anticipated increase in enrollment. This lease was effective July 2019 and expires in June 2024. The School can renew the lease for up to three additional terms of five years each. The School is required to make monthly base rental payments of approximately \$20,000 over the term of the lease.

## **15. COVID-19**

### **General**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall short and long-term consequences of COVID-19 on a national, regional, and local level are unknown. However, the on-going impact of COVID-19 could have a material adverse impact on the School's financial position.

**15. COVID-19 (Continued)**

**Elementary and Secondary School Emergency Relief Fund**

The Elementary and Secondary School Emergency Relief Fund (ESSER) was established and funded by a number of federal stimulus legislations. ESSER grants were awarded to help schools safely reopen and to sustain their safe operations as the schools addressed the COVID-19 impact on their students.

During the year ended June 30, 2021, the School received funds totaling approximately \$403,000 which has been recorded as a component of federal and state grants on the accompanying statement of activities and change in net assets.

**16. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 22, 2021, which is the date the financial statements were available to be issued.

**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**

October 22, 2021

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eugenio Maria de Hostos Charter School (the School) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 22, 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) 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 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.

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(Continued)

**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***

(Continued)

**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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

October 22, 2021

To the Board of Trustees of  
Eugenio Maria de Hostos Charter School:

**Report on Compliance for Each Major Federal Program**

We have audited Eugenio Maria de Hostos Charter School's (the School) (a New York not-for-profit corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2021. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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 of its major federal program for the year ended June 30, 2021.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**  
(Continued)

**Report on Internal Control over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

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<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Numbers</u>	<u>Assistance Listing Number</u>	<u>Total</u>
U.S. Department of Education:			
Passed through New York State Department of Education - Twenty-First Century Community Learning Centers	C-403008	84.287	\$ 562,014
COVID-19 - Education Stabilization Fund	5890214055	84.425D	<u>403,064</u>
Total U.S. Department of Education			<u>965,078</u>
U.S. Department of Agriculture:			
Passed through New York State Department of Education - Child Nutrition Cluster:			
School Breakfast Program	N/A	10.553	77,679
National School Lunch Program	N/A	10.555	<u>157,619</u>
Total Child Nutrition Cluster			<u>235,298</u>
Passed through New York State Department of Health - Child and Adult Care Food Program (CACFP)			
	N/A	10.558	<u>11,588</u>
Total U.S. Department of Agriculture			<u>246,886</u>
			<u>\$ 1,211,964</u>

The accompanying notes are an integral part of this schedule.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of Eugenio Maria de Hostos Charter School (the School) for the year ended June 30, 2021. 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, activity, and change in net assets of the School.

**2. BASIS OF ACCOUNTING**

This Schedule has been prepared in conformity with accounting principles generally accepted in the United States of America and in accordance with 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).

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.

**3. INDIRECT COST RATE**

The School has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. The Independent Auditor's Report expresses an unmodified opinion on whether the financial statements of Eugenio Maria de Hostos Charter School (the School) are presented in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses related to the audit of the School's financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses related to the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The independent auditor's report on compliance for the School's major federal award program expresses an unmodified opinion on the major federal program.
6. There were no audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance.
7. The program tested as a major program was:
  - Assistance Listing No. 84.425 – Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. The School was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM**

None.

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## APPENDIX G

### FORM OF BOND COUNSEL OPINION

September 12, 2024

Monroe County Industrial Development Corporation  
Rochester, New York

Re: \$50,060,000 Monroe County Industrial Development Corporation  
Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A

\$2,365,000 Monroe County Industrial Development Corporation  
Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B

Ladies and Gentlemen:

We have acted as bond counsel to the Monroe County Industrial Development Corporation (Monroe County, New York) (the “**Issuer**”), in connection with the issuance on the date hereof by the Issuer of its Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A in the aggregate principal amount of \$50,060,000 (the “**Tax-Exempt Bonds**”) and its Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B (the “**Taxable Bonds**”; and, together with the Tax-Exempt Bonds, the “**Initial Bonds**”) in the aggregate principal amount of \$2,365,000. The Initial Bonds are authorized to be issued pursuant to:

- (i) Section 1411 of the New York Not-for-Profit Corporation Law (the “**Act**”),
- (ii) the Bond Resolution duly adopted by the Issuer adopted on July 10, 2024 (the “**Resolution**”), and
- (iii) the Indenture of Trust, dated as of September 1, 2024 (the “**Indenture**”), by and between the Issuer and UMB Bank, N.A., as trustee for the benefit of the Owners of the Initial Bonds (the “**Trustee**”).

The Initial Bonds are being issued to finance or refinance the costs of the acquisition, construction, renovation and equipping of a certain Facility (as defined in the Loan Agreement referenced below) (collectively, the “**Project**”).

The Issuer will loan the proceeds of the Initial Bonds to Eugenio Maria de Hostos Charter School (the “**Institution**”), a not-for-profit education corporation duly organized and existing under the laws of the State of New York, pursuant to the terms of a Loan Agreement, dated as of September 1, 2024 (the “**Loan Agreement**”), between the Issuer and the Institution. The Institution has evidenced its obligation to make loan payments to the Issuer by the issuance and delivery of certain Promissory Notes, each dated September 12, 2024 (collectively, the “**Note**”), each from the Institution to the Issuer and endorsed by the Issuer to the Trustee.

The Institution has granted mortgage liens on and security interests in its fee interest in the Facility to the Issuer and the Trustee, pursuant to a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), a Mortgage, Assignment of Leases and Rents, Security Agreement

and Fixture Filing (Building Loan), and a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), each dated as of September 1, 2024 (collectively, the “**Mortgage**”), each from the Institution to the Issuer and the Trustee, and the Issuer, as security for the Initial Bonds, for the benefit of the Owners of the Initial Bonds, will assign all of its rights under the Mortgage to the Trustee pursuant to an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan) (collectively, the “**Assignment of Mortgage**”), each from the Issuer to the Trustee. To further secure the Initial Bonds, the Institution and the Trustee will execute and deliver a Custody Agreement dated as of September 1, 2024 (the “**Custody Agreement**”).

The Issuer and the Institution have entered into a Tax Regulatory Agreement, dated the date hereof (the “**Tax Regulatory Agreement**”), in which the Issuer and the Institution have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Internal Revenue Code of 1986, as amended (the “**Code**”). D.A. Davidson & Co. (the “**Underwriter**”) has agreed to purchase the Initial Bonds pursuant to the terms of a Bond Purchase Agreement, dated September 5, 2024 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter and the Institution.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in Section 1.01 of the Indenture.

The Initial Bonds are dated the date hereof, and bear interest from the date thereof pursuant to the terms of the Initial Bonds. The Initial 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 Initial Bonds and the Indenture.

As bond counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including all documents constituting the Record of Proceedings with respect to the issuance of the Initial Bonds) as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, without having conducted any independent investigation, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents.

In rendering the opinions set forth below, we have relied upon, among other things, certain representations and covenants made by the parties in this transaction including: (i) the Institution in (a) the Bond Purchase Agreement; (b) the Tax Regulatory Agreement; (c) the Loan Agreement; (d) the Letter of Representation and Indemnification, dated of even date herewith; and (e) the Continuing Disclosure Agreement, dated the date hereof (the “**Continuing Disclosure Agreement**”), between the Institution and Digital Assurance Certification, L.L.C., as dissemination agent; and (f) the Bond Counsel Due Diligence Questionnaire submitted to us by the Institution, as amended and supplemented; and (ii) the Issuer in (a) the Indenture; (b) the Tax Regulatory Agreement; (c) the Loan Agreement; (d) the Assignment of Mortgage; (e) the Certificate of Determination, dated the date hereof; and (f) the General Certificate of the Issuer, dated the date hereof. We call your attention to the fact that there are certain requirements with which the Issuer and the Institution must comply after the date of issuance of the Tax-Exempt Bonds in order for the interest on the Tax-Exempt Bonds to remain excluded from gross income for Federal income tax purposes. Copies of the aforementioned documents are included in the Record of Proceedings or on file with Bond Counsel.

In addition, in rendering the opinions set forth below, we have relied upon the opinion of counsel to the Institution, Trespasz Law Offices, LLP, Syracuse, New York, dated of even date herewith. Copies of the aforementioned opinions are contained in the Record of Proceedings.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing corporate entity constituting a local development corporation of the State of New York.

2. The Issuer is duly authorized to issue, execute, sell and deliver the Initial Bonds, for the purpose of paying the costs described above.

3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The Indenture, the Tax Regulatory Agreement, the Loan Agreement, the Assignment of Mortgage and the Bond Purchase Agreement (collectively, the “**Issuer Documents**”) have been duly authorized, executed and delivered by the Issuer.

5. Assuming the due authorization, execution and delivery of the Issuer Documents by the other parties thereto, the Issuer Documents are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

6. The Initial Bonds have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding special obligations of the Issuer payable solely from the revenues derived from the Loan Agreement, enforceable against the Issuer in accordance with their respective terms.

7. The Initial Bonds do not constitute a debt of the State of New York or of the County of Monroe and neither the State of New York nor the County of Monroe will be liable thereon.

8. The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Tax-Exempt 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 Tax-Exempt Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. 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 Tax-Exempt Bonds pursuant to Section 103 of the Code. In addition, the Issuer and the Institution have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Regulatory Agreement. We are also relying on the opinion of counsel to the Institution as to all matters concerning the status of the Institution as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code, and that the intended use of the facilities financed or refinanced with proceeds of Tax-Exempt Bonds will be in furtherance of the Institution’s exempt purposes under Section 501(c)(3) of the Code. We have not independently verified the accuracy of those certifications and representations or those opinions.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Tax-Exempt 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. Interest on the Tax-Exempt Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

9. Under existing law, interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York, assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 8 herein.

10. Interest on the Taxable Bonds is not excluded from gross income for Federal income tax purposes under Section 103 of the Code.

11. Interest on the Taxable Bonds is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

Except as stated in paragraphs 8, 9, 10 and 11, we express no opinion as to any other Federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Initial Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Initial Bonds, or the interest thereon, if any action is taken with respect to the Initial 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 Initial Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Assignment of Mortgage and the Bond Purchase Agreement may be limited by bankruptcy, insolvency or other laws or enactments now or hereafter enacted by the State of New York or the United States affecting the enforcement of creditors' rights and by restrictions on the availability of equitable remedies and to the extent, if any, that enforceability of the indemnification provisions of such documents may be limited under law. We express no opinion with respect to the availability of any specific remedy provided for in any of the bond documents.

In rendering the foregoing opinions, we are not passing upon and do not assume any responsibility for the accuracy, completeness, sufficiency or fairness of any documents, information or financial data supplied by the Issuer, the Institution or the Trustee in connection with the Initial Bonds, the Indenture, the Loan Agreement, the Mortgage, the Tax Regulatory Agreement, the Assignment of Mortgage, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Custody Agreement and the Project, and we make no representation that we have independently verified the accuracy, completeness, sufficiency or fairness of any such documents, information or financial data.

We express no opinion with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of State Securities laws or the availability of exemptions therefrom.

We express no opinion as to the sufficiency of the description of the Facility Realty or the Facility Personalty contained in the Loan Agreement or as to the adequacy, perfection or priority of any security interest in any collateral securing the Initial Bonds.

We express no opinion with respect to whether the Issuer or the Institution (i) have complied with environmental laws, (ii) have obtained any or all necessary governmental approvals, consents or permits in connection with the construction, renovation, equipping, furnishing and operation of the Facility, 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 Facility.

The opinions expressed herein may be relied upon by the addressee and may not be relied upon by any other person without our prior written consent.

Very truly yours,

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**APPENDIX H**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Agreement**”) is entered into as of this September 12, 2024, by and among Eugenio Maria de Hostos Charter School (the “**Charter School**”) and Digital Assurance Certification, L.L.C., as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of Monroe County Industrial Development Corporation’s (the “**Issuer**”) (a) Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria De Hostos Charter School Project), Series 2024A, in the aggregate principal amount of \$50,060,000 (the “**Series 2024A Bonds**”) and (b) the Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B, in the aggregate principal amount of \$2,365,000 (the “**Series 2024B Bonds**” and, together with the Series 2024A Bonds, the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2024 (the “**Indenture**”), by and between the Issuer and UMB Bank, N.A., as trustee (the “**Trustee**”), including any amendments or supplements thereto.

In consideration of the purchase of such Bonds by the owners thereof, the Charter School hereby covenants and agrees as follows:

**Section 1. Purpose of this Agreement.** This Agreement is entered into by the Charter School as of the date set forth below, for the benefit of the holders and owners (the “**Bondholders**”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

**Section 2. Definitions.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Loan Agreement (as defined below).

“*Annual Financial Information*” means (i) operational data for the Charter School for the current year in the form of Exhibit I hereto, and (ii) a copy of the Audited Financial Statements of the Charter School as certified by the Charter School’s independent public accountant.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4(a).

“*Audited Financial Statements*” means the audited financial statements of the Charter School, prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

“*Authorizer*” means the New York Board of Regents, or any other body subsequently authorized by the State of New York to grant, revoke, suspend the Charter issued to the Charter School.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means, initially, Digital Assurance Certification, L.L.C. or any successor in interest thereto.

“EMMA” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fiscal Year” means each year ending June 30, commencing with the Fiscal Year ending June 30, 2024.

“Loan Agreement” means the Loan Agreement dated as of September 1, 2024, among the Issuer and the Charter School.

“Material Event” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit IV.

“Material Events Disclosure” means dissemination of a notice of a Material Event as set forth in Section 5 hereof.

“MSRB” means the Municipal Securities Rulemaking Board.

“Other Information” means the information as set forth in Section 4(c).

“Other Information Disclosure” means the dissemination of disclosure concerning the information as set forth in Section 4(c).

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements, Other Information and notices of Material Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“Quarterly Financial Information” means the information as set forth in Section 4(b).

“Quarterly Financial Information Disclosure” means the dissemination of disclosure concerning the information as set forth in Section 4(b).

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of New York.

“Undertaking” means the obligations of the Charter School pursuant to Sections 4 and 5.

**Section 3. CUSIP Number/Final Limited Offering Memorandum.** The CUSIP Number of the final maturity of the Series 2024A Bonds is 61075T XW3 and the Series 2024B Bonds is 61075T XX1. The Final Limited Offering Memorandum relating to the Bonds is dated September 5, 2024 (the “**Final Limited Offering Memorandum**”).

**Section 4. Annual Financial Information Disclosure; Quarterly Financial Information Disclosure; Other Information Disclosure.**

(a) Annual Financial Information and Audited Financial Statements. Subject to Section 10 of this Agreement, the Charter School hereby covenants that it will, or will cause the Dissemination Agent to, disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I hereto) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within fifteen (15) days after the date required for filing the Charter School's Audited Financial Statements with the State and the Authorizer, but in no case later than January 31<sup>st</sup> of the calendar year following the end of each Fiscal Year, commencing with Fiscal Year ended June 30, 2024 with respect to the Audited Financial Statements and June 30, 2024 with respect to the Annual Financial Information (for example, the Audited Financial Statements for the Fiscal Year ended June 30, 2024 will be provided to the MSRB by January 31, 2025, and the Audited Financial Statements and the Annual Financial Information for Fiscal Year ended June 30, 2024 will be provided to the MSRB by January 31, 2025). If Audited Financial Statements are not available, then, unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the final Limited Offering Memorandum will be included in the Annual Report. It shall be sufficient if the Charter School provides to the MSRB any or all of the Annual Financial Information Disclosure by specific reference to documents previously provided to the MSRB or the Commission and, if such document is a Final Limited Offering Memorandum within the meaning of the Rule, available from the MSRB.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Charter School will, or will cause the Dissemination Agent to, disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

(b) Quarterly Financial Information. Subject to Section 10 of this Agreement, the Charter School shall, or shall cause the Dissemination Agent to, disseminate the Quarterly Financial Information (in the form and by the dates set forth below in subsection (d) and in Exhibit II hereto) by delivering such Quarterly Financial Information to the MSRB by February 15 (for each quarter ending December 31), May 15 (for each quarter ending March 31), September 15 (for each quarter ending June 30), and November 15 (for each quarter ending September 30), as applicable, commencing with the quarter ending September 30, 2024.

(c) Other Information. Subject to Section 10 of this Agreement, the Charter School shall, or shall cause the Dissemination Agent to disseminate Other Information (in

the form and by the dates set forth below in subsection (d) and Exhibit III hereto) by delivering such Other Information Disclosure to the MSRB within the dates specified in Exhibit III hereto.

(d) Disclosure in Prescribed Form. The Charter School is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

(e) Construction Reports. The Charter School shall deliver, or cause to be delivered by the developer or contractor for the Project, monthly construction reports by the fifteenth day of each month, commencing October 15, 2024 for the September construction report and until the Project is complete pursuant to the terms of the Loan Agreement. Such reports shall contain the following information: (i) brief description of construction activity for applicable reporting period, including: (1) construction work performed on site during reporting period, (2) status of procurement of equipment, (3) material issues with vendor performance (including delivery issues, performance problems or material cost overruns); (ii) adherence to expected construction timeline (including estimated number of days ahead or behind); (iii) adherence to expected construction budget (including material work order, dollar or percentage deviation from budget); and (iv) promptly upon sending or receipt, copies of any material correspondence from any governmental entity regarding compliance with Legal Requirements, potential material violations of state or local law, or other material correspondence relating to the Institution's construction of or operations of the Facilities.

(f) Enrollment. The Charter School shall, or shall cause the Dissemination Agent to, disseminate, by September 30 of each year, commencing September 30, 2025, the student enrollment at the Charter School by grade as of September 15 of each year.

(g) No Failure to File Notice. If the Dissemination Agent shall not receive any such information required to be provided by Section 4(c) or (e) above by the required date, the Dissemination Agent shall not be required to send a notice to EMMA regarding such failure.

**Section 5. Material Events Disclosure.** The Charter School hereby covenants that it will, or will cause the Dissemination Agent to, disseminate in a timely manner, not in excess of ten (10) business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Indenture. From and after the Effective Date, the Charter School is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

**Section 6. Duty to Update EMMA/MSRB.** The Charter School shall determine, in the manner each deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Consequences of Failure of the Charter School to Provide Information.**

The Charter School shall, or shall cause the Dissemination Agent to, give notice in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure, Quarterly Financial Information Disclosure or Other Information Disclosure when the same is due hereunder.

In the event of a failure of the Charter School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Charter School to comply with their obligations under this Agreement.

If there exists a Dissemination Agent and such Dissemination Agent is unable to verify that any information required to be provided to the MSRB by in Exhibit I and Exhibit II by the date required therein, the Dissemination Agent shall send a notice to the MSRB and the Participating Underwriter in substantially the form attached hereto as Exhibit V.

**Section 8. Modification of Data Presentation.** The Charter School will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Charter School; provided that the Charter School will agree that any such modification will be done in a manner consistent with the Rule. Any Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

**Section 9. Amendments; Waiver.** Notwithstanding any other provision of this Agreement, the Charter School and the Dissemination Agent, if any, may amend this Agreement with the prior written consent of the Majority Holders.

**Section 10. Termination of Undertaking.** The Undertaking of the Charter School shall be terminated hereunder when the Charter School shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Charter School shall, or shall cause the Dissemination Agent to, give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable. This Agreement may be terminated by either party hereto provided that the Charter School enters into a new continuing disclosure agreement with a dissemination agent with terms similar to those set forth in this Agreement.

**Section 11. Dissemination Agent.**

(a) So long as the Bonds are outstanding, the Charter School shall appoint and continuously engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement. The Charter School hereby appoints Digital Assurance Certification, L.L.C., as Dissemination Agent, and the Dissemination Agent hereby accepts such appointment. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement and no implied covenants or obligation shall be read into this Agreement against the Dissemination Agent. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Charter School has provided such information to the Dissemination Agent as required by this Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The

Dissemination Agent shall have no duty or obligation to review, verify or confirm the completeness of any information, disclosures or notices provided to it by the Charter School and shall not be deemed to be acting in any fiduciary capacity for the Charter School, the Authority, any Bondholder, the Participating Underwriter, the Trustee or any other party. The Dissemination Agent shall have no responsibility for the Charter School's failure to report to the Dissemination Agent a Material Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Charter School has complied with this Agreement. The Dissemination Agent may conclusively rely upon certifications of the Charter School at all times. The limitations of the Dissemination Agent under this paragraph shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds

(b) The duties of the Dissemination Agent are to:

(i) contact the Charter School at least thirty (30) days before each Annual Financial Information Disclosure, Quarterly Financial Information Disclosure, and Other Information Disclosure is due under this Agreement; excluding the Other Information required under Exhibit III.

(ii) (A) send the draft templates to the Charter School management, with those sections completed that can be obtained from publicly available data for each Annual Financial Information Disclosure, Quarterly Financial Information Disclosure, and Other Information Disclosure in the Prescribed Form; and (B) file such information on EMMA;

(iii) e-mail alert to the Charter School, the Participating Underwriter and the Trustee when any documents are filed on EMMA;

(iv) post notice on EMMA when the Charter School misses a Continuing Disclosure filing deadline in the form set forth in Exhibit V; and

(v) post notice on EMMA when it receives notice of a Material Event at the Charter School listed on Exhibit IV.

(vi) assist the Charter School to arrange investor calls in coordination with the Participating Underwriter as required under Section 13 hereof.

(c) In the event of a failure of the Charter School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Charter School to comply with their obligations under this Agreement.

(d) The Dissemination Agent is due a one-time set-up fee at closing, and an annual fee payable in advance on the Closing Date and on each anniversary of the Closing Date, subject to Section 10 hereof.

**Section 12. Indemnification.** The Charter School will indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss,



expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the negligence or willful misconduct of the Dissemination Agent. The obligations of the Charter School under this Section will survive resignation or removal of the Dissemination Agent and payment of the Bonds for a period of one (1) year.

**Section 13. Investor Calls.** Within thirty (30) days following receipt by the Dissemination Agent of the Audited Financial Statements of the Charter School for the fiscal year ended June 30, 2024 and within thirty (30) days following receipt by the Dissemination Agent of the audited financial statements for each fiscal year thereafter, the Charter School is to organize and schedule a conference call for the benefit of the Beneficial Owners of the Bonds. The Charter School is to cause notice of such conference calls setting forth the date, time and call-in information of such conference calls to be given to the Dissemination Agent, the Issuer, the then current Beneficial Owners of the Series 2024 Bonds and to the public in general and is to provide or cause the Dissemination Agent to provide notice of such conference calls to be posted on EMMA in a timely manner but in no event less than ten (10) Business Days prior to the dates set for such conference calls.

**Section 14. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Charter School from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information, Quarterly Information, Other Information, or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Charter School chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Charter School shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event. The Dissemination Agent shall disseminate all information required to be posted to EMMA pursuant to the Loan Agreement.

**Section 15. Beneficiaries.** This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Charter School, the Dissemination Agent, if any, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

**Section 16. Recordkeeping.** The Charter School shall maintain records of all Annual Financial Information Disclosure, Quarterly Information Disclosure, Other Information Disclosure, and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 17. Past Compliance.** The Charter School represents that this Agreement is its first continuing disclosure undertaking entered into by it pursuant to the Rule.

**Section 18. Assignment.** The Charter School shall not transfer its obligations under the Indenture or the Loan Agreement unless the transferee agrees to assume all obligations of the

Charter School under this Agreement or to execute a Continuing Disclosure Agreement under the Rule in a form approved by the Majority Holders.

**Section 19. No Indebtedness of the State.** No indebtedness of any kind incurred or created by the Charter School shall constitute an indebtedness of the State or its political subdivisions (including the Authorizer, and no indebtedness of the Charter School shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

**Section 20. Governing Law.** This Agreement shall be governed by the laws of the State.

Dated as of the date first set forth above.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DIGITAL ASSURANCE CERTIFICATION,  
L.L.C., as Dissemination Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to Continuing Disclosure Agreement – Eugenio María de Hostos Charter School Series 2024]

**EXHIBIT I**

**ANNUAL INFORMATION**

Completion of the following tables, annually, commencing with the Fiscal Year ending June 30, 2024, to the extent not provided in the Annual Audit:

<b>Board of Trustees and Officers of the Board</b>			
<b>Name</b>	<b>Office</b>	<b>Initial Start Date</b>	<b>Current Term Expiration</b>

<b>Charter School Employees</b>		
	<b>Full Time</b>	<b>Part Time</b>
Teachers		
Administrators		
Other professionals		
Support staff		
Counselors		
Total		

<b>Teacher Experience and Education</b>	
	<b>20__-20__</b>
0-5 Years' Experience	
5-10 Years' Experience	
Over 10 Years' Experience	
Total	
Bachelor's Degree	
Master's Degree	
Doctoral Deree	
Total	

<b>Historical Teacher Retention Rates</b>	
<b>Year</b>	<b>Percent Retained</b>
From 20__ to 20__	%

Enrollment	
Grade	20__ - 20__

K  
 1<sup>st</sup>  
 2<sup>nd</sup>  
 3<sup>rd</sup>  
 4<sup>th</sup>  
 5<sup>th</sup>  
 6<sup>th</sup>  
 7<sup>th</sup>  
 8<sup>th</sup>  
 9<sup>th</sup>  
 10<sup>th</sup>  
 11<sup>th</sup>  
 12<sup>th</sup>  
 Total

Percentage of Students Retained by Grade	
Grade	20__-20__ to 20__-20__

K  
 1<sup>st</sup>  
 2<sup>nd</sup>  
 3<sup>rd</sup>  
 4<sup>th</sup>  
 5<sup>th</sup>  
 6<sup>th</sup>  
 7<sup>th</sup>  
 8<sup>th</sup>  
 9<sup>th</sup>  
 10<sup>th</sup>  
 11<sup>th</sup>

Wait List Summary	
Grade	20__ - 20__

K
1 <sup>st</sup>
2 <sup>nd</sup>
3 <sup>rd</sup>
4 <sup>th</sup>
5 <sup>th</sup>
6 <sup>th</sup>
7 <sup>th</sup>
8 <sup>th</sup>
9 <sup>th</sup>
10 <sup>th</sup>
11 <sup>th</sup>
12 <sup>th</sup>
Total

Graduation Rates	
20__ - 20__	
%	

Percentage of students that scored at or above Level 3 in English Language Arts	
Grade	20__ - 20__

3 <sup>rd</sup>	%
4 <sup>th</sup>	
5 <sup>th</sup>	
6 <sup>th</sup>	
7 <sup>th</sup>	
8 <sup>th</sup>	

Percentage of students that scored at or above Level 3 in Mathematics	
Grade	20__ - 20__

3 <sup>rd</sup>	%
4 <sup>th</sup>	
5 <sup>th</sup>	
6 <sup>th</sup>	
7 <sup>th</sup>	
8 <sup>th</sup>	

Percentage of students that scored at or above Level 3 in Science	
Grade	20__ - 20__
4 <sup>th</sup>	%
8 <sup>th</sup>	

Percentage of students that scored at or above Level 3 – Annual Regents Exams	
Subject	2020-2021
ELA	%
Algebra I	
Geometry	
Algebra II	
Living Environment	
Physical Setting/Earth Science	
Physical Setting/Chemistry	
Physical Setting/Physics	
Global History & Geography II	
U.S. History & Government	

Distribution of Students by Zip Code for 20__-20__ School Year	
Zip Code	Percentage of Students

Historic Per Pupil Funding Chart for the District	
School Year	Per Pupil Funding <sup>1</sup>
20__ - 20__	\$

<sup>1</sup> Per pupil funding does not include supplemental aid which may have been available in any year.

## **EXHIBIT II**

### **QUARTERLY INFORMATION**

1. By February 15 (for each quarter ending December 31), May 15 (for each quarter ending March 31), September 15 (for each quarter ending June 30), and November 15 (for each quarter ending September 30), as applicable, or as otherwise set forth below, the Charter School shall provide each of the following reports:
  - a. unaudited financial statements for the previous quarter and Fiscal Year to date reflecting revenues and expenses in comparative form with the Charter School's then current operating budget for the Charter School (e.g. actual to budget);
  - b. quarterly enrollment of the Charter School, and by grade within the Charter School, together with waitlist information, if applicable. Waitlist information shall include number of potential students by grade, but shall not include any personally identifiable information; and
  - c. a statement explaining for any material deviations of the foregoing data.



**EXHIBIT III**  
**OTHER INFORMATION**

- (a) Periodic Reports. Within thirty (30) days of such event, the Charter School shall provide each of the following reports:
- (i) A copy of the Charter School's adopted annual operating budget and capital budget, certified by the Charter School, on or before July 31 of each Fiscal Year, commencing July 31, 2025. The Adopted Budgets should include the formal adoption date.; and
  - (ii) A copy of material revisions, if any, to the Charter School's annual budgets or capital budgets for the Charter School and as approved by its Board of Trustees within thirty (30) days of adoption by the Board of Trustees.

## **EXHIBIT IV**

### **EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Charter School.\*
13. The consummation of a merger, consolidation or acquisition involving the Charter School or the sale of all or substantially all of the assets of the Charter School, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a financial obligation of the Charter School, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Charter School, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Charter School, any of which reflect financial difficulties

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Charter School in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Charter School, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Charter School.

**EXHIBIT V**

**FORM OF NOTICE TO THE MSRB OF FAILURE TO FILE**

Name of Issuer: Monroe County Industrial Development Corporation

Name of Issue: (a) Monroe County Industrial Development Corporation Revenue Bonds (Eugenio María De Hostos Charter School Project), Series 2024A, in the aggregate principal amount of \$50,060,000 (the “**Series 2024A Bonds**”) and (b) the Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio María de Hostos Charter School Project) Series 2024B, in the aggregate principal amount of \$2,365,000 (the “**Series 2024B Bonds**”) and, together with the Series 2024A Bonds, the “**Bonds**”).

Name of Charter School: Eugenio María de Hostos Charter School Project

Date of Issuance: September 12, 2024

NOTICE IS HEREBY GIVEN that the Charter School has not provided [\_\_\_\_\_] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement with respect to the Bonds. The Charter School has notified the Dissemination Agent that it anticipates [\_\_\_\_\_] will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_.

Digital Assurance Certification, L.L.C.,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

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## APPENDIX I

### BOOK-ENTRY ONLY SYSTEM

*The information in this section concerning The Depository Trust Company (“DTC”) New York, New York and DTC’s book-entry-only system has been obtained from DTC, and none of the Issuer, the Charter School, the Trustee or the Underwriter take any responsibility for the accuracy thereof.*

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each Series of the Series 2024 Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of each Series of the Series 2024 Bonds and 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 issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2024 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 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book entry-system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 Series 2024 Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts 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 the Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of the Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2024 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 any other DTC nominee) will consent or vote with respect to Series 2024 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 the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2024 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

## APPENDIX J

### FORM OF INVESTMENT CERTIFICATE

#### INVESTMENT CERTIFICATE FOR BONDS

The undersigned, as agent for the initial purchaser or purchasers of the herein defined Bonds (the “**Purchaser**”), HEREBY ACKNOWLEDGES receipt from D.A. Davidson & Co. (the “**Underwriter**”), of the Monroe County Industrial Development Corporation’s (the “**Issuer’s**”) (i) Revenue Bonds (Eugenio María De Hostos Charter School Project), Series 2024A (the “**Series 2024A Bonds**”), in the aggregate principal amount of \$50,060,000; and (ii) Taxable Revenue Bonds (Eugenio María De Hostos Charter School Project), Series 2024B (the “**Series 2024B Bonds**” and together with the Series 2024A Bonds, the “**Bonds**”), in the aggregate principal amount of \$2,365,000, which Bonds are more particularly described in a certain Indenture of Trust, dated as of September 1, 2024 (the “**Indenture**”), between the Issuer and UMB Bank, N.A., as trustee (the “**Trustee**”) (capitalized terms used but not defined herein shall have the respective meaning set forth in the Indenture).

The undersigned represents as follows:

**1.** It has received the information with respect to Eugenio María De Hostos Charter School (the “**Institution**”), and its affairs, which the Purchaser has requested, including financial statements and the Limited Offering Memorandum, dated September 5, 2024 (the “**Limited Offering Memorandum**”), and that any and all information relating to the Institution and its affairs, which the Purchaser has requested, has been provided to the Purchaser by the Institution and not the Issuer.

**2.** The undersigned is purchasing the Bonds for its own account or accounts for which it serves as discretionary investment adviser and not in the capacity of a bond house, broker or other distribution intermediary, nor with a view to the distribution or resale thereof, provided that the Purchaser reserves its rights to dispose of all or any part of the Bonds in accordance with the Indenture if in the future it deems it advisable to do so.

**3.** It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment, and acknowledges that it is able to bear the economic risk of this investment.

**4.** It has not offered, offered to sell, offered for sale or sold the Bonds by means of any form of general solicitation or general advertising and the Purchaser is not an underwriter within the meaning of Section 2(11) of the Securities Act of 1933, as amended, and will only sell the Bonds, should it choose to do so, in accordance with applicable law and in compliance with the restrictions set forth in the Indenture.

**5.** It understands that the Bonds being purchased shall be special limited revenue obligations of the Issuer, payable by the Issuer solely from the loan payments, revenues and receipts payable by the Institution under the Loan Agreement and the Promissory Note, and that the Bonds do not constitute a debt of the State of New York or of Monroe County, New York, and neither the State of New York nor Monroe County, New York is liable on the Bonds.

**6.** It understands that the Issuer has no power of taxation.

**7.** It understands that the Issuer and its members, directors, officers or agents (including the person or persons executing the Bonds on behalf of the Issuer) shall not be liable personally or be subject

to any personal liability or accountability by reason of or in connection with the issuance thereof. It is understood that underwriters and bond counsel are not considered agents of the Issuer.

**8.** It understands that the Issuer makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the Facilities or the suitability of the Facilities 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 the Project.

**9.** It is not relying on the Issuer with respect to the financial condition of the Institution, or the creditworthiness of the Institution, or the competency or integrity of the management of the Institution, or of the suitability of the Facilities for the business or purposes of the Institution. It has made an independent evaluation of the factors aforementioned in this paragraph 9 without reliance upon the Issuer for any of them.

**10.** It has not relied upon the determination of the Issuer to issue its revenue bonds to finance the cost of the Project for any purpose of an evaluation of the financial condition or creditworthiness of the Institution, or of the competency or integrity of the management of the Institution or of the suitability of the Facilities for the business or purposes of the Institution or for any other purpose.

**11.** It understands that the Issuer does not in any way represent that the insurance required by the Loan Agreement or any other Project Document, whether in scope or coverage or limits of coverage, is adequate or sufficient to protect the business or interest of the Institution.

**12.** It is a “Qualified Institutional Buyer” as that term is defined in Securities Exchange Commission Rule 144A (17 C.F.R. §230.144A) or any similar successor regulation or statute or it is an “accredited investor” (as defined in Regulation D under the Securities Act). For the avoidance of doubt, the Bonds are not being sold pursuant to Securities Exchange Commission Rule 144A (17 C.F.R. §230.144A) and the reference to Securities Exchange Commission Rule 144A (17 C.F.R. §230.144A) in the first sentence of this paragraph 12 is being used solely for defining “Qualified Institutional Buyer.”

**[PURCHASER]**

Dated: September \_\_, 2024

By: \_\_\_\_\_  
Name:  
Title:



**APPENDIX K**

**FORMS OF THE INDENTURE, THE LOAN AGREEMENT, AND THE MORTGAGE**

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<b>MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION</b>	
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York, having its principal office at CityPlace, Suite 1150, 50 W. Main Street, Rochester, New York 14614, as "Issuer",	
TO	
<b>UMB BANK, N.A.</b>	
a national banking association duly organized and existing under the laws of the United States of America having a corporate trust office at 1670 Broadway, Denver, Colorado 80202, together with any successor trustee at the time serving as such under this Indenture of Trust, as "Trustee"	
<b>INDENTURE OF TRUST</b>	
Dated as of September 1, 2024	
\$50,060,000	
Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A	
and	
\$2,365,000	
Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B	
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**INDENTURE OF TRUST**

**THIS INDENTURE OF TRUST**, dated as of September 1, 2024 (as the same may be amended and supplemented in accordance with its terms, this "**Indenture**"), by and between **MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York, having its principal office at CityPlace, Suite 1150, 50 W. Main Street, Rochester, New York 14614 (the "**Issuer**"), party of the first part, to **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, together with any successor trustee at the time serving as such under this Indenture of Trust, having a corporate trust office at having a corporate trust office at 1670 Broadway, Denver, Colorado 80202 (the "**Trustee**"), party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Indenture),

**WITNESSETH:**

**WHEREAS**, pursuant to Section 1411 of the Not-for-Profit Corporation Law ("N-PCL") of the State of New York (the "**State**"), as amended (hereinafter collectively called the "**Act**"), and pursuant to its certificate of incorporation, as amended (the "**Certificate**"), the Issuer was established as a not-for-profit local development corporation of the State with the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing and equipping certain projects exclusively in furtherance of the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest; and

**WHEREAS**, the Act further authorizes the Issuer to issue its bonds and to loan the proceeds thereof for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge certain revenues and receipts to secure the payment of such bonds and interest thereon; and

**WHEREAS**, the Institution has entered into negotiations with officials of the Issuer for the Issuer's assistance with a tax-exempt and taxable bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution for the acquisition, construction, renovation, equipping and furnishing of the Improvements as part of the Project; and

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

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

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

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**NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:**

That the Issuer in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders and owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds and the indebtedness represented thereby and the interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, convey, transfer, grant a security interest in, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns, for the benefit of the Bondholders, forever for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

**GRANTING CLAUSES**

**I**

All right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally.

**II**

All right, title and interest of the Issuer in and to the Promissory Note.

**III**

All moneys and securities from time to time held by the Trustee under the terms of this Indenture including amounts set apart and transferred to the Revenue Fund, the Project Fund, the Renewal Fund, the Bond Fund, the Debt Service Reserve Fund or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Revenue Fund, the Debt Service Reserve Fund, the Renewal Fund, the Project Fund, the Bond Fund or any such special fund in accordance with the provisions of the Loan Agreement and this 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**

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is hereby authorized to

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

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

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

**WHEREAS**, in connection with the issuance of the Initial Bonds, the Custodian, the Institution and the Trustee will execute and deliver the Custody Agreement, and pursuant thereto, the Institution will cause payments of Education Aid due to the Institution to be delivered to the Custodian, and the Custodian will in turn make transfers of certain moneys to the Trustee for deposit under this Indenture, all as set forth herein; and

**WHEREAS**, additional moneys may be necessary to finance the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, or providing extensions, additions or improvements to the Facility or refunding outstanding Bonds and provision should therefore be made for the issuance from time to time of additional bonds; and

**WHEREAS**, the Initial Bonds and the Trustee's Certificate to be endorsed thereon are all to be in substantially the form set forth in Exhibit C-1 and Exhibit C-2, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

**WHEREAS**, all things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special limited revenue obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the loan payments, revenues and receipts herein made to the payment of the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

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receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

**TO HAVE AND TO HOLD** all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said Trust and to them and their assigns forever;

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders and owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in this Indenture, provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and any applicable redemption premium, of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof and shall make the payments into the Bond Fund as required under this Indenture or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

**THIS INDENTURE FURTHER WITNESSETH**, and it is expressly declared that, all the Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said loan payments, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders and owners, from time to time of the Bonds or any part thereof, as follows, that is to say:

**ARTICLE I**

**DEFINITIONS**

**Section 1.01. Definitions.** Unless otherwise herein defined, the following capitalized terms shall have the respective meanings specified in this Section 1.01 for purposes of this Indenture.

**Accounts** shall mean the accounts of the special trust funds so designated, established pursuant to Section 5.01

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

**Affiliate** means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

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**Approved Facility** shall mean the Facility as owned, 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 facilities located at 1069-1089 & 1119 Joseph Avenue, Rochester, New York, 27 Zimbrich Street, Rochester, New York, 44 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, for use by the Institution in the providing of education services to students.

**Assignment of Mortgage** shall mean, collectively, (i) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facility, each dated September 12, 2024, 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 this Indenture.

**Authorized Denomination** (i) in the case of the Initial Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof, and (ii) in the case of any Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

**Authorized Principal Amount** shall mean, (i) in the case of the Series 2024A Bonds, \$50,060,000, (ii) in the case of the Series 2024B Bonds, \$2,365,000, and (iii) in the case of any Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

**Authorized Representative** shall mean, (i) in the case of the Issuer, the President, Vice President or Executive Director, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties as evidenced by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the President, Vice President or Executive Director, 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 via a certificate containing the specimen signature of such person and signed on behalf of the Institution by a person named in **Exhibit C** - "Authorized Representative" to the Loan Agreement; 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.

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**Computation Period** shall have the meaning assigned to that term in the Tax Regulatory Agreement.

**Continuing Disclosure Agreement** shall mean the Continuing Disclosure Agreement, dated as of September 12, 2024, between the Institution and Digital Assurance Certification, L.L.C., as dissemination agent.

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

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

**Custodian** means UMB Bank, N.A., as custodian under the Custody Agreement.

**Custody Agreement** means the Custody Agreement dated as of September 1, 2024 by and among the Institution, the Custodian and the Trustee.

**Custody Agreement Notice** means the notice prepared by the Trustee in accordance with the provisions of the Custody Agreement and Section 5.17 of this Indenture. The form of Custody Agreement Notice shall be in the form set forth in **Exhibit E** to this Indenture.

**Debt Service Reserve Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01 of this Indenture.

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

(a) with respect to the Initial Bonds, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

(i) ten percent (10%) of the Stated Principal Amount (as defined in the Tax Regulatory Agreement) of the Initial Bonds;

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

**Bond Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

**Bond Purchase Agreement** shall mean the Bond Purchase Agreement, dated September 5, 2024, among the Institution, the Issuer and the Underwriter.

**Bond Registrar** shall mean the Trustee acting as registrar as provided in Section 3.10.

**Bond Resolution** shall mean the resolution of the Issuer adopted on July 10, 2024, authorizing the issuance of the Initial Bonds.

**Bonds** shall mean the Initial Bonds and any Additional Bonds.

**Building Loan Agreement** shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

**Business Day** shall mean any day that shall not be:

(a) a Saturday, Sunday, or legal holiday;

(b) a day on which banking institutions in New York, New York are authorized by law or executive order to close; or

(c) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

**Closing Date** shall mean September 12, 2024, the date of the initial issuance and delivery of the Initial Bonds.

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

**Computation Date** shall have the meaning assigned to that term in the Tax Regulatory Agreement.

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(ii) 100% of the greatest amount required in any calendar year to pay the sum of the scheduled principal and interest payable on the Initial Bonds; or

(iii) 125% of the average annual amount required in any calendar year to pay the sum of scheduled principal and interest on the Initial Bonds; and

(b) with respect to any Series of Additional Bonds, such amount as shall be set forth in the Supplemental Indenture entered into in connection with the issuance of such Additional Bonds.

**Debt Service Reserve Fund Valuation Date** shall mean November 15<sup>th</sup> and May 15<sup>th</sup> of each year, commencing on November 15, 2024.

**Default Rate** shall mean three percent (3%) in excess of the interest rate borne by the Initial Bonds.

**Defaulted Interest** shall have the meaning specified in Section 2.02(g).

**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

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required pursuant to a request by a Bondholder in accordance with the procedures set forth in this Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) 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 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 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.

**Education Aid** shall mean, collectively, all 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 Institution.

**Entity** shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

**Event of Default** shall have the meaning specified in Section 8.01(a).

**Event of Taxability** shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any 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.

**Facility** shall mean, collectively, the Facility Personality and the Facility Realty.

**Facility Personality** shall mean those items of machinery, equipment and other items of personality the acquisition and/or the installation of which is to be financed in whole or in

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**Improvements** shall mean:

(a) 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;

(b) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and

(c) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

**Indenture** shall mean this Indenture of Trust, dated as of September 1, 2024, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI.

**Independent Engineer** shall mean a Person (not an employee of either the Issuer or the Institution or any Affiliate of either thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Institution.

**Initial Bonds** shall mean collectively, the Series 2024A Bonds and the Series 2024B Bonds authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

**Institution** shall mean Eugenio Maria de Hostos Charter School, a New York not-for-profit education corporation, exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under Section 8.9 or 8.20 of the Loan Agreement.

**Institution Documents** shall mean, collectively, the Bond Purchase Agreement, the Loan Agreement, the Promissory Note, the Mortgage, the Building Loan Agreement, the Custody Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, and any other Project Documents to which the Institution is a party, each as may be amended from time to time.

**Interest Account** shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

**Interest Payment Date** shall mean, with respect to the Initial Bonds, January 1 and July 1 of each year, commencing January 1, 2025, and with respect to any Series of Additional Bonds, the dates set forth therein in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

**Issuer** shall mean Monroe County Industrial Development Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State, and its successors and assigns.

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part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B - "Description of the Facility Personality", together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personality shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personality and exclude all items of Facility Personality so substituted for or replaced, and further exclude all items of Facility Personality removed as provided in Section 3.5 of the Loan Agreement.

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

**Fiscal Year** shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

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

**GAAP** shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Closing Date, so as to properly reflect the financial position of the Institution, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

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

**Government Obligations** shall mean the following:

(a) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(b) 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

(c) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (a) or (b) above.

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**Issuer's Reserved Rights** shall mean, collectively,

(a) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;

(b) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(c) the right of the Issuer to enforce in its own behalf the obligation of the Institution under the Loan Agreement to complete the Project;

(d) 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;

(e) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under the following Articles and Sections of the Loan Agreement: Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article VI, Article VIII (except for Section 8.26), Article IX, Article X and Sections 11.1 and 11.5, and Article XII (except Section 12.2); and

(f) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b) of the Loan Agreement.

**Land** shall mean those certain lots, pieces or parcels of land in the County of Monroe in Section 091.63, Block 2 and Lots 087.001 and 86, generally known by the street addresses of 1069-1089 & 1119 Joseph Avenue, Rochester, New York, in Section 091.71, Block 4 and Lot 6.001, generally known by the street addresses of 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester, New York, and in Section 091.71, Block 2 and Lot 86.001, generally known by the street address of 44 Zimbrich Street, Rochester, New York, all as more particularly described in Exhibit A - "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) of 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 Monroe County, New York, 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.

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**Limited Offering Memorandum** shall mean the Limited Offering Memorandum dated September 5, 2024 relating to the Initial Bonds.

**Loan** shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described in Section 4.1 thereof.

**Loan Agreement** shall mean the Loan Agreement, dated as of even date herewith, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

**Loan Payment Date** shall mean each January 5, March 5, May 5, July 5, September 5 and November 5 of each year.

**Loss Event** shall have the meaning specified in Section 6.1 of the Loan Agreement.

**Majority Holders** shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

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

**Mortgage** shall mean, collectively, (i) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facility, each dated as of even date herewith, and each from the Institution to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture

**Mortgaged Property** shall have the meaning specified in the Mortgage.

**Nationally Recognized Bond Counsel** shall mean Nixon Peabody LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

**Net Proceeds** shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

**Notice Parties** shall mean the Issuer, the Institution, the Custodian, the Bond Registrar, the Paying Agents and the Trustee.

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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 to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

**Participants** shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

**Paying Agent** shall mean any paying agent for the Bonds appointed pursuant to this Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Indenture.

**Permitted Encumbrances** shall mean:

(a) the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement and any other Project Document;

(b) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(c) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b) of the Loan Agreement;

(d) 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;

(e) 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;

(f) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

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**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 State Education Operating Aid or Disability Aid, payable to the Institution for the purpose of funding operations of the Institution.

**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 this Indenture, except:

(a) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under this Indenture for cancellation;

(b) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X, there has been separately set aside and held in the Redemption Account of the Bond Fund either:

(i) moneys, and/or

(ii) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in this Indenture or provision shall have been made for the giving of such notice in accordance with Section 10.01 of the Indenture; and

(c) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III,

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

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(g) 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;

(h) 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;

(i) 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;

(j) any purchase money security interest in movable personal property, including equipment leases and financing;

(k) liens on property due to rights of governmental entities or third party payors for recoupment of excess reimbursement paid;

(l) 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 Monroe County, New York, the State or any governmental agency or instrumentality;

(m) any lien, security interest, encumbrances or charge which exists in favor of the Trustee.

**Person** shall mean an individual or any Entity.

**Principal Account** shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

**Project** shall mean, collectively, (a) (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-87.001) ("Property A"), which Property A included at the time of acquisition an approximately 23,900 square foot building ("Building 1"), an approximately 9,800 square foot building ("Building 2") and an approximately 11,465 square foot building ("Building 3"), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-86) ("Property B") and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on

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Property B, (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.71-4-6.001) and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York (and further described as Tax Map Parcel No. 091.71-2-86.001); (c) refinancing existing debt of the Institution used for the acquisition, renovation and equipping of other Institution facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Initial Bonds.

**Project Costs** shall mean:

(a) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;

(b) 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;

(c) the interest on the Bonds during the construction and renovation of the Project;

(d) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;

(e) the cost of acquisition of the Facility Realty;

(f) all costs of title insurance as provided in Section 3.7 of the Loan Agreement;

(g) the payment of the Costs of Issuance with respect to the Initial Bonds;

(h) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;

(i) all costs which the Institution shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

(j) all other costs and expenses relating to the completion of the Project or the issuance of a Series of Additional Bonds.

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(e) U.S. dollar-denominated deposit accounts, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured;

(f) direct and general long-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in either of the two highest rating categories by Moody's or S&P;

(g) direct and general short-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in the highest rating category by Moody's and S&P; and

(h) other obligations, interest on which is excludable from gross income for purposes of federal income taxation, which are rated in the two highest rating categories by S&P and Moody's.

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

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

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

**Rebate Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01.

**Record Date** shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15<sup>th</sup>) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

**Redemption Account** shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

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

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

**Refunding Bonds** shall have the meaning assigned to that term in Section 2.07(c).

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

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

**Project Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

**Promissory Note** shall mean, (i) with respect to the Initial Bonds, those certain Promissory Notes in substantially the form of Exhibit E 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 this Indenture.

**Purchase Price** shall mean an amount equal to the Redemption Price that would be applicable to the Initial Bonds being purchased pursuant to Section 2.03(g) if such Initial Bonds were being optionally redeemed pursuant to Section 2.03(a) on the date such Initial Bonds are being so purchased, plus accrued interest thereon to the date of purchase.

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

(a) Government Obligations

(b) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively;

(c) repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliates;

(d) investments in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

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**Related Security Documents** shall mean all Security Documents other than this Indenture.

**Renewal Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

**Responsible Officer** shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in this Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

**Revenue Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01.

**S&P** shall mean Standard & Poor's Financial Services LLC, a Delaware limited liability company which is a subsidiary of McGraw Hill Financial, Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

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

**Security Documents** shall mean, collectively, the Loan Agreement, the Promissory Note, the Custody Agreement, this Indenture, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage and the Assignment of Mortgage.

**Series** shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to this Indenture.

**Series 2024A Bonds** shall mean the Issuer's \$50,060,000 Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A, authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

**Series 2024A Bonds Capitalized Interest Account** shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01.

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**Series 2024B Bonds** shall mean the Issuer's \$2,365,000 Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B, authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

**Series 2024B Bonds Capitalized Interest Account** shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01.

**Sinking Fund Installment** shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to this Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to this Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

**Sinking Fund Installment Account** shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

**Special Record Date** shall have the meaning specified in Section 2.02(g).

**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 on a per-pupil basis.

**State Education Operating Aid Payment Dates** means 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 this Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI.

**Taxable Bonds** shall mean the Series 2024B Bonds and any other such Additional Bonds that shall be issued as taxable bonds under this Indenture.

**Tax-Exempt Bonds** shall mean the Series 2024A Bonds and any other such Additional Bonds that shall be issued as tax-exempt bonds under this Indenture.

**Tax Regulatory Agreement** shall mean the Tax Regulatory Agreement, dated the Closing Date, from the Issuer and Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

**Trustee** shall mean UMB Bank, N.A., Denver, Colorado, in its capacity as trustee under this Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in this Indenture.

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

**Underwriter** shall mean D. A. Davidson & Co.

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

**Section 1.02. Construction.**

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

**ARTICLE II**

**AUTHORIZATION AND ISSUANCE OF BONDS**

**Section 2.01. Authorized Amount of Bonds; Pledge Effected by this Indenture.** (a) No Bond may be authenticated and delivered under the provisions of this Indenture except in accordance with this Article. Except as provided in Sections 2.07 and 3.07, the total aggregate principal amount of Bonds that may be authenticated and delivered hereunder is limited to the Authorized Principal Amount.

(b) The proceeds of the Bonds deposited in the Project Fund and certain of the loan payments, receipts and revenues payable under the Loan Agreement, including moneys which are required to be set apart, transferred and pledged to the Revenue Fund, to the Bond Fund, to the Debt Service Reserve Fund, to the Renewal Fund, or to certain special funds, including the investments, if any, thereof (subject to disbursements from such Funds in accordance with the provisions of this Indenture) are pledged by this Indenture for the payment of the principal, Purchase Price or Redemption Price (if any) of, Sinking Fund Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders, and while held by the Trustee constitute part of the Trust Estate and be subject to the lien hereof. The Rebate Fund (including amounts on deposit therein) shall not be subject to any assignment, pledge, lien or security interest in favor of the Trustee or any Bondholder or any other Person. The Bonds shall be the special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal, Purchase Price or Redemption Price (if any) of the Bonds, Sinking Fund Installments for the Bonds, and interest on the Bonds only from the Funds, special funds and loan payments, revenues and receipts pledged therefor. The Bonds are additionally secured by a pledge and assignment of the Promissory Note and substantially all of the Issuer's right, title and interest in and to the Loan Agreement (excluding the Issuer's Reserved Rights). Pursuant to the Custody Agreement, the Institution will cause payments of Education Aid due to the Institution to be delivered to the Custodian, and the Custodian will make transfers of certain money to the Trustee for deposit under this Indenture. In addition, the Institution has granted a mortgage lien on and security interest in its fee interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer has assigned its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage.

In no event shall any obligations of the Issuer under this Indenture or the Bonds or under the Loan Agreement or under any other Security Document or related document for the payment of money create a debt of the State or Monroe County, New York, or any political subdivision thereof and neither the State nor Monroe County, New York, nor any political subdivision thereof shall be liable on any obligation so incurred, but any such obligation shall be a special limited revenue obligation of the Issuer secured and payable solely as provided in this Indenture.

**Section 2.02. Issuance and Terms of the Initial Bonds.** (a) The Initial Bonds in the Authorized Principal Amount shall be issued under and secured by this Indenture. The Initial Bonds shall be issuable in fully registered form without coupons substantially in the form set forth in Exhibit C-1 and Exhibit C-2 and shall be dated as provided in Section 3.01.

(b) The Initial Bonds shall mature on the dates and in the principal amounts and bear interest at the annual rates, as set forth below:

Series 2024A Bonds		
Maturity Dates	Principal Amount	Interest Rate
July 1, 2034	\$3,810,000	5.00%
July 1, 2044	\$12,195,000	5.00%
July 1, 2054	\$19,850,000	5.00%
July 1, 2059	\$14,205,000	5.00%
Series 2024B Bonds		
Maturity Dates	Principal Amount	Interest Rate
July 1, 2030	\$2,365,000	6.75%

(c) Interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding anything herein to the contrary, the interest rate borne by the Initial Bonds shall not exceed the maximum permitted by, or enforceable under, applicable law.

(d) If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Initial Bonds in whole if there shall occur a Determination of Taxability), the rate of interest on the Initial Bonds shall be the Default Rate commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Initial Bonds or whose Initial Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Initial Bonds subsequent to the Event of Default and the date upon the Initial Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Initial Bonds prior to the Event of Default and the rate borne by the Initial Bonds on and subsequent to such date.

(e) If there shall occur a Determination of Taxability, the rate of interest on the Tax-Exempt Bonds shall be the Default Rate commencing with the date of the Event of Taxability and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Determination

of Taxability. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of an Event of Taxability, but who subsequent to such date sold or otherwise disposed of its Tax-Exempt Bonds or whose Tax-Exempt Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Tax-Exempt Bonds subsequent to the Event of Taxability and the date upon which the Tax-Exempt Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Tax-Exempt Bonds prior to the Event of Taxability and the rate borne by the Tax-Exempt Bonds on and subsequent to such date.

(f) The Series 2024A Bonds shall be numbered from AR-1 upward in consecutive numerical order and the Series 2024B Bonds shall be numbered from BR-1 upward in consecutive numerical order. Each Initial Bond issued upon any exchange or transfer hereunder shall be numbered in such manner as the Trustee in its discretion shall determine.

(g) The principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, all Initial Bonds shall be payable by check or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Initial Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Initial Bond either at final maturity or upon redemption in whole shall only be payable upon presentation and surrender of such Initial Bonds at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Initial Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Initial Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Initial Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Initial Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

Interest on any Initial Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Initial Bond on the relevant Regular Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed

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one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of eighteen (18) months 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 eighteen (18) months from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

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

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

(c) **Mandatory Sinking Fund Installment Redemption.** (i) The Series 2024A Bonds maturing on July 1, 2034 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2030	\$375,000
2031	795,000
2032	835,000

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payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Institution of such Special Record Date and, in the name and at the expense of the Institution, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each owner of an Initial Bond entitled to such notice at the address of such owner as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Initial Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Initial Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Initial Bond and each such Initial Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(h) The Initial Bonds are issuable in the form of fully registered bonds in the Authorized Denominations.

(i) Anything in the Initial Bonds or in this Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Initial Bonds shall be subject to the limitation that payments of interest or other amounts on the Initial Bonds shall not be required to the extent that receipt of any such payment by a Holder of an Initial Bond would be contrary to the provisions of law applicable to such Holder which would limit the maximum rate of interest which may be charged or collected by such Holder of an Initial Bond.

**Section 2.03. Redemption of Initial Bonds.**

(a) **General Optional Redemption.**

(i) The Series 2024A Bonds shall be subject to redemption, on or after July 1, 2034 in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2024A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

(ii) The Series 2024B Bonds are not subject to optional redemption.

(b) **Extraordinary Redemption.** The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), as a whole on any date, upon notice or waiver of notice as provided in this Indenture, at a Redemption Price of

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Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2033	880,000
2034*	925,000

\* Final maturity.

(i) The Series 2024A Bonds maturing on July 1, 2044 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2035	\$970,000
2036	1,020,000
2037	1,070,000
2038	1,120,000
2039	1,180,000
2040	1,235,000
2041	1,300,000
2042	1,365,000
2043	1,430,000
2044*	1,505,000

\* Final maturity.

(ii) The Series 2024A Bonds maturing on July 1, 2054 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2045	\$1,580,000
2046	1,655,000
2047	1,740,000
2048	1,825,000
2049	1,920,000

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Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2050	2,015,000
2051	2,115,000
2052	2,220,000
2053	2,330,000
2054*	2,450,000

\* Final maturity.

(iii) The Series 2024A Bonds maturing on July 1, 2059 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2055	\$2,570,000
2056	2,700,000
2057	2,835,000
2058	2,975,000
2059*	3,125,000

\* Final maturity.

(iv) The Series 2024B Bonds maturing on July 1, 2030 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2027	\$620,000
2028	660,000
2029	705,000
2030*	380,000

\* Final maturity.

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for purposes of those provisions of this Indenture relating to the selection of the Series 2024A Bonds in a partial redemption.

Purchases in lieu of an optional redemption shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of this Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2024A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

(h) Redemption of the Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:

(i) Redemption shall be made pursuant to the general optional redemption provisions of Section 2.03(a) or (b) at such times as are permitted under such Section and, in the case of Section 2.03(a), in such principal amounts, as the Institution shall request in a written notice to the Trustee in accordance with Section 4.3(c) of the Loan Agreement.

(ii) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(c) as and when required by this Section without the necessity of any request by, or notification from the Issuer or from the Institution, but subject to the provisions of Section 5.07(d) and (f).

(iii) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(d) at the earliest possible date following the deposit of the excess proceeds or other amounts in the Redemption Account of the Bond Fund, without the necessity of any instructions or further act of the Issuer or the Institution.

(iv) Redemption shall be made pursuant to the mandatory taxation redemption provisions of Section 2.03(f) at the earliest possible date, but no later than one hundred twenty (120) days following the Determination of Taxability, without the necessity of any instructions or further act of the Issuer or the Institution.

**Section 2.04. Delivery of Initial Bonds.** The Initial Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Initial Bonds including the interest, if any, accrued on the Initial Bonds to the Closing Date, the Initial Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the President, Vice President or Executive Director, of the Bond Resolution;

(b) an original executed counterpart of all Security Documents;

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(d) **Mandatory Redemption from Excess Proceeds and Certain Other Amounts.** The Initial Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) with respect to the Series 2024A Bonds only, excess proceeds of the Initial Bonds shall remain after the completion of the Project,

(ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture,

(iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personality, or

(iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Initial Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

(e) **Reserved.**

(f) **Mandatory Taxability Redemption.** Upon the occurrence of a Determination of Taxability, the Series 2024 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 at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The Series 2024 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2024A Bonds Outstanding would have the result that interest payable on the Series 2024A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of such Series 2024A Bonds. In such event, the Series 2024A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

(g) **Purchase in Lieu of Optional Redemption.** In lieu of calling the Series 2024A Bonds for optional redemption and subject to Section 11.6 of the Loan Agreement, the Series 2024A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any date on or after July 1, 2034, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2024A Bonds as provided in Section 2.03(a), plus accrued interest to the purchase date. Purchases of tendered Series 2024A Bonds may be made without regard to any provision of this Indenture relating to the selection of Series 2024A Bonds in a partial optional redemption. The Series 2024A Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to Section 11.6 of the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely

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(c) a written opinion by Nationally Recognized Bond Counsel to the effect that the issuance of the Initial Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and

(d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Initial Bonds to the purchaser(s) therein identified upon payment to the Trustee for the account of the Issuer of the purchase price therein specified, plus accrued interest, if any.

**Section 2.05. Execution of Bonds.** The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the President, Vice President or Executive Director of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds. In case one or any of the officers who shall have signed the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or whose reproduced facsimile signature appears on the Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 2.06. Authentication.** Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in the forms of Initial Bonds in **Exhibit C-1** and **Exhibit C-2**, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee shall note, with respect to each Bond to be authenticated under this Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

**Section 2.07. Additional Bonds.** (a) So long as the Promissory Note, the Loan Agreement and the other Security Documents are each in effect, and receipt by the Trustee of a certificate from the Institution showing satisfaction of the requirements of Section 8.29(d) of the Loan Agreement, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility and any additional projects financed with proceeds from such Additional Bonds, 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

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connection therewith. In addition, the Institution and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly.

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

(i) a copy of the resolution, duly certified by the President, Vice President or Executive Director of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(ii) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Note, the Loan Agreement, the Custody Agreement and the Mortgage, the Facility referred to therein and the premises related or subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;

(iii) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Bonds Outstanding to become includable in gross income for federal income tax purposes;

(iv) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Institution to the effect that each Security Document to which it is a party continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;

(v) evidence that the requirements of Section 8.29(d) of the Loan Agreement are satisfied;

(vi) 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;

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shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

(d) Each Series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with the Initial Bonds and all other Series of Additional Bonds, if any, issued pursuant to this Section, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by this Indenture.

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

**Section 2.08. CUSIP Numbers.** The Issuer in issuing the Bonds may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to registered owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers of which it has actual knowledge.

**Section 2.09. Book Entry Bonds.** (a) Except as provided in Section 2.09(c), the Holder of all of the Initial Bonds shall be DTC (the "Securities Depository") and the Initial Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Initial Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Initial Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee. It is anticipated that during the term of the Initial Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.09(c).

(b) The Initial Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of such Initial Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Initial Bonds registered in its name for the purposes of payment of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds, selecting the Initial Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Initial Bonds, obtaining any consent or other action to be taken by Holders of the Initial Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Institution nor the Issuer shall be affected by any notice to the contrary. All notices with respect to such Initial Bond shall be made and given, respectively, to DTC as provided in the Representations Letter. Neither the

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(vii) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document; and

(viii) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any.

(c) (i) Upon the request of the Institution, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund ("Refunding Bonds") all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this Section 2.07 of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.

(ii) A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:

(A) Irrevocable instructions from the Issuer to the Trustee to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(B) Either:

(1) 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

(2) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article X, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article X.

(iii) 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

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Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Initial Bonds under or through DTC or any Participant, or any other Person that is not shown on the registration books of the Trustee as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Security Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Initial Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.09(c), no Person other than DTC shall receive an authenticated Initial Bond certificate evidencing the obligation of the Issuer to make payments of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Initial Bond certificates, the Issuer may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Initial Bond certificates. In such event, the Trustee shall issue, transfer and exchange Initial Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the Initial Bonds at any time by giving written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Initial Bond certificates as described in this Indenture. In the event Initial Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Institution) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Initial Bonds to any DTC Participant having Initial Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Initial Bonds.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Security Document by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC

notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.

(e) NEITHER THE ISSUER, THE INSTITUTION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENTS, REDEMPTION PRICE OF OR INTEREST ON THE INITIAL BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE INITIAL BONDS.

(f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE INITIAL BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE INITIAL BONDHOLDERS OR REGISTERED HOLDERS OF THE INITIAL BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE INITIAL BONDS.

(g) For so long as the Holder of all of the Initial Bonds shall be DTC, and all Initial Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Initial Bonds upon redemption or retirement in whole and (ii) unless all Initial Bonds are being redeemed or retired in whole, Initial Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments or Redemption Price except upon final maturity or redemption in whole.

(h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of an Initial Bond or Bonds for cancellation shall cause the delivery of an Initial Bond or Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

### ARTICLE III

#### GENERAL TERMS AND PROVISIONS OF BONDS

**Section 3.01. Date of Bonds.** The Initial Bonds shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges)

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**Section 3.06. Interchangeability, Transfer and Registry.** (a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his or her duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered owner or his or her duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

(b) Each Holder of a Bond, by the purchase and acceptance of such Bond, is deemed to have represented and agreed as follows: (i) it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an "accredited investor" (as defined in Regulation D under the Securities Act), and it has acquired such Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that such Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Bond, such Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in Section 3.06(a) and only to a Person meeting the requirements set forth in the preceding clause (i).

(c) Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee in Denver, Colorado with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered owner or his or her duly authorized attorney-in-fact, with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

(d) The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered owner or upon his or her order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

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and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Initial Bonds has been paid. Bonds authenticated prior to the first Interest Payment Date shall bear interest from their date of original issuance. Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall bear interest from and including the Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, the date of the first delivery of fully executed and authenticated Bonds hereunder.

**Section 3.02. Form and Denominations.** Bonds shall be issued in fully registered form, without coupons, in any Authorized Denomination not exceeding the aggregate principal amount of Bonds of the same series, maturity and interest rate as the Bond for which the denomination is to be specified. Subject to the provisions of Section 3.03, the Initial Bonds shall be in substantially the form set forth in Exhibit C-1 and Exhibit C-2, with such variations, omissions and insertions as are permitted or required by this Indenture.

**Section 3.03. Legends.** Each Bond shall contain on the face thereof a statement to the effect that "THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF MONROE COUNTY, NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR MONROE COUNTY, NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION OTHER THAN THOSE PLEDGED THEREFOR. THIS BOND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF 1933 OR A "QUALIFIED INSTITUTIONAL BUYER" AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES EXCHANGE COMMISSION." The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

**Section 3.04. Medium of Payment.** The principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

**Section 3.05. Bond Details.** Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such rate or rates per annum, shall be subject to redemption on such terms and conditions and shall be payable as to principal or Redemption Price, if any, Sinking Fund Installments, and interest at such place or places as shall be specified in this Indenture.

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(e) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

**Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

**Section 3.08. Cancellation and Destruction of Bonds.** All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

**Section 3.09. Requirements With Respect to Transfers.** In all cases in which the privilege of transferring Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Trustee. For every such transfer of Bonds, the Issuer or the Trustee may, as a condition precedent to the privilege of making such transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such transfer, which sum or sums shall be paid by the Person requesting such transfer.

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**Section 3.10. Bond Registrar.** The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the Institution for its inspection during normal business hours the registration books for the Bonds, as may be requested by the Institution in connection with any purchase or tender offer by it with respect to the Bonds.

**Section 3.11. Payments Due on Saturdays, Sundays and Holidays.** In any case where any payment date of principal, Sinking Fund Installment and/or interest on the Bonds, or the date fixed for redemption of any Bonds, shall be a day other than a Business Day, then payment of such principal, Sinking Fund Installment and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Sinking Fund Installment and/or Interest Payment Date or the date fixed for redemption, as the case may be, except that interest shall continue to accrue on any unpaid principal.

#### ARTICLE IV

##### APPLICATION OF BOND PROCEEDS

###### Section 4.01. Application of Proceeds of Initial Bonds.

(a) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2024A Bonds, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) \$1,276,633.82 shall be deposited in the Series 2024A Bonds Capitalized Interest Account of the Project Fund;

(ii) \$3,137,417.44, being an amount equal to the portion of the Debt Service Reserve Fund Requirement allocated to the Series 2024A Bonds, shall be deposited in the Series 2024A Account of the Debt Service Reserve Fund;

(iii) \$261,497.66, shall be deposited in the Costs of Issuance Account of the Project Fund and applied to Costs of Issuance; and

(iv) \$45,193,434.53, being the balance of the proceeds of the Series 2024A Bonds, shall be deposited in the Series 2024A Project Account of the Project Fund and applied to Costs of the Project.

(b) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2024B Bonds, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) \$59,645.32, shall be deposited in the Series 2024B Bonds Capitalized Interest Account of the Project Fund;

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(vi) Debt Service Reserve Fund, and within such Debt Service Reserve Fund, a Series 2024A Account and a Series 2024B Account.

(b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund, and be subject to the lien hereof.

**Section 5.02. Payments into the Revenue Fund.** Unless otherwise provided herein, the Trustee shall promptly deposit all amounts received from the Institution, or transferred pursuant to Sections 5.01(b) or the Loan Agreement into the Revenue Fund.

###### Section 5.03. Application of Revenue Fund Moneys.

(a) Amounts in the Revenue Fund shall be transferred by the Trustee on each Loan Payment Date commencing on the January 5, 2025 Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated, provided that in the event funds in the Revenue Fund on any Loan Payment Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) on any future Loan Payment Date:

(i) First, to the Bond Fund:

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

(B) commencing on that Loan Payment Date as shall precede the first principal payment date (including such principal as shall become due as a mandatory Sinking Fund Installment payment) by six (6) Loan Payment Dates (with respect to the Initial Bonds, July 5, 2026), for deposit into the Principal Account of the Bond Fund, an amount equal to at least one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of the principal payment or Sinking Fund Installment of the Bonds Outstanding becoming due;

(ii) Second, an amount equal to that necessary to replenish any deficiencies in the Debt Service Reserve Fund, if any;

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

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(ii) \$146,582.56, being an amount equal to the portion of the Debt Service Reserve Fund Requirement allocated to the Series 2024B Bonds, shall be deposited in the Series 2024B Account of the Debt Service Reserve Fund;

(iii) \$725,718.34, shall be deposited in the Costs of Issuance Account of the Project Fund and applied to Costs of Issuance; and

(iv) \$1,397,578.78, being the balance of the proceeds of the Series 2024B Bonds, shall be deposited in the Series 2024B Project Account of the Project Fund and applied to Costs of the Project.

#### ARTICLE V

##### CUSTODY AND INVESTMENT OF FUNDS

**Section 5.01. Creation of Funds and Accounts.** (a) The Issuer hereby establishes and creates the following special trust Funds and Accounts comprising such Funds:

(i) Revenue Fund;

(ii) Project Fund;

(A) a Costs of Issuance Account, a Series 2024A Bonds Capitalized Interest Account and a Series 2024B Bonds Capitalized Interest Account;

(B) Series 2024A Project Account;

(C) Series 2024B Project Account;

(iii) Bond Fund;

(A) a Principal Account, and within such Principal Account, a Series 2024A subaccount and a Series 2024B subaccount;

(B) an Interest Account, and within such Interest Account, a Series 2024A subaccount and a Series 2024B subaccount;

(C) a Sinking Fund Installment Account, and within such Sinking Fund Installment Account, a Series 2024A subaccount and a Series 2024B subaccount;

(D) a Redemption Account, and within such Redemption Account, a Series 2024A subaccount and a Series 2024B subaccount;

(iv) Renewal Fund;

(v) Rebate Fund; and

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(iv) Fourth, all remaining funds shall be paid to the Institution and used for any authorized purpose.

**Section 5.04. Project Fund.** (a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to Sections 4.01, 5.08 and 5.09 or otherwise required to be deposited therein pursuant to the Loan Agreement, or this Indenture.

The Trustee shall apply the amounts on deposit in the accounts of the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs (including interest on the Bonds during the period of Project construction and renovation) to the extent requisitioned under subsection (b) hereto. The Trustee shall automatically transfer (i) amounts on deposit in the Series 2024A Bonds Capitalized Interest Account of the Project Fund to the Series 2024A subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2024A Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date, and (ii) amounts on deposit in the Series 2024B Bonds Capitalized Interest Account of the Project Fund to the Series 2024B subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2024B Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date.

(b) The Trustee is hereby authorized to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution.

Such requisition shall be as set forth in Exhibit D — “Form of Requisition from the Project Fund” and shall be submitted to the Trustee. The Trustee may conclusively rely as to the completeness and accuracy of all statements in such requisition certificate if such requisition certificate is signed by the Authorized Representative of the Institution, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any requisition certificate by an Authorized Representative of the Institution shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. The Trustee shall disburse amounts from the Project Fund not later than five (5) Business Days following the receipt of the executed requisition, except that any such requisition submitted on the Closing Date shall have disbursements made by the Trustee on such Closing Date. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facility Realty shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions which do not constitute Permitted Encumbrances, which notice or endorsement shall contain no exception for inchoate mechanic's liens and shall have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount

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equal to the disbursement then being made if the policies do not by their terms provide for such an increase. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such notice of title continuation or endorsement to the title insurance policies delivered to it with any requisition.

(c) The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Institution upon reasonable written request.

(d) The Trustee shall on written request furnish to the Issuer and the Institution within a reasonable time period a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made.

(e) The completion of the Project shall be evidenced as set forth in Section 3.2(f) of the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, be deposited by the Trustee in the Redemption Account of the Bond Fund for the Series 2024A Bonds. Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the accounts of the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund to be applied to the redemption of Series 2024A 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 pursuant to this Section 5.04(e).

(f) In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the respective account of the Project Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.09) and in the accounts of the Debt Service Reserve Fund shall be deposited in the applicable subaccounts of the Redemption Account of the Bond Fund for each Series of Bonds. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, the balance in the respective accounts of the Project Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.09) and in the accounts of the Debt Service Reserve Fund shall be deposited in the respective subaccounts of the Bond Fund as provided in Section 8.03.

(g) All earnings on amounts held in the Project Fund (i) prior to the Project Completion Date, shall remain in the Project Fund, and (ii) after the Project Completion Date, shall be transferred by the Trustee and deposited in the Series 2024A Interest Subaccount of the Interest Account of the Bond Fund.

#### **Section 5.05. Payments into Renewal Fund; Application of Renewal Fund**

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(e) The date of completion of the restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment has been made, (iii) that the Facility have 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 are ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 6.4 of the Loan Agreement, and (z) that no person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if 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, a certification that such costs have been appropriately bonded or that the Institution has posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee.

(f) All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in Series 2024A Interest Subaccount of the Interest Account of the Bond Fund.

(g) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, and after depositing in the accounts of the Debt Service Reserve Fund an amount equal to any deficiency therein, be transferred, on a pro rata basis, by the Trustee to the subaccounts of the Redemption Account of the Bond Fund.

**Section 5.06. Payments into Bond Fund** The Trustee shall promptly deposit the following receipts into the Bond Fund:

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(a) The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund (except as otherwise provided in Section 3.11 of the Mortgage).

(b) In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or this Indenture, and the Institution shall have so directed the Trustee in writing within ninety (90) days of the occurrence of such Loss Event, the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the Bond Fund.

If, on the other hand,

(i) the Bonds shall not be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise), or

(ii) 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

(iii) the Institution shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility,

the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, to such rebuilding, replacement, repair and restoration.

(c) If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Majority Holders and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit in the Redemption Account of the Bond Fund, as directed by the Majority Holders (or if no such direction shall be received within ninety (90) days after request therefor by the Trustee shall have been made, for deposit, in the Redemption Account of the Bond Fund).

(d) The Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facility upon written instructions from the Institution. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution. Each such requisition shall be accompanied by a title continuation showing that no mechanics or other liens have been filed. The Trustee shall be entitled to rely on such requisition and the accompanying title continuation. 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.

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(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 respective Interest Account of the Bond Fund and applied to the payment of interest on such Series of Bonds.

(b) Amounts disbursed from the Project Fund for the payment of interest on the Bonds during the period of Project Work, which shall be credited to the Series 2024A Bonds Subaccount and the Series 2024B Bonds Subaccount of the Interest Account of the Bond Fund and applied to the payment of interest on the Initial Bonds;

(c) Excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and Section 5.09, or to the accounts of the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund pursuant to Section 5.04(e) or the first sentence of Section 5.04(f), which shall be kept segregated from any other moneys within such Account, or (ii) in the accounts of the Bond Fund pursuant to the second sentence of Section 5.04(f).

(d) Loan payments received by the Trustee pursuant to Section 4.3(a)(i), (ii), (iii), (iv) or (v), or Section 4.3(i), of the Loan Agreement, and Section 4.1 of the Custody Agreement, or transfers from the Revenue Fund, which shall be deposited in and credited, to the extent necessary pro rata, first to the subaccounts of the Interest Account, second to the subaccounts of the Principal Account, and third to the subaccounts of the Sinking Fund Installment Account of the Bond Fund.

(e) Advance loan payments received by the Trustee pursuant to Section 4.3(c) of the Loan Agreement, which shall be deposited in and credited to the applicable subaccounts of the Redemption Account of the Bond Fund.

(f) Any amounts transferred from the Project Fund pursuant to Section 5.06(c), which shall be deposited in and credited pro rata to the applicable subaccounts of the Interest Account of the Bond Fund.

(g) The excess amounts referred to in Section 5.07(d), which shall be deposited in and credited to the Interest Account of the Bond Fund.

(h) Any amounts transferred from the Redemption Account pursuant to Section 5.05(h), which shall be deposited to the applicable subaccounts of the Interest Account, the Principal Account and the Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes.

(i) Amounts in the Renewal Fund required by Section 5.05 or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and Section 5.09 or to the accounts of the Debt Service Reserve Fund to the extent of any deficiency therein) to the applicable subaccounts of the Redemption Account of the Bond Fund pursuant to Section 5.05(g).

(j) Reserved.

(k) All other receipts when and if required by the Loan Agreement or by this Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in Section 8.03) pro rata to the subaccounts of the Redemption Account of the Bond Fund.

(l) Any amounts transferred from the subaccounts of the Debt Service Reserve Fund pursuant to Section 5.15, which shall be deposited in and credited to the respective subaccounts of the Interest Account, the Principal Account, the Sinking Fund Installment Account or the Redemption Account, as the case may be, of the Bond Fund.

**Section 5.07. Application of Bond Fund Moneys.** (a) The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the applicable subaccount of the Interest Account in the Bond Fund the interest due on the Bonds, and (ii) further pay out of the applicable subaccounts of the Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Bonds.

(b) The Trustee shall on each principal payment date (with respect to the Initial Bonds, commencing on the July 1, 2027 principal payment date and annually thereafter on each July 1) on the Bonds pay or cause to be paid to the respective Paying Agents thereof out of the applicable subaccounts of the Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds.

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

(d) Amounts in the subaccounts of the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the subaccounts of the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date. Any amounts deposited in the subaccounts of the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held in accordance with Article X) shall be transferred to the applicable subaccount of Interest Account.

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

**Section 5.08. Reserved.**

**Section 5.09. Payments into Rebate Fund; Application of Rebate Fund.**

(a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Regulatory Agreement) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Regulatory Agreement), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 3.2(f) of the Loan Agreement or the restoration of the Facility pursuant to Section 5.05, 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 Project Fund or the Renewal Fund, as applicable. If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Institution. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, or, after the completion of the Project, deposit it in Series 2024A Subaccount of the Interest Account of the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Tax-Exempt Bonds as of the date of such payment and (ii) notwithstanding the provisions of Article X, not later than thirty (30) days after the date on which all Tax-Exempt Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

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Upon the purchase of any Bonds out of advance loan payments as provided in this subsection, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under this Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the subaccounts of the Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In connection with purchases of Bonds out of the Bond Fund as provided in this Section, the Institution shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Institution. The payment of the purchase price shall be made out of the moneys deposited in the related subaccount of the Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the related subaccount of the Interest Account of the Bond Fund.

(f) The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to Section 5.07(d) or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the subaccounts of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of this Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

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**Section 5.10. Transfer to Rebate Fund.** The Trustee shall have no obligation under this Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer.

**Section 5.11. Investment of Funds and Accounts.** (a) Amounts in any Fund or Account established under this Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in the Debt Service Reserve Fund shall be limited to Government Obligations. Any investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of the 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. Except as may be provided in the Tax Regulatory Agreement, unexpended Tax-Exempt Bond proceeds transferred from the Project Fund to the Redemption Account of the Bond Fund pursuant to Section 5.04(e) may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the applicable 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. In the absence of written direction, the Trustee shall hold the funds uninvested. Any investment hereunder shall be made in accordance with the Tax Regulatory Agreement, and the Institution shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the Bond Fund with respect to the investment of amounts held in the Bond Fund, (iii) as set forth in Section 5.05(f) with respect to the Renewal Fund, (iv) to the Debt Service Reserve Fund with respect to the investment of amounts held in the Debt Service Reserve Fund and (v) to the Interest Account of the Bond Fund with respect to the investment of amounts held in any other Fund. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

(b) At the written request of an Authorized Representative of the Institution no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Institution of the amount of such net investment income or gain received and collected subsequent to the last such loan payment and the amount then available in the various Accounts of the Bond Fund.

(c) Upon the written direction of an Authorized Representative of the Institution, the Trustee shall sell, 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

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moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of this Article. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with this Section 5.11(c). As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Institution.

(d) Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with this Indenture. The investments authorized by this Section 5.11 shall at all times be subject to the provisions of applicable law, as amended from time to time.

(e) In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date.

The fair market value of Qualified Investments shall be determined as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

(iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of "fair market value" shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

(f) In the case of the Debt Service Reserve Fund, a "surplus" means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement. On each Debt Service Reserve Fund Valuation Date, and upon any withdrawal from the Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by Section 4.3(a)(vi) of the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and, subject to the requirements of the Tax Regulatory Agreement, shall upon written instructions of the Institution transfer an amount equal to such surplus to the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement and thereafter shall transfer such amount to the Series 2024A Bonds subaccount of the Interest Account of the Bond Fund.

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**Section 5.15. Debt Service Reserve Fund.** (a) If on any Interest Payment Date or redemption date on the Bonds, the amount in the respective Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the Project Fund) shall be less than the amount of interest then due and payable on the Initial Bonds, or if on any principal payment date on the Initial Bonds the amount in the respective Principal Account shall be less than the amount of principal of the Initial Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Initial Bonds the amount in the respective Sinking Fund Installment Account of the Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the Initial 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 City time) on such date from or on behalf of the Institution or the Issuer on account of such interest, principal or Sinking Fund Installment, the Trustee forthwith shall transfer moneys from the subaccounts of the Debt Service Reserve Fund, first, to the respective subaccount of the Interest Account, second to the respective subaccount of the Principal Account, and third, to the respective subaccount of the Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency.

(b) The Trustee shall give to the Institution on or prior to each Loan Payment Date on which the Institution is obligated pursuant to Section 4.3(a)(vi) of the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in the respective subaccount of the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying any such deficiency in the Debt Service Reserve Fund. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations hereunder or any other obligor from any of its obligations under any of the Security Documents.

(c) Upon the payment in full of the Series 2024B Bonds, all amounts in the Series 2024B Account of the Debt Service Reserve Fund shall be transferred to the Series 2024A Account of the Debt Service Reserve Fund.

**Section 5.16. Reserved.**

**Section 5.17. Custody Agreement.**

(a) The Trustee shall deliver the Custody Agreement Notice to the Custodian no later than five (5) Business Days before such State Education Operating Aid Payment Date.

(b) Each Custody Agreement Notice shall be prepared by the Trustee in substantially the form of Exhibit E attached hereto, 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.

(c) 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 Section 4.3 of the Loan Agreement. Accordingly, each Custody Agreement Notice shall contain

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(g) Although the Issuer and Institution each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, both the Issuer and the Institution agree that confirmations of Authorized Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered and that no statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

**Section 5.12. Application of Moneys in Certain Funds for Retirement of Bonds.** Notwithstanding any other provisions of this Indenture, if on any Interest Payment Date or redemption date the amounts held in the Funds established under this Indenture (other than the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Institution. Upon receipt of written instructions from an Authorized Representative of the Institution directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture.

**Section 5.13. Repayment to the Institution from the Funds.** After payment in full of the Bonds (in accordance with Article X) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid hereunder and under each of the Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the federal government pursuant to this Indenture and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Institution upon the expiration or sooner termination of the term of the Loan Agreement as provided in Section 4.3(g) of the Loan Agreement.

**Section 5.14. Non-presentment of Bonds.** In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or this Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Institution. After the payment of such unclaimed moneys to the Institution, the Holder of such Bond shall thereafter look only to the Institution for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

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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 this Indenture pursuant to Article V hereof. The Trustee shall prepare each Custody Agreement Notice in consultation with the Institution.

(d) 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.

## ARTICLE VI

### REDEMPTION OF BONDS

**Section 6.01. Privilege of Redemption and Redemption Price.** Bonds or portions thereof subject to redemption prior to maturity shall be redeemable, upon mailed notice as provided in this Article, at the times, at the Redemption Prices and upon such terms in addition to and consistent with the terms contained in this Article as shall be specified in this Indenture and in said Bonds.

**Section 6.02. Selection of Bonds to be Redeemed.** In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due

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and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

**Section 6.03. Notice of Redemption.** When redemption of any Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentation of Bonds for payments on or after any redemption date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

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

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surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.

**Section 6.06. No Partial Redemption After Default.** Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default hereunder, there shall be no redemption of less than all of the Bonds Outstanding.

## ARTICLE VII

### PARTICULAR COVENANTS

**Section 7.01. Payment of Principal and Interest.** The Issuer covenants that it will from the sources herein contemplated promptly pay or cause to be paid the principal, 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 this Indenture and in the Bonds according to the true intent and meaning thereof.

**Section 7.02. Performance of Covenants; Authority.** The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Note, to assign the Loan Agreement and the Promissory Note, to execute and deliver the Assignment of Mortgage, and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

**Section 7.03. Books and Records; Certificate as to Defaults.** The Issuer and the Trustee each covenant and agree that, so long as any of the Bonds shall remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facility, and that the Bondholders shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer and the Institution to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the Issuer's obligations under this Section 7.03. Within thirty (30) days after receiving the certificate from the Institution as provided in Section 8.26(b) of the Loan Agreement, upon request by the Issuer, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement and the Promissory Note were applied by it to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture.

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have been satisfied, then upon presentation and surrender of the Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

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

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

**Section 6.04. Payment of Redeemed Bonds.** (a) Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(b) Payment of the Redemption Price plus interest accrued to the redemption date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the date of redemption, direct that payments of Redemption Price and accrued interest to the date of redemption be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

**Section 6.05. Cancellation of Redeemed Bonds.** (a) All Bonds redeemed in full under the provisions of this Article, shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any paid portion of a Bond.

(b) If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the

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Upon reasonable written request, the Trustee shall make available to the Institution for its inspection during normal business hours, its records with respect to the Project and the Facility.

The Trustee agrees that, upon the written request of the Institution or the Issuer, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

**Section 7.04. Loan Agreement.** An executed copy of the Loan Agreement will be on file in the office of the Issuer and in the designated corporate trust office of the Trustee. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Institution under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is hereby granted the right, to the extent provided therefor in this Section 7.04 and subject to the provisions of Section 9.02, to enforce all rights of the Issuer and all obligations of the Institution under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. The Trustee is authorized to exercise such rights as provided in the Loan Agreement (including, without limitation, Sections 3.5, 6.3 and 8.10 thereof) upon compliance or noncompliance by the Institution and the Issuer with the provisions of the Loan Agreement relating to the same.

**Section 7.05. Creation of Liens; Indebtedness.** It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property. The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by this Indenture and the other Security Documents.

**Section 7.06. Ownership; Instruments of Further Assurance.** The Trustee on behalf of the Institution, subject to Section 7.04 and only upon the written direction of the Majority Holders and subject to indemnification satisfactory to the Trustee, shall defend the interest of the Institution in the Facility and every part thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described herein and in the remainder of the Trust Estate, subject to the liens, pledge and security interests of this Indenture and of the other Security Documents and the loan payments, revenues and receipts pledged hereby to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien, pledge and security interest hereof (other than the Institution's Property as defined in the Loan Agreement) and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien, pledge and security interest of this Indenture and the Mortgage as fully and completely as though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

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**Section 7.07. Security Agreement; Filing.** (a) This Indenture constitutes a "security agreement" within the meaning of Article 9 (Secured Transactions) of the New York State Uniform Commercial Code. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement by the Institution, at the direction of the Issuer, in the office of the Secretary of State of the State, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing filing, financing and continuation statements shall be filed and re-filed, by the Institution whenever in the Opinion of Counsel to the Institution (which opinion shall be reasonably acceptable to and addressed to the Trustee) such action is necessary to preserve the lien and security interest hereof. Any such filings or re-filings shall be prepared and filed by the Institution and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by the Opinion of Counsel referred to above.

(b) The Issuer and the Trustee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) Pursuant to paragraph (b) above, it is acknowledged and agreed that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of this Indenture (individually or collectively, the "**Continuation Action(s)**"), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or

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or the recording or re-recording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

**Section 7.08. Issuer Tax Covenant.** The Issuer covenants that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Institution or the Trustee, that would cause the interest on the Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

## ARTICLE VIII

### EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

**Section 8.01. Events of Default; Acceleration of Due Date.** (a) Each of the following events is hereby defined as and shall constitute an "Event of Default":

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

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

(iii) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or hereunder on its part to be performed (except as set forth in Section 8.01(a)(1) or (2)) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer or the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

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

(b) Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice

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(ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)", the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of this Indenture. To the extent any action shall be required to establish, perfect, or maintain the lien and security interest of the Trustee hereunder, the Institution shall be required to, and the Trustee is authorized to, perform all such necessary actions and file and record all such necessary documentation.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of this Indenture are to be subjected to the lien and security interest of this Indenture.

(d) Any filings with respect to Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company to facilitate the filing of Uniform Commercial Code financing statements.

(e) The Trustee acknowledges and agrees (on behalf of itself and the Bondholders) that neither the Issuer, nor any of its directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests,

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in writing to the Issuer and the Institution) or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Institution and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

(c) If there shall occur an Event of Default under Section 9.1(d) or (e) of the Loan Agreement, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

(d) The right of the Trustee or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall be paid by or for the account of the Issuer and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

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

**Section 8.02. Enforcement of Remedies.** (a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance

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of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under this Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in this Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institution or the Issuer or their creditors or property.

(c) Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised by counsel shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

**Section 8.03. Application of Revenues and Other Moneys After Default.**

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

(i) 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

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**Section 8.04. Actions by Trustee.** All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Holders of the Outstanding Bonds.

**Section 8.05. Majority Holders Control Proceedings.** Anything in this Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

**Section 8.06. Individual Bondholder Action Restricted.** (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity (ii) with respect to the Bonds, this Indenture or any other Security Document, (iii) for the enforcement of any provisions of the Bonds, this Indenture or of any other Security Document, (iv) for the execution of any trust under this Indenture or (v) for any remedy under the Bonds, this Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in this Article, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, this Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, her, its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and, subject to the provisions of Section 8.03, be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in this Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

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amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(ii) 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.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(B) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(i).

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 8.01, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

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**Section 8.07. Effect of Discontinuance of Proceedings.** In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Institution, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

**Section 8.08. Remedies Not Exclusive.** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

**Section 8.09. Delay or Omission.** No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

**Section 8.10. Notice of Default.** The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Institution by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

**Section 8.11. Waivers of Default.** The Trustee shall waive any default hereunder and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Institution, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

**Section 8.12. Issuer Approval of Certain Nonforeclosure Remedies.** Notwithstanding any provision hereof or of under any other Security Document, upon the occurrence of an Event of Default, no such 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 the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a "Mortgage Restructuring"), (y) amending or terminating any Security Document (other than through a forbearance) to which the Issuer is a

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party (a "Security Document 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 all or a portion of the Facility (a "Substitute Entity"), unless, in either case, a reasonable description of such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall have been set forth in a writing delivered to the Issuer together with a request for approval and (i) the Mortgage Restructuring, Security Document Action and/or Substitute Entity 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), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Bonds to become subject to federal income taxation by reason of either such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the entry into a forbearance agreement by the Trustee, the commencement of a foreclosure action under the Mortgage or the appointment of a receiver over the Institution or any collateral for the Bonds. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee hereby agrees to provide written notice to the Issuer of such retirement or cancellation no later than fourteen (14) Business Days after the occurrence of the earlier of: (A) the Trustee's receipt of direction to effectuate such retirement or cancellation, and (B) the Trustee's receipt of surrendered Bonds for cancellation.

## ARTICLE IX

### TRUSTEE, BOND REGISTRAR AND PAYING AGENTS

**Section 9.01. Appointment and Acceptance of Duties of Trustee.** The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein, and no implied covenants or obligations shall be read into this Indenture against the Trustee. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

**Section 9.02. Indemnity of Trustee.** The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys or receivers and shall not be

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of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Institution, the Trustee or any other Person.

(e) The Trustee shall not be responsible for any recital herein or in the Bonds or for the recording or re-recording, filing or re-filing of this Indenture or any financing statements (other than continuation statements) in connection therewith or for insuring the Facility or collecting insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency of the security of the Bonds.

(f) The Trustee shall on the same date as it shall render the statement required of it by Section 7.03, make annual reports to the Issuer and the Institution of all moneys received and expended during the preceding year by it under this Indenture and of any Event of Default known to it under the Loan Agreement or this Indenture or under any other Security Document.

(g) With respect to the Tax Regulatory Agreement, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action required to be taken thereunder except upon the receipt of a written certificate of direction of an Authorized Representative of the Institution delivered to the Trustee in accordance with the terms of the Tax Regulatory Agreement. Notwithstanding any provision of the Tax Regulatory Agreement or any other Security Document, nothing in the Tax Regulatory Agreement, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Regulatory Agreement to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Institution.

(h) The permissive right of the Trustee to do things enumerated in this Indenture or the other Security Documents shall not be construed as a duty, and in doing or not doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(i) 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.

(j) The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any information, statement or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds, whether or not an original or a copy of such agreement has been provided to the Trustee. The Trustee shall have no obligation to monitor other parties and their performance of their respective obligations. The Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(k) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any

responsible for any misconduct or negligence on the part of any agent, attorney or receiver appointed or chosen by it with due care.

**Section 9.03. Responsibilities of Trustee.** (a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in Section 7.07. The recitals, statements and representations contained in this Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing or re-filing as contained in Section 7.07.

(b) The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under this Indenture or the Tax Regulatory Agreement. The Trustee shall not be responsible for the use or application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with this Indenture or the Tax Regulatory Agreement or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under this Indenture or under any other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

(c) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder. The Trustee shall not be charged with knowledge of the occurrence of any default except under Section 8.01(a)(i) or Section 8.01(a)(ii), unless the Trustee shall be specifically notified in writing of such default by the Institution, Issuer, or by the Bondholders of at least 25% of all Bonds then Outstanding. The Trustee shall not be charged with the knowledge of a Determination of Taxability unless the Trustee has received written notice thereof from the Internal Revenue Service, the Institution, the Issuer or any Bondholder or former Bondholder.

(d) The Trustee shall not be liable or responsible for the failure of the Institution to effect or maintain insurance on the Facility as provided in the Loan Agreement or the Mortgage nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason

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present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility; it being understood that Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

(l) If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any other matter relating to the Indenture and the documents contemplated hereby, or the Trustee is in doubt as to the action to be taken hereunder, the Trustee may, at its option, after sending written notice of the same to the parties, refuse to act until such time as it (a) receives a final non-appealable order of a court of competent jurisdiction directing delivery of the assets held in trust under the Indenture or (b) receives a written instruction, executed by each of the parties involved in such disagreement or dispute, in a form reasonably acceptable to the Trustee, directing delivery of such assets. The Trustee will be entitled to act on any such written instruction or final, non-appealable order of a court of competent jurisdiction without further question, inquiry or consent. The Trustee may file an interpleader action in a state or federal court, and upon the filing thereof. The Trustee will be relieved of all liability as to the assets held in trust under the Indenture and will be entitled to recover reasonable and documented out-of-pocket attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action.

#### **Section 9.04. Compensation of Trustee, Bond Registrar and Paying Agents.**

The Trustee, the Bond Registrar and Paying Agents shall be entitled to receive and collect from the Institution as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered hereunder and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under Section 5.14, 6.04 or Article X) for the foregoing advances, fees, costs and expenses incurred. If it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary costs and expenses are occasioned by the gross negligence or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor.

**Section 9.05. Evidence on Which Trustee May Act.** (a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

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(b) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person. The Trustee may rely conclusively on any such certificate or other document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of the Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof. The Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the Issuer or to the Institution, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel. In addition, the Trustee shall have the right to rely upon any order or decree of a court of competent jurisdiction. As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Trustee shall be entitled to conclusively rely upon a certificate signed by the Authorized Representative of the Issuer or an Authorized Representative of the Institution as sufficient evidence of the facts therein contained.

**Section 9.06. Trustee and Paying Agents May Deal in Bonds.** Any national banking association, bank or trust company acting as a Trustee or Paying Agent, and its respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

**Section 9.07. Resignation or Removal of Trustee.** The Trustee may resign and thereby become discharged from the trusts created under this Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Majority Holders or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer and the Institution. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

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such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.

(e) Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee and the duties and obligations of such predecessor hereunder shall thereafter cease and terminate; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

**Section 9.09. Paying Agents.** (a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written acceptance thereof. The designated offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.

(b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital

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If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all information reasonably requested by the successor Trustee, 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 currently being held by the prior Trustee and reasonably requested by the successor Trustee (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the "Trust Corpus").

**Section 9.08. Successor Trustee.** (a) If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the Institution shall cooperate with the Issuer and the Issuer shall appoint a successor Trustee and shall use its best efforts to obtain acceptance of such trust by the successor Trustee within sixty (60) days from such vacancy or notice of resignation. Within twenty (20) days after such appointment and acceptance, the Issuer shall notify in writing the Institution and the Holders of all Bonds.

(b) In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Majority Holders, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.08, within ninety (90) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Institution may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under this Section shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than \$100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".

(d) Any predecessor Trustee shall transfer to any successor Trustee appointed under this Section as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as

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stock and surplus aggregating at least \$40,000,000, having an investment grade rating of at least "Baa3" or "P-3", and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.

(c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

**Section 9.10. Appointment of Co-Trustee.** (a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any powers, rights or remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

**Section 9.11. Patriot Act.** The Trustee hereby acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act (being the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as amended, and signed into law October 26, 2001), each depository bank, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required

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to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with a depository bank. The Trustee hereby acknowledges that it shall obtain such information from the other Notice Parties as may be required in order for it to satisfy the requirements of the U.S.A. Patriot Act.

## ARTICLE X

### DISCHARGE OF INDENTURE; DEFEASANCE

**Section 10.01. Defeasance.** (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in this Indenture, and all fees and expenses and other amounts due and payable under this Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or this Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under this Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security hereunder, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of this Indenture and of the Mortgage and execute and deliver to the Institution all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agents shall pay over or deliver to the Institution or on its order all moneys or securities held by them pursuant to this Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Regulatory Agreement or this Indenture.

(b) Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of this Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee 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

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(iv) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.

(v) To confirm, as further assurance, any pledge under, and the subject to any lien or pledge created or to be created by, this Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.

(vi) To modify or amend such provisions of this Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Tax-Exempt Bonds not be includable in gross income for federal income tax purposes.

(vii) To effect any other change herein which, in the judgment of the Trustee (which may rely on an Opinion of Counsel), is not to the material prejudice of the Trustee or the Bondholders.

(viii) To issue Additional Bonds hereunder.

(ix) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that (i) such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms, and (ii) such Supplemental Indenture will not cause the interest on any Series of Tax-Exempt Bonds to become includable in gross income for federal income tax purposes.

### Section 11.03. Supplemental Indentures With Bondholders' Consent.

(a) Subject to the terms and provisions contained in this Article, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bonds,

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all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date.

**Section 10.02. Defeasance Opinion and Verification.** Prior to any defeasance becoming effective as provided in Section 10.01(b), there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any 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) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

**Section 10.03. No Limitation of Rights of Holders.** No provision of this Article X, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds under Section 3.06, 3.07 or 3.09 until such Bonds shall have been paid in full.

## ARTICLE XI

### AMENDMENTS OF INDENTURE

**Section 11.01. Limitation on Modifications.** This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article.

**Section 11.02. Supplemental Indentures Without Bondholders' Consent.** (a) The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

(i) To cure any formal defect, omission or ambiguity in this Indenture or in any description of property subject to the lien hereof, if such action in the Opinion of Counsel is not materially adverse to the interests of the Bondholders.

(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 lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect. In determining if the additional rights, remedies, powers, authority or security is contrary to or inconsistent with this Indenture, the Trustee may rely on an Opinion of Counsel.

(iii) To add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.

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or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 11.03(a), without, in the case of items (ii) through and including (v) of this Section 11.03(a), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

(b) If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

(c) Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Series of 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. The Trustee may conclusively on the written consents of the Holders and shall not be required to make any independent investigation in connection therewith. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined,

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exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

**Section 11.04. Supplemental Indenture Part of this Indenture.** Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 11.02 or 11.03.

## ARTICLE XII

### AMENDMENTS OF RELATED SECURITY DOCUMENTS

**Section 12.01. Rights of Institution.** Anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to Article XI which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Institution.

**Section 12.02. 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) to provide for the issuance of Additional Bonds hereunder and additional indebtedness under the Loan Agreement; 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 this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code and that the amendment, change or modification is authorized and permitted under this Indenture.

**Section 12.03. Amendments of Related Security Documents Requiring Consent of Bondholders.** Except as provided in Section 12.02, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents,

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signature guarantee, certificate or affidavit shall also constitute sufficient proof of his or her authority.

(b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.

(c) Except as otherwise provided in Section 11.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

**Section 13.02. Notices.** Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the Institution or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

- (1) if to the Issuer, to

Monroe County Industrial Development Corporation  
CityPlace, Suite 1150  
50 W. Main Street  
Rochester, New York 14614  
Attention: Executive Director

with a copy to

Nixon Peabody LLP  
1300 Clinton Square  
Rochester, New York 14604  
Attention: Barry Carrigan, Esq.

- (2) if to the Institution, to

Eugenio Maria de Hostos Charter School  
27 Zimbrich Street  
Rochester, New York 14621  
Attention: Chief Executive Officer

with a copy to

Trespasz Law Offices, LLP  
247 West Fayette Street, Suite 304  
Syracuse, New York 13202  
Attention: Ted Trespasz, Esq.

- (3) if to the Trustee, to

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without mailing of notice and the written approval or consent of the Majority Holders given and procured as in Section 11.03 set forth; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Institution to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Note or (ii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Series of 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 Article XI with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated 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.

## ARTICLE XIII

### MISCELLANEOUS

#### **Section 13.01. Evidence of Signature of Bondholders and Ownership of Bonds.**

(a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his or her duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his or her attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his or her attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such

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UMB Bank, N.A.  
1670 Broadway  
Denver, Colorado 80202  
Attention: Corporate Trust

The Issuer, the Institution and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

**Section 13.03. Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds.

**Section 13.04. Partial Invalidity.** If any one or more of the provisions of this Indenture or of the Bonds shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as of such illegal or invalid provision had not been contained herein.

**Section 13.05. Effective Date: Counterparts.** The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 13.06. Laws Governing Indenture.** This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

**Section 13.07. No Pecuniary Liability of Issuer or Members; No Debt of the State or County.** Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or Monroe County, New York, nor any political subdivision thereof and neither the State nor Monroe County, New York, nor any political subdivision thereof shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the

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payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his or her individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. Neither the Bonds, the interest thereon, the Sinking Fund Installments therefor, nor the Redemption Price thereof shall ever constitute a debt of the State or of Monroe County, New York, or any political subdivision thereof and neither the State nor Monroe County, New York, nor any political subdivision thereof shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

**Section 13.08. Priority of Indenture Over Liens.** This Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Indenture and the Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Facility subsequent to the recordation of the Mortgage. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvements and that the Issuer will apply the same first to the payment of the costs of improvements before using any part of the total of the same for any other purpose.

**Section 13.09. Consent to Jurisdiction.** Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or related to this Indenture may be brought in the courts of record of the State in Monroe County or the United States District Court for the Western District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (x) to move to dismiss on grounds of forum non conveniens, (y) to remove to any federal court other than the United States District Court for the Western District of New York, and (z) to move for a change of venue to a New York State Court outside Monroe County.

**Section 13.10. Waiver of Trial by Jury.** Each party hereto hereby expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms,

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**IN WITNESS WHEREOF**, Monroe County Industrial Development Corporation, Rochester, New York, has caused these presents to be executed in its name and behalf by its President, Vice President or Executive Director and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and behalf by an authorized representative, all as of the day and year first above written.

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

By: \_\_\_\_\_  
Name: Ana J. Liss  
Title: Executive Director

STATE OF NEW YORK )  
: ss.:  
COUNTY OF MONROE )

On the \_\_\_ day of September, of the year 2024, before me, the undersigned, personally appeared **Ana J. Liss** known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

covenants or conditions of this Indenture or any matters whatsoever arising out of or in any way connected with this Indenture. The provisions of this Indenture relating to waiver of trial by jury shall survive the termination or expiration of this Indenture.

**Section 13.11. Legal Counsel: Mutual Drafting.** Each party acknowledges that this Indenture is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Indenture. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Indenture and agrees that this Indenture and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum* doctrine, that would require interpretation of any ambiguities in this Indenture against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

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**UMB BANK, N.A., as Trustee**

By: \_\_\_\_\_  
Name: John M. Wahl  
Title: Senior Vice President

STATE OF COLORADO )  
: ss.:  
COUNTY OF \_\_\_\_\_ )

On the \_\_\_ day of September, in the year 2024, before me, the undersigned, personally appeared **John M. Wahl**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

**EXHIBIT A**  
**DESCRIPTION OF THE LAND**

**APPENDICES**

APP-1

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**EXHIBIT B**  
**DESCRIPTION OF THE FACILITY PERSONALTY**

The acquisition of fixtures and other equipment for incorporation or use at the buildings located at 1069-1089 & 1119 Joseph Avenue, Rochester, New York, 27 Zimbrich Street, Rochester, New York, 44 Zimbrich Street, Rochester, New York, and 967-979 Joseph Avenue, Rochester, New York, financed or refinanced with the proceeds of the Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A and the Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefore, and all parts, additions and accessories incorporated therein or affixed thereto and shall include all property substituted for or replacing items and exclude all items so substituted for or replaced, and further exclude all items removed as provided in the Indenture and the Loan Agreement.

**EXHIBIT C-1**

**FORM OF FULLY REGISTERED TAX-EXEMPT BOND**

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF MONROE COUNTY, NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR MONROE COUNTY, NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION OTHER THAN THOSE PLEDGED THEREFOR. THIS BOND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF 1933 OR A "QUALIFIED INSTITUTIONAL BUYER" AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES EXCHANGE COMMISSION.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION  
REVENUE BONDS  
(EUGENIO MARIA DE HOSTOS CHARTER SCHOOL PROJECT), SERIES 2024A

Bond Date: September 12, 2024  
Maturity Date: July 1, [2034][2044][2054][2059]  
Registered Owner: Cede & Co.  
Principal Amount: \$[3,810,000][12,195,000][19,850,000][14,205,000]  
Interest Rate: 5.00%  
Bond Number: AR-[1][2][3][4]  
CUSIP: 61075T[XT0][XU7][XV5][XW3]

Promise to Pay. Monroe County Industrial Development Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (herein called the "**Issuer**"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Owner identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with

respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on January 1 and July 1 in each year, commencing January 1, 2025 (or, if such day is not a Business Day, the immediately succeeding Business Day). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Bonds in whole if there shall have occurred a Determination of Taxability), the annual rate of interest on the Bonds shall be the Default Rate commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Bonds or whose Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement (as such terms are hereinafter defined) the following, in an amount allocable to such period during which it held the Bonds subsequent to the Event of Default and the date upon which the Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Bonds prior to the Event of Default and the rate borne by the Bonds on and subsequent to such date.

If there shall occur a Determination of Taxability, the annual rate of interest on the Tax-Exempt Bonds shall be the Default Rate commencing with the date of the Event of Taxability and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Determination of Taxability. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of an Event of Taxability, but who subsequent to such date sold or otherwise disposed of its Tax-Exempt Bonds or whose Tax-Exempt Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Tax-Exempt Bonds subsequent to the Event of Taxability and the date upon which the Tax-Exempt Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Tax-Exempt Bonds prior to the Event of Taxability and the rate borne by the Tax-Exempt Bonds on and subsequent to such date.

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for the purpose of financing the costs of (a) (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-87.001) ("Property A"), which Property A included at the time of acquisition an approximately 23,900 square foot building ("Building 1"), an approximately 9,800 square foot building ("Building 2") and an approximately 11,465 square foot building ("Building 3"), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-86) ("Property B") and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B, (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York (and further described as Tax Map Parcel No. 091.71-4-6.001) and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York (and further described as Tax Map Parcel No. 091.71-2-86.001); (c) refinancing existing debt of the Institution used for the acquisition, renovation and equipping of other Institution facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Bonds and the Series 2024B Bonds (collectively (a) through (e), the "Project") on behalf Eugenio Maria de Hostos Charter School, a New York not-for-profit education corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its successors and assigns (hereinafter, together with any assignee of the Loan Agreement hereafter referred to, called the "Institution"). The Facility will be owned and operated by the Institution, and will serve as the site of a charter school, known as the Eugenio Maria de Hostos Charter School, which will provide educational services to students in kindergarten through grade 12.

In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of September 1, 2024, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed a certain Promissory Note dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Custody Agreement hereinafter referred to and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

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Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of UMB Bank, N.A. in Denver, Colorado, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

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

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A" (the "Bonds") issued in the aggregate principal amount of \$50,060,000. Contemporaneously with the issuance of the Bonds, the Issuer is issuing the Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B (the "Series 2024B Bonds") in the aggregate principal amount of \$2,365,000. The Bonds and the Series 2024B Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on July 10, 2024, authorizing the issuance of the Bonds and the Series 2024B Bonds and under and pursuant to an Indenture of Trust, dated as of September 1, 2024 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and UMB Bank, N.A., as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"),

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Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's fee title interest in the Facility pursuant to (i) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facility, each dated as of September 1, 2024, and each from the Institution to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively the "Mortgage"). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. Further, the Bonds are secured by a Custody Agreement dated as of September 1, 2024 ("Custody Agreement"), by and among the Institution, the Trustee and UMB Bank, N.A., as Custodian, whereby the Institution will cause certain Education Aid to be delivered to the Custodian, and the Custodian will in turn make transfers of certain moneys to the Trustee for deposit under the Indenture.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF MONROE COUNTY, NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE STATE OF NEW YORK NOR MONROE COUNTY, NEW YORK NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions in the Loan Agreement, Additional Bonds may be issued from time to time in one or more series. All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

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**Redemption of Bonds**

(A) **General Optional Redemption.** The Bonds shall be subject to redemption, on or after July 1, 2034 in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement), at the Redemption Price of one hundred percent (100%) of the principal amount of the Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

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

(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 eighteen (18) months 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 eighteen (18) months from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

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

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise

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

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2045	\$1,580,000
2046	1,655,000
2047	1,740,000
2048	1,825,000
2049	1,920,000
2050	2,015,000
2051	2,115,000
2052	2,220,000
2053	2,330,000
2054*	2,450,000

\* Final maturity.

(iv) The Bonds maturing on July 1, 2059 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2055	\$2,570,000
2056	2,700,000
2057	2,835,000
2058	2,975,000
2059*	3,125,000

\* Final maturity.

(D) **Mandatory Redemption from Excess Proceeds and Certain Other Amounts.** The Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) excess Bond proceeds shall remain after the completion of the Project,

(ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture,

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to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(C) **Mandatory Sinking Fund Installment Redemption.** (i) The Bonds maturing on July 1, 2034 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2030	\$375,000
2031	795,000
2032	835,000
2033	880,000
2034*	925,000

\* Final maturity.

(ii) The Bonds maturing on July 1, 2044 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2035	\$970,000
2036	1,020,000
2037	1,070,000
2038	1,120,000
2039	1,180,000
2040	1,235,000
2041	1,300,000
2042	1,365,000
2043	1,430,000
2044*	1,505,000

\* Final maturity.

(iii) The Bonds maturing on July 1, 2054 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in

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(iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personality, or

(iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

(E) **Mandatory Taxability Redemption.** Upon the occurrence of a Determination of Taxability, the 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 at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The 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.

(F) **Purchase in Lieu of Optional Redemption.** In lieu of calling the Tax-Exempt Bonds for optional redemption and subject to Section 11.6 of the Loan Agreement, the Tax-Exempt Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any date on or after July 1, 2034, at a Purchase Price equal to a Redemption Price for any optional redemption of such Tax-Exempt Bonds as provided above, plus accrued interest to the purchase date. Purchases of tendered Tax-Exempt Bonds may be made without regard to any provision of this Indenture relating to the selection of Tax-Exempt Bonds in a partial optional redemption. The Tax-Exempt Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to Section 11.6 of the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of this Indenture relating to the selection of the Tax-Exempt Bonds in a partial redemption.

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

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**Redemption Procedures.** If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

**Amendment of Indenture.** The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

**Denominations.** The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

**Exchange of Bonds.** The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

**Transfer of Bonds.** This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his or her duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his or her duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program

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or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

**Special Agreement by Holder.** Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows: (i) it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an "accredited investor" (as defined in Regulation D under the Securities Act), and it has acquired this bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the transfer restrictions set forth in this bond and in the legend appearing hereon and only to a Person meeting the requirements set forth in the preceding clause (i).

**Book Entry System.** The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities

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Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

**Acceleration of Bonds.** In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

**Limitation on Bondholder Enforcement Rights.** The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

**Special Obligation of the Issuer.** This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

**Estoppel Clause.** It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

**No Personal Liability.** Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

**Authentication by Trustee.** This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF,** Monroe County Industrial Development Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its President, Vice President or Executive Director as of the Bond Date indicated above.

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

By: \_\_\_\_\_  
Authorized Signatory

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the Bonds of the issue described in the within-mentioned Indenture.

UMB BANK, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication: September \_\_, 2024

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED  
MEDALLION GUARANTEED

\_\_\_\_\_  
Authorized Signature  
(Signature Guarantee Program Name)

[Signature Guarantee must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15]

[END OF FORM OF TAX-EXEMPT BONDS]

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**EXHIBIT C-2**

**FORM OF FULLY REGISTERED TAXABLE BOND**

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF MONROE COUNTY, NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR MONROE COUNTY, NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION OTHER THAN THOSE PLEDGED THEREFOR. THIS BOND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF 1933 OR A "QUALIFIED INSTITUTIONAL BUYER" AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES EXCHANGE COMMISSION.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION  
TAXABLE REVENUE BONDS  
(EUGENIO MARIA DE HOSTOS CHARTER SCHOOL PROJECT), SERIES 2024B

Bond Date: September 12, 2024  
Maturity Date: July 1, 2030  
Registered Owner: Cede & Co.  
Principal Amount: \$2,365,000  
Interest Rate: 6.75%  
Bond Number: BR-1  
CUSIP: 61075TXX1

Promise to Pay. Monroe County Industrial Development Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Owner identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with

respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on January 1 and July 1 in each year, commencing January 1, 2025 (or, if such day is not a Business Day, the immediately succeeding Business Day). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Bonds in whole if there shall have occurred a Determination of Taxability), the annual rate of interest on the Bonds shall be the Default Rate commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Bonds or whose Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement (as such terms are hereinafter defined) the following, in an amount allocable to such period during which it held the Bonds subsequent to the Event of Default and the date upon which the Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Bonds prior to the Event of Default and the rate borne by the Bonds on and subsequent to such date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of UMB Bank, N.A. in Denver, Colorado, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

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The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

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

**Authorization and Purpose.** This bond is one of an authorized issue of bonds designated as “Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B” (the “**Bonds**”) issued in the aggregate principal amount of \$2,365,000. Contemporaneously with the issuance of the Bonds, the Issuer is also issuing its Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A (the “**Series 2024A Bonds**”) in the aggregate principal amount of \$50,060,000. The Bonds and the Series 2024A Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on July 10, 2024, authorizing the issuance of the Bonds and the Series 2024A Bonds and under and pursuant to an Indenture of Trust, dated as of September 1, 2024 (as the same may be amended or supplemented, the “**Indenture**”), made and entered into by and between the Issuer and UMB Bank, N.A., as trustee (said bank and any successor thereto under the Indenture being referred to herein as the “**Trustee**”), for the purpose of financing the costs of (a) (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-87.001) (“**Property A**”), which Property A included at the time of acquisition an approximately 23,900 square foot building (“**Building 1**”), an approximately 9,800 square foot building (“**Building 2**”) and an approximately 11,465 square foot building (“**Building 3**”), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-86) (“**Property B**”) and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B, (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an

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approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York (and further described as Tax Map Parcel No. 091.71-4-6.001) and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York (and further described as Tax Map Parcel No. 091.71-2-86.001); (c) refinancing existing debt of the Institution used for the acquisition, renovation and equipping of other Institution facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Bonds and the Series 2024A Bonds (collectively (a) through (e), the “**Project**”) on behalf Eugenio Maria de Hostos Charter School, a New York not-for-profit education corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its successors and assigns (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the “**Institution**”). The Facility will be owned and operated by the Institution, and will serve as the site of a charter school, known as the Eugenio Maria de Hostos Charter School, which will provide educational services to students in kindergarten through grade 12.

In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of September 1, 2024, between the Issuer and the Institution (as the same may be amended or supplemented, the “**Loan Agreement**”), and the Institution has executed a Promissory Note dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, the “**Promissory Note**”) to evidence the Institution’s obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

**Pledge and Security.** Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Note. The Bonds are also secured by mortgage liens on and security interests in the Institution’s fee title interest in the Facility pursuant to (i) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facility, each dated as of September 1, 2024, and each from the Institution to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively the “**Mortgage**”). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Mortgage. Further, the Bonds are secured by a

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Custody Agreement dated as of September 1, 2024 (“**Custody Agreement**”), by and among the Institution, the Trustee and UMB Bank, N.A., as Custodian, whereby the Institution will cause certain Education Aid to be delivered to the Custodian, and the Custodian will in turn make transfers of certain moneys to the Trustee for deposit under the Indenture.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF MONROE COUNTY, NEW YORK, OR OF ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE STATE OF NEW YORK NOR MONROE COUNTY, NEW YORK NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

**Additional Bonds.** As provided in the Indenture, upon satisfying certain conditions in the Loan Agreement, Additional Bonds may be issued from time to time in one or more series. All bonds issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

**General Interest Rate Limitation.** Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

**Redemption of Bonds.**

(A) **General Optional Redemption.** The Bonds are not subject to optional redemption.

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

(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 eighteen (18) months 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 eighteen (18) months from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

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

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

(C) **Mandatory Sinking Fund Installment Redemption.** The Bonds maturing on July 1, 2030 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (July 1)	Sinking Fund Installment
2027	\$620,000
2028	660,000
2029	705,000
2030*	380,000

\* Final maturity.

(D) **Mandatory Redemption from Excess Proceeds and Certain Other Amounts.** The Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

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(i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture,

(ii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personality, or

(iii) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

(E) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the 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 at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The 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.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

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Special Agreement by Holder. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows: (i) it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an "accredited investor" (as defined in Regulation D under the Securities Act), and it has acquired this bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the transfer restrictions set forth in this bond and in the legend appearing hereon and only to a Person meeting the requirements set forth in the preceding clause (i).

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

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Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his or her duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his or her duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

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Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]



IN WITNESS WHEREOF, Monroe County Industrial Development Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its President, Vice President or Executive Director, all as of the Bond Date indicated above.

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

By: \_\_\_\_\_  
Authorized Signatory

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the Bonds of the issue described in the within-mentioned Indenture.

UMB BANK, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication: September \_\_\_\_, 2024

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(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

**SIGNATURE GUARANTEED MEDALLION GUARANTEED**

\_\_\_\_\_  
Authorized Signature  
(Signature Guarantee Program Name)

[Signature Guarantee must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15]

[END OF FORM OF TAXABLE BONDS]

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**EXHIBIT D**

**Form of Requisition from the Project Fund**

REQUISITION NO.

TO: UMB Bank, N.A., as Trustee

FROM: Eugenio Maria de Hostos Charter School

Ladies and Gentlemen:

You are requested to draw from the specified account of the Project Fund, established by Section 5.01 of the Indenture of Trust, dated as of September 1, 2024 (the "Indenture"), between Monroe County Industrial Development Corporation (the "Issuer") and yourself, a check or checks or wire transfer, as applicable, in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

(i) I am an Authorized Representative of Eugenio Maria de Hostos Charter School (the "Institution");

(vi) the number of this Requisition is \_\_\_\_;

(vii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02 of the Indenture and under Section 3.2 of the Loan Agreement and each such item has been properly paid or incurred as an item of Project Cost;

(viii) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;

(ix) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(x) each such item stated in Schedule A attached hereto is a proper charge against the specified account of the Project Fund;

(xi) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

(xii) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Tax Regulatory Agreement;

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(xiii) if the payment herein requested is a reimbursement to the Institution for costs or expenses of the Institution incurred by reason of work performed or supervised by officers or employees of the Institution or any Affiliate, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Institution and such costs or expenses will be treated by the Institution on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(xiv) no portion of the proceeds of the Tax-Exempt Bonds will be applied to reimburse the Institution for Project Costs paid more than sixty (60) days prior to March 28, 2023, which is the date of the Institution's reimbursement resolution, which resolution was updated on April 30, 2024, except for amounts which do not exceed twenty percent (20%) of the Project Costs financed with the proceeds of the Bonds which were applied to finance certain preliminary expenses with respect to the Project. Preliminary expenses, for purposes of this exception, include architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation of the Project. No portion of the proceeds of the Bonds will be applied to reimburse the Institution for a cost (other than preliminary expenditures) paid more than eighteen (18) months prior to the date of this requisition or the date the Facility to which the cost relates was placed in service, whichever is later. In no event shall the proceeds of the Tax-Exempt Bonds be applied to reimburse the Institution for a Project Cost paid more than three (3) years prior to the date of issuance of the Bonds, unless such cost is attributable to a preliminary expenditure, as described above;

(xv) no Determination of Taxability has occurred, and no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Security Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(xvi) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;

(xvii) each item which payment under this requisition is to be made when added to all other payments previously made from the Project Fund, will not result in less than 95% of the proceeds of the Tax-Exempt Bonds (exclusive of costs of issuance of the Bonds or any reasonably required reserve) (including any earnings thereon) being used for the acquisition, construction, reconstruction or improvement of land or property that is subject to the allowance for depreciation provided in section 167 of the Code;

(xviii) such item of cost for which payment is herein requested is chargeable to the capital account of the Facility for federal income tax purposes, or would

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SCHEDULE A TO REQUISITION NO. \_\_\_

Account      Amount      Payee (with address or wire information)      Purpose

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be so chargeable either with an election by the Institution or but for the election of the Institution to deduct the amount of such item; [and]

(xix) the representations and warranties made by the Institution in the Security Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; [and]

(xx) [TO BE INCLUDED FOR ANY REQUISITION SUBMITTED AFTER THE CLOSING DATE FOR COSTS OF CONSTRUCTION, IMPROVING AND/OR RENOVATING THE FACILITY REALTY] attached hereto is a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions which do not constitute Permitted Encumbrances, which notice or endorsement does not contain any exception for inchoate mechanic's liens and has the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase.]

With respect to such requisition, the Authorized Representative of the Institution (i) certifies they have reviewed any wire instructions set forth in such written disbursement direction to confirm such wire instructions are accurate, (ii) agrees to indemnify and hold harmless the Trustee from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested, and (iii) agrees they will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

Dated: \_\_\_\_\_ **EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

By: \_\_\_\_\_  
Authorized Representative

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Receipt by or on behalf of the undersigned is hereby acknowledged of a payment in the amount of \$\_\_\_\_\_ in connection with the submission of the attached Requisition.

**EUGENIO MARIA DE HOSTOS SCHOOL**

By: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

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**EXHIBIT E**

**Form of Custody Agreement Notice**

To: UMB Bank, N.A., as Custodian

\_\_\_\_\_

Attention: \_\_\_\_\_

Eugenio Maria de Hostos Charter School  
27 Zimbrich Street  
Rochester, New York 14621  
Attention: \_\_\_\_\_

Re: Applicable Education Aid Funding Period  
[Date] to [Date]

Pursuant to Section 5.17 of the Indenture of Trust dated as of September 1, 2024 by and between Monroe County Industrial Development Corporation (the "**Issuer**") and UMB Bank, N.A., as trustee (the "**Trustee**"), the Trustee hereby certifies the respective aggregate amounts to be transferred by UMB Bank, N.A. (the "**Custodian**") to the Trustee during the applicable Education Aid Funding Period described above:

	<u>Applicable Fund</u>	<u>Amount</u>
1.	For deposit in the Interest Account of the Bond Fund, on each _____, _____ and \$ _____ _____;	
2.	For deposit in the [Principal Account] [Sinking Fund Installment Account] of the Bond Fund, on each \$ _____ _____, _____ and _____;	

IN WITNESS WHEREOF, I have hereunto set my signature as an Authorized Representative of the Trustee this \_\_\_ day of \_\_\_\_\_, 20\_\_.

UMB BANK, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Representative

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by and between	
<b>MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION,</b> a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York, having its principal office at CityPlace, Suite 1150, 50 W. Main Street, Rochester, New York 14614, as “ <b>Issuer</b> ”	
and	
<b>EUGENIO MARIA DE HOSTOS CHARTER SCHOOL,</b> a not-for-profit education corporation organized and existing under the laws of the State of New York, having its principal office at 27 Zimbrich Street, Rochester, New York 14621, as “ <b>Institution</b> ”	
\$50,060,000	
Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A	
and	
\$2,365,000	
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EXHIBITS

- Exhibit A – Description of the Land
- Exhibit B – Description of the Facility Personality
- Exhibit C – Authorized Representative
- Exhibit D – Project Cost Budget
- Exhibit E – Form of Project Completion Certificate
- Exhibit F – Form of Promissory Note

## LOAN AGREEMENT

This **LOAN AGREEMENT**, dated as of September 1, 2024 (this “**Agreement**”), is by and between **MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York, having its principal office at CityPlace, Suite 1150, 50 W. Main Street, Rochester, New York 14614 (the “**Issuer**”), party of the first part, and **EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**, a not-for-profit education corporation organized and existing under the laws of the State of New York, having its principal office at 27 Zimbrich Street, Rochester, New York 14621 (the “**Institution**”), party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

### WITNESSETH:

**WHEREAS**, pursuant to Section 1411 of the Not-for-Profit Corporation Law (“**N-PCL**”) of the State of New York (the “**State**”), as amended (hereinafter collectively called the “**Act**”), and pursuant to its certificate of incorporation, as amended (the “**Certificate**”), the Issuer was established as a not-for-profit local development corporation of the State with the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing and equipping certain projects exclusively in furtherance of the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest; and

**WHEREAS**, the Act further authorizes the Issuer to issue its bonds and to loan the proceeds thereof for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge certain revenues and receipts to secure the payment of such bonds and interest thereon; and

**WHEREAS**, the Institution has entered into negotiations with officials of the Issuer for the Issuer’s assistance with a tax-exempt and taxable bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution for the acquisition, construction, renovation, equipping and furnishing of the Improvements as part of the Project; and

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

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

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

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

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

**Accountant** means initially, Bonadio & Co., LLP, or thereafter any other independent certified public accounting firm licensed to practice in the State which may be the firm of accountants that regularly audits the books and accounts of the Institution from time to time selected by the Institution.

**Accountant’s Certificate** means a report, certificate or opinion of the Accountant.

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

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

**Affiliate** means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

**Agreement** shall mean this Loan Agreement, dated as of the date set forth in the first paragraph hereof, between the Issuer and the Institution, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

**Annual Debt Service** means, for each Fiscal Year, the principal and interest payment requirements with respect to all Long-Term Indebtedness of the Institution Outstanding for such Fiscal Year.

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

**Approved Project Operations** shall mean the facilities located at 1069-1089 & 1119 Joseph Avenue, Rochester, New York, 27 Zimbrich Street, Rochester, New York, 44 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, for use by the Institution in the providing of education services to students.

**Assignment of Mortgage** shall mean, collectively, the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan) relating to the Facility, each dated September 12,

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

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

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

**WHEREAS**, in connection with the issuance of the Initial Bonds, the Custodian, the Institution and the Trustee will execute and deliver the Custody Agreement, and pursuant thereto, the Institution will cause payments of Education Aid due to the Institution to be delivered to the Custodian, and the Custodian will in turn make transfers of certain moneys to the Trustee for deposit under the Indenture, all as set forth in the Indenture; and

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

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2024, 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.

**Authorized Denomination** shall mean, (i) in the case of the Initial Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof, and (ii) in the case of any Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

**Authorized Principal Amount** shall mean, (i) in the case of the Series 2024A Bonds, \$50,060,000, (ii) in the case of the Series 2024B Bonds, \$2,365,000, and (iii) in the case of any Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

**Authorized Representative** shall mean, (i) in the case of the Issuer, the President, Vice President or Executive Director, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties as evidenced by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the President, Vice President or Executive Director, and (ii) in the case of the Institution, a person named in **Exhibit C** — “Authorized Representative”, or any other officer or employee of the Institution who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee via certificate containing the specimen signature of such person and signed on behalf of the Institution by a person named in **Exhibit C** — “Authorized Representative”; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

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

**Bond Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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

**Bond Purchase Agreement** shall mean the Bond Purchase Agreement, dated September 5, 2024 among the Institution, the Issuer and the Underwriter.

**Bond Registrar** shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

**Bond Resolution** shall mean the resolution of the Issuer adopted on July 10, 2024 authorizing the issuance of the Initial Bonds.

**Bonds** shall mean the Initial Bonds and any Additional Bonds.

**Building Loan Agreement** shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

**Business Day** shall mean any day that shall not be:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which banking institutions in the New York, New York 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.

**Claims** shall have the meaning set forth in Section 8.2(a).

**Closing Date** shall mean September 12, 2024, the date of the initial issuance and delivery of the Initial Bonds.

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

**Completion Deadline** shall mean September 12, 2027.

**Continuing Disclosure Agreement** shall mean the Continuing Disclosure Agreement, dated as of September 12, 2024, between the Institution and Digital Assurance Certification, L.L.C., as dissemination agent.

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

**Costs of Issuance** shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriter’s fee; counsel fees (including bond counsel, counsel to the Underwriter, Trustee’s counsel, Issuer’s counsel, Institution’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer or the Institution incurred in connection with the issuance of the

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(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 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.

**District** means the Rochester City School District.

**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.

**Education Aid** shall have the meaning set forth in the Indenture.

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Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Regulatory Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs (for the Initial Bonds and of the preliminary and final offering documents relating to the Initial Bonds); public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; Blue Sky fees and expenses; and similar costs.

**Custodian** means UMB Bank, N.A., as custodian under the Custody Agreement.

**Custody Agreement** means the Custody Agreement dated as of September 1, 2024 by and among the Institution, the Custodian and the Trustee.

**Custody Agreement Notice** means the notice prepared by the Trustee in accordance with the provisions of the Custody Agreement and Section 5.17 of the Indenture. The form of Custody Agreement Notice shall be in the form set forth in Exhibit E to the Indenture.

**Debt Service Reserve Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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

(a) with respect to the Initial Bonds, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

- (i) ten percent (10%) of the Stated Principal Amount (as defined in the Tax Regulatory Agreement) of the Initial Bonds;
- (ii) 100% of the greatest amount required in any calendar year to pay the sum of the scheduled principal and interest payable on the Initial Bonds; or
- (iii) 125% of the average annual amount required in any calendar year to pay the sum of scheduled principal and interest on the Initial Bonds; and

(b) with respect to any Series of Additional Bonds, such amount as shall be set forth in the Supplemental Indenture entered into in connection with the issuance of such Additional 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;

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**Entity** shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

**Environmental Audit** shall mean, collectively, that certain Phase I Environmental Site Assessment Report dated June 28, 2024 with respect to 1069-1089 and 1119 Joseph Avenue, Rochester, New York, prepared by the Environmental Auditor and that certain Phase I Environmental Site Assessment Report dated July 12, 2024 with respect to 967-979 Joseph Avenue and 27 and 44 Zimbrich Street, Rochester, New York, prepared by the Environmental Auditor.

**Environmental Auditor** shall mean LaBella Associates, D.P.C.

**Estimated Project Cost** shall mean \$52,984,883.45.

**Event of Default** shall have the meaning specified in Section 9.1.

**Event of Taxability** shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any 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.

**Existing Facility Property** shall have the meaning set forth in Section 3.5(a).

**Facility** shall mean collectively, the Facility Personalty and the Facility Realty.

**Facility Personalty** shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 and described in Exhibit B — “Description of the Facility Personalty”, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5.

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

**Final Project Cost Budget** shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Institution pursuant to Section 3.2(f) upon completion of the Project.

**Fiscal Year** shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of each 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

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written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

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

**GAAP** shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Closing Date, so as to properly reflect the financial position of the Institution, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

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

**Government Obligations** shall mean the following:

(i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

**Gross Revenues** shall mean all funds, money, grants, donations, or other distributions received by the Institution from State, federal, local sources, including the District and any other school districts, or any other sources, together with all other revenues, income or receipts of any kind whatsoever.

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

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successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under Section 8.9 or 8.20.

**Institution Documents** shall mean, collectively, the Bond Purchase Agreement, this Agreement, the Promissory Note, the Mortgage, the Building Loan Agreement, the Custody Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, and any other Project Documents to which the Institution is a party, each as may be amended from time to time.

**Institution's Property** shall have the meaning specified in Section 3.4(d).

**Interest Account** shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

**Interest Payment Date** shall mean, with respect to the Initial Bonds, January 1 and July 1 of each year, commencing January 1, 2025, and with respect to any Series of Additional Bonds, the dates set forth therein in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

**IRS Determination Letter** shall mean that certain ruling letter dated March 5, 2002, issued by the Internal Revenue Service to the Institution confirming that the Institution is a Tax-Exempt Organization.

**Issuer** shall mean Monroe County Industrial Development Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State, and its successors and assigns.

**Issuer's Reserved Rights** shall mean, collectively,

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under this Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under this Agreement;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Institution under this Agreement to complete the Project;

(iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Institution under this Agreement with respect to ensuring that the Facility shall always constitute the Approved Facility;

(v) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article VI, Article VIII (except for Section 8.26), Article IX, Article X, Sections 11.1 and 11.5, and Article XII (except Section 12.2); and

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**Impositions** shall have the meaning set forth in Section 8.17(a).

**Improvements** shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

**Indebtedness** shall mean any obligation of the Institution for the payment of money, including, without limitation, (i) indebtedness for money borrowed, (ii) purchase money obligations, (iii) leases evidencing the acquisition of capital assets, (iv) reimbursement obligations, and (v) guarantees of any such obligation of a third party, but excluding (a) obligations under contracts for supplies, services and pensions allocable to current operation expenses during the current or future Fiscal Years in which the supplies are to be delivered, the services rendered or the pensions paid, and (b) payment payable in the current or future Fiscal Years under leases not intended to evidence the acquisition of capital assets.

**Indemnification Commencement Date** shall mean June 12, 2024, the date on which the Issuer first adopted a resolution with respect to the Project.

**Indemnified Parties** shall have the meaning set forth in Section 8.2(a).

**Indenture** shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

**Independent Accountant** shall mean an independent certified public accountant or firm of independent certified public accountants selected by the Institution.

**Independent Engineer** shall mean a Person (not an employee of either the Issuer or the Institution or any Affiliate of either thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Institution.

**Initial Bonds** shall mean collectively, the Series 2024A Bonds and the Series 2024B Bonds authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

**Institution** shall mean Eugenio Maria de Hostos Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York, and its

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(vi) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b).

**Land** shall mean those certain lots, pieces or parcels of land in the County of Monroe in Section 091.63, Block 2 and Lots 087.001 and 86, generally known by the street addresses of 1069-1089 & 1119 Joseph Avenue, Rochester, New York, in Section 091.71, Block 4 and Lot 6.001, generally known by the street addresses of 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, and in Section 091.71, Block 2 and Lot 86.001, generally known by the street address of 44 Zimbrich Street, Rochester, New York, all as more particularly described in **Exhibit A** — "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c).

**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 Monroe County, New York, 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.

**Liability** shall have the meaning set forth in Section 8.2(a).

**Liens** shall have the meaning specified in Section 8.11(a).

**Loan** shall mean the loan made by the Issuer to the Institution pursuant to this Agreement as described in Section 4.1.

**Loan Payment Date** shall mean each January 5, March 5, May 5, July 5, September 5 and November 5 of each year.

**Long-Term Debt Service Coverage Ratio** means, for any Fiscal Year of the Institution, or other specified period, the ratio determined by dividing the Net Income Available for Debt Service by Annual Debt Service for that Fiscal Year.

**Long-Term Indebtedness** means all Indebtedness of the Institution except:

(a) Short-Term Indebtedness;

(b) Current obligations payable out of current revenues including current payments for the funding of pension plans or contributions to self-insurance programs;

(c) Obligations under contracts for supplies, services and pensions allocable to the current operating expenses of future years in which the supplies are to be furnished, the services are to be rendered or the pensions paid; and

(d) Scheduled payments under construction contracts.

**Loss Event** shall have the meaning specified in Section 6.1.

**Majority Holders** shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

**Management Consultant** means an independent professional firm or corporation hired by the Institution.

**Maturity Date** shall mean collectively, (i) with respect to the Series 2024A Bonds, July 1, 2059, and (ii) with respect to the Series 2024B Bonds, July 1, 2030.

**Maximum Annual Debt Service** shall mean, as of any date of calculation, the highest principal and interest payment requirements with respect to all Long-Term Indebtedness of the Institution Outstanding for any succeeding Fiscal Year.

**Merge** shall have the meaning specified in Section 8.20(a)(v).

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

**Mortgage** shall mean, collectively, the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan) relating to the Facility, each dated as of even date herewith, and each from the Institution to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

**Mortgaged Property** shall have the meaning specified in the Mortgage.

**Nationally Recognized Bond Counsel** shall mean Nixon Peabody LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

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(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 shall have been made for the giving of such notice in accordance with Section 10.01 of the Indenture; and

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

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

**Participants** shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

**Paying Agent** shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

**Permitted Encumbrances** shall mean:

(i) the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement and any other Project Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility

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**Net Income Available for Debt Service** means, for any period of determination thereof, Education Aid and Gross Revenues of the Institution minus its total Operating Expenses.

**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 Custodian, the Bond Registrar, the Paying Agents and the Trustee.

**Operating Expenses** means all reasonable and necessary expenses of the Institution paid or accrued, to operate a public school and provide educational services, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, and (d) professional services; provided however, there shall be excluded from Operating Expenses: (i) any allowance for depreciation, (ii) expenses incurred in connection with capital improvements, (iii) deposits to and expenses paid from the Debt Service Reserve Fund, (iv) expenses paid from the proceeds of any insurance or condemnation awards, and (v) to the extent it is considered an Operating Expense, amortization of debt service costs on the Series 2024 Bonds.

**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.

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

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

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund either:

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or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b);

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the Institution certifies to the Issuer and the Trustee will not materially interfere with or impair the Institution's use and enjoyment of the Facility as provided in this Agreement;

(v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Institution delivered to the Issuer and the Trustee, either singly or in the aggregate, render title to the Facility unmarketable or materially impair the property affected thereby for the purpose for which it was acquired or purport to impose liabilities or obligations on the Issuer;

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 insuring the Trustee's mortgage 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

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Institution from Monroe County, New York, the State or any governmental agency or instrumentality; and

(xiii) any lien, security interest, encumbrances or charge which exists in favor of the Trustee.

**Person** shall mean an individual or any Entity.

**Predecessor Institution** shall have the meaning specified in Section 8.20(b)(i).

**Principal Account** shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

**Project** shall mean, collectively, (a) (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-87.001) ("Property A"), which Property A included at the time of acquisition an approximately 23,900 square foot building ("Building 1"), an approximately 9,800 square foot building ("Building 2") and an approximately 11,465 square foot building ("Building 3"), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-86) ("Property B") and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B, (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York (and further described as Tax Map Parcel No. 091.71-4-6.001) and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York (and further described as Tax Map Parcel No. 091.71-2-86.001); (c) refinancing existing debt of the Institution used for the acquisition, renovation and equipping of other Institution facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Initial Bonds.

**Project Application Information** shall mean the eligibility application and questionnaire submitted to the Issuer by or on behalf of the Institution, for approval by the Issuer of the Project and the providing of financial assistance by the Issuer therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith.

**Project Completion Date** shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer shall have received a signed and complete certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit E – "Form of Project Completion Certificate", together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in

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(x) all other costs and expenses relating to the completion of the Project or the issuance of a Series of Additional Bonds.

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

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

**Project Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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

**Promissory Note** shall mean, (i) with respect to the Initial Bonds, those certain Promissory Notes in substantially the form of Exhibit F to this Agreement, each from the Institution to the Issuer and each endorsed by the Issuer to the Trustee, (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 this 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 this Agreement and the Indenture.

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

- (a) Government Obligations;
- (b) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively;
- (c) repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliates;
- (d) investments in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;
- (e) U.S. dollar-denominated deposit accounts, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank

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accordance with the plans and specifications therefor, (iii) the Issuer shall have received a copy of a certificate of occupancy issued by the City of Rochester Department of Buildings and Zoning from the Institution, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature, and (v) the Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

**Project Cost Budget** shall mean that certain budget for costs of the Project Work as set forth by the Institution in Exhibit D — "Project Cost Budget".

**Project Costs** shall mean:

- (i) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;
- (ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;
- (iii) the interest on the Bonds during the construction and renovation of the Project;
- (iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;
- (v) the cost of acquisition of the Facility Realty;
- (vi) all costs of title insurance as provided in Section 3.7;
- (vii) the payment of the Costs of Issuance with respect to the Initial Bonds;
- (viii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;
- (ix) all costs which the Institution shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

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deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured;

(f) direct and general long-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in either of the two highest rating categories by Moody's or S&P;

(g) direct and general short-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in the highest rating category by Moody's and S&P; and

(h) other obligations, interest on which is excludable from gross income for purposes of federal income taxation, which are rated in the two highest rating categories by S&P and Moody's.

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

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

**Rebate Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

**Redemption Account** shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

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

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

**Renewal Fund** shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

**S&P** shall mean Standard & Poor's Financial Services LLC, a Delaware limited liability company which is a subsidiary of McGraw Hill Financial, Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

**Securities 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, this Agreement, the Promissory Note, the Custody Agreement, the Indenture, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage and the Assignment of Mortgage.

**Series** shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

**Series 2024A Bonds** shall mean the Issuer's \$50,060,000 Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

**Series 2024B Bonds** shall mean the Issuer's \$2,365,000 Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

**Short-Term Indebtedness** means all Indebtedness of the Institution maturing or payable at the option of the obligee not more than 365 days after it is incurred excluding the current portion of any Long-Term Indebtedness.

**Sinking Fund Installment** shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

**Sinking Fund Installment Account** shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01 of the Indenture.

**State** shall mean the State of New York.

**Successor Institution** shall have the meaning specified in Section 8.20(b)(ii).

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

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(e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

**Taxable Bonds** shall mean the Series 2024B Bonds and any other such Additional Bonds that shall be issued as taxable bonds under this Indenture.

**Tax-Exempt Bonds** shall mean the Series 2024A Bonds and any other such Additional Bonds that shall be issued as tax-exempt bonds under this Indenture.

**Tax-Exempt Organization** shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

**Tax Regulatory Agreement** shall mean the Tax Regulatory Agreement, dated the Closing Date, from the Issuer and the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

**Termination Date** shall mean such date on which this Agreement may terminate pursuant to Article X.

**Transfer** shall have the meaning specified in Section 8.20(a)(iv).

**Trustee** shall mean UMB Bank, N.A., Denver, Colorado, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

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

**Section 1.2 Construction.** In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

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## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.1 Representations and Warranties by Issuer.** The Issuer makes the following representations and warranties:

(a) The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State, and is duly organized and validly existing under the laws of the State.

(b) Assuming the accuracy of representations made by the Institution, the Issuer is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Issuer is a party and to carry out its obligations hereunder and thereunder and to issue and sell the Initial Bonds.

(c) By proper action of its board of directors, the Issuer has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Issuer is a party.

(d) In order to finance a portion of the cost of the Project, the Issuer proposes to issue the Initial Bonds in the Authorized Principal Amount. The Initial Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(e) The Issuer is that not-for-profit local development corporation formed and existing on behalf of Monroe County, New York to act as a governmental issuer of tax-exempt and taxable bonds and notes for the purpose of providing financial assistance to not-for-profit institutions and other businesses.

(f) The Issuer has all requisite power, authority and legal right to execute and deliver the Project Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant hereto and thereto and to perform its obligations under the Project Documents and all such other instruments and documents to which it is a party. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Project Documents and all such other instruments and documents to which it is a party has been duly authorized and effectively taken, and such execution, delivery, performance and observance by the Issuer do not contravene the Issuer's Organizational Documents or any applicable Legal Requirements or any contractual restriction binding on or affecting the Issuer.

(g) There is no action or proceeding before any court, governmental agency or arbitrator pending or, to the knowledge of the Issuer, threatened against the Issuer, which seeks (i) to restrain or enjoin the issuance or delivery of the Initial Bonds, the pledge and grant of the Trust Estate or the collection of any revenues pledged under the Indenture, (ii) to contest or affect in any way the authority for the issuance of the Initial Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

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**Section 2.2 Representations and Warranties by the Institution.** The Institution makes the following representations and warranties:

(a) The Institution is a not-for-profit education corporation duly organized under the laws of the state set forth on the cover page of this Agreement, is validly existing and in good standing under the laws of its state of organization, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) This Agreement and the other Project Documents to which the Institution is a party (x) have been duly authorized by all necessary action on the part of the Institution, (y) have been duly executed and delivered by the Institution, and (z) constitute the legal, valid and binding obligations of the Institution, enforceable against the Institution in accordance with their respective terms.

(c) The execution, delivery and performance of this Agreement and each other Project Document to which the Institution is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organizational Documents of the Institution, or any indenture, agreement or other instrument to which the Institution is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(d) There is no action or proceeding pending or, to the best of the Institution's knowledge, after diligent inquiry, threatened, by or against the Institution by or before any court or administrative agency that would adversely affect the ability of the Institution to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.

(e) The financial assistance provided by the Issuer to the Institution as contemplated by this Agreement is necessary to induce the Institution to proceed with the Project.

(f) Undertaking the Project is anticipated to serve the corporate public purposes of the Issuer by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(g) The Facility will be the Approved Facility.

(h) Except as permitted by Section 8.9, no Person other than the Institution is or will be in use, occupancy or possession of any portion of the Facility.

(i) The Institution has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which it

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submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.

(t) The representations, warranties, covenants and statements of expectation of the Institution set forth in the Tax Regulatory Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(u) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(v) No part of the proceeds of the Initial Bonds will be used to finance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facility.

(w) The Institution has fee title in the Facility and has no present intention to sell, directly or indirectly, in whole or in part, its interest in the Facility.

(x) The Institution is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code.

(y) The Institution is exempt from Federal income taxes under Section 501(a) of the Code.

(z) The Institution is an organization described in Section 501(c)(3) of the Code and has received the IRS Determination Letter. The facts and circumstances which form the basis of the IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The IRS Determination Letter has not been modified, limited or revoked, and the Institution is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the IRS Determination Letter.

(aa) The Institution is not a "private foundation", as defined in Section 509 of the Code.

(bb) The Institution is registered with the New York State Department of Education as an eligible education institution.

(cc) The Institution is formed under the Education Law of the State of New York and is chartered by the Board of Regents of The University of the State of New York.

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shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents.

(j) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Legal Requirements.

(k) The Institution is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work and the operation of the Facility.

(l) The Institution has delivered to the Issuer a true, correct and complete copy of the Environmental Audit.

(m) The Institution has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and except as set forth in the Environmental Audit, to the best of the Institution's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

(n) The Project Cost Budget attached as Exhibit D — "Project Cost Budget" represents a true, correct and complete budget as of the Closing Date of the proposed costs of the Project; the Estimated Project Cost is a fair and accurate estimate of the Project Cost as of the Closing Date. Expenses for supervision by the officers or employees of the Institution and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Institution as a capital expenditure in conformity with GAAP. Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Initial Bonds shall be treated on the books of the Institution as capital expenditures in conformity with GAAP.

(o) The total cost of the Project Work being funded with the Initial Bonds is not less than the Authorized Principal Amount. That portion of the Estimated Project Cost as shall not derive from the proceeds of the Initial Bonds shall be provided from equity on the part of the Institution. The amounts provided to the Institution from the proceeds of the Initial Bonds, together with other moneys available to the Institution, are sufficient to pay all costs in connection with the completion of the Project.

(p) All of the Land comprises four (4) complete tax lots and no portion of any single tax lot.

(q) Subject to Section 3.5 and Article VI, no property constituting part of the Facility shall be located at any site other than at the Facility Realty.

(r) The Fiscal Year is true and correct.

(s) The Project Application Information was true, correct and complete as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of

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### ARTICLE III

#### THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

##### Section 3.1 Agreement to Undertake Project

The Institution covenants and agrees to undertake and complete the Project Work in accordance with this Agreement, including, without limitation:

(i) effecting the Project Work,

(ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,

(iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement and the Indenture, and

(iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Institution under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

##### Section 3.2 Manner of Project Completion

(a) The Institution will complete the Project Work, or cause the Project Work to be completed, by the Completion Deadline, in a first class workmanlike manner, free of defects in materials and workmanship (including latent defects); provided, however, the Institution may revise the scope of the Project Work, subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld, delayed or conditioned). The Institution will cause the Project Completion Date to occur by the Completion Deadline.

(b) In undertaking the Project Work, the Institution shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon request, the Institution will extend to the Issuer or the Trustee all vendors' warranties received by the Institution in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform Project Work.

(c) Project Costs shall be paid from the Project Fund or other funds provided by the Institution. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institution shall pay that portion of such costs of the

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Project as may be in excess of the moneys therefor in the Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Institution be entitled to any diminution of the loan payments payable or other payments to be made under this Agreement, under the Promissory Note or under any other Project Document. All expenses incurred by the Institution or the Issuer in connection with the performance of its obligations under this Section 3.2(c) shall be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Project Fund and made available for payment of Project Costs, or if recovered after such date of completion, be deposited in the Redemption Account of the Bond Fund.

(d) The Institution shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

(e) The Institution will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. Promptly upon finishing of the Project Work and the completion of the Improvements, the Institution will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as an Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.

(f) Upon completion of the Project Work, the Institution shall (y) deliver to the Issuer the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., Bond proceeds, equity, etc.) for each cost item, and (z) evidence the completion of the Project and the occurrence of the Project Completion Date by delivering to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit E – “Form of Project Completion Certificate”, together with all attachments required thereunder.

(g) Upon request by the Issuer or the Trustee, the Institution shall make available to the Issuer and the Trustee copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project Work.

(h) In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project Costs or in major categories of Project Work cost), on request of the Issuer, the Institution shall provide evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer.

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(c) If at any time after the Operations Commencement Date, the Institution shall make any Additional Improvements, the Institution shall notify an Authorized Representative of the Issuer of such Additional Improvements by delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements.

(d) In addition to the Facility Personalty, the Institution shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at the Institution's own cost and expense (the “**Institution's Property**”). Once so installed, the Institution's Property shall constitute part of the Facility Personalty and shall not be subject to this Agreement, nor constitute part of the Facility, or subject to the lien and security interest of the Mortgage, provided that the same is not made fixtures appurtenant to the Facility Realty. The Institution shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Institution's Property, without the consent of or notice to the Issuer or the Trustee.

### **Section 3.5 Removal of Property of the Facility.**

(a) The Institution shall have the right from time to time to remove from that property constituting part of the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty (in any such case, the “**Existing Facility Property**”) and thereby removing such Existing Facility Property from that property constituting part of the Facility and the lien and security interest of the Mortgage, provided, however:

(i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Institution shall pay to the Trustee for deposit in the applicable subaccount of the Redemption Account of the Bond Fund and thereby cause a redemption of Bonds to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, \$25,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the 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 Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist

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### **Section 3.3 Maintenance.**

(a) During the term of this Agreement, the Institution will:

(i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted,

(ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and

(iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the 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.

(b) All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.

(c) The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Institution hereby agrees to assume full responsibility therefor.

### **Section 3.4 Alterations and Improvements.**

(a) The Institution shall have the privilege of making such alterations of or additions to the Facility Realty (“**Additional Improvements**”) or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:

(i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its fair market value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired,

(ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

(iii) the Additional Improvements are promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and

(iv) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved Facility.

(b) All Additional Improvements shall constitute a part of the Facility, subject to this Agreement and the Mortgage.

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and be continuing an Event of Default hereunder. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of removals, which are not in excess of \$25,000, shall be retained by the Institution.

(b) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 3.5(a) shall not entitle the Institution to any abatement or reduction in the loan payments and other amounts payable by the Institution under this Agreement, under the Promissory Note or under any other Project Document.

### **Section 3.6 Implementation of Additional Improvements and Removals.**

(a) In the event of any Additional Improvements or substitution or replacement of property pursuant to Section 3.4 or 3.5, the Institution shall deliver or cause to be delivered to the Issuer and the Trustee any necessary documents in order to subject such Additional Improvements or substitute or replacement property to the lien and security interest of the Mortgage (in each case to the extent such Additional Improvements or substitute or replacement property relates to the Mortgaged Property) and to cause all of same to be made part of the Facility.

(b) The Institution agrees to pay all costs and expenses (including reasonable counsel fees) in subjecting, in accordance with Section 3.4, Additional Improvements to, or releasing, in accordance with Section 3.5, Existing Facility Property from the lien and security interest of the Mortgage.

(c) The Institution agrees, upon request of the Issuer or the Trustee, to furnish to the Issuer and the Trustee with a certificate of an Authorized Representative of the Institution indicating whether or not the Institution has taken any action to (i) effect Additional Improvements in compliance with Section 3.4 and (ii) effect the removal of Existing Facility Property in compliance with Section 3.5(a), pursuant to Sections 8.15(d) and (e), respectively.

**Section 3.7 Title Insurance.** On or prior to the Closing Date, the Institution will obtain and deliver (w) to the Issuer a title report (in form and substance acceptable to the Issuer) reflecting all matters of record with respect to the Land and existing Improvements, (x) to the Issuer a full set of municipal department search results showing only Permitted Encumbrances, (y) to the Trustee a mortgage title insurance policy in an amount not less than the Authorized Principal Amount of the Initial Bonds, insuring the Trustee's interest under the Mortgage as a holder of a mortgage lien on the Mortgaged Property, subject only to Permitted Encumbrances, and (z) a current or updated survey of each of the Land and the Improvements constituting part of the Mortgaged Property, certified to the Trustee, the Issuer and the title company issuing such title insurance policy. The title insurance policy shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Trustee; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Trustee shall request. Any proceeds of such mortgage title insurance shall be paid to the Trustee for deposit in the Renewal Fund and applied to remedy the applicable defect in title in respect of which such proceeds shall be derived (including the reimbursement to the Institution for any costs incurred by the Institution in remedying such defect in title). If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred

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by the Trustee to the Redemption Account of the Bond Fund and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations.

**Section 3.8 No Warranty of Condition or Suitability.** THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE INSTITUTION ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE INSTITUTION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE INSTITUTION. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

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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 Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Initial Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Initial Bonds shall be an amount sufficient to pay the principal of the Initial Bonds Outstanding becoming due on such next succeeding principal payment date of the Initial Bonds; provided further that in the event of the acceleration of the principal of the Initial Bonds, a loan payment in the amount of the principal amount of the Initial Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(iii) with respect to Sinking Fund Installment payments due on the Initial Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment on the Initial Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment of the Initial Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Initial Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Initial Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Initial Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

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

(v) with respect to interest due and payable on the Initial Bonds, the Institution shall further pay such additional amounts as set forth in the Indenture in the

## ARTICLE IV

### LOAN; PAYMENT PROVISIONS

**Section 4.1 Loan of Proceeds.** The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Institution (the "Loan"). The Loan shall be made by depositing on the Closing Date the proceeds from the sale of the Initial Bonds into the funds and accounts created under the Indenture in accordance with Section 4.01 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in Section 3.2(c) and Section 5.02 of the Indenture.

**Section 4.2 Promissory Note.** The Institution's obligation to repay the Loan shall be evidenced by this Agreement and the Promissory Note. On the Closing Date, the Institution shall execute and deliver the Promissory Note payable to the Issuer, and the Issuer will endorse the Promissory Note to the Trustee. The Institution agrees that repayment of the Loan and the Promissory Note will be made in accordance with Section 4.3.

#### Section 4.3 Loan Payments; Pledge of this Agreement and of the Promissory Note

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

(i) with respect to interest due and payable on the Initial Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Initial Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Initial Bonds on the first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-third (1/3) of the amount of interest which will become due and payable on the Initial Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Initial Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Initial Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be an amount sufficient to pay the interest next becoming due on the Initial Bonds on such immediately succeeding Interest Payment Date;

(ii) with respect to principal due on the Initial Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13)

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event of the occurrence of a Determination of Taxability with respect to the Initial Bonds or an Event of Default under the Indenture; and

(vi) upon receipt by the Institution of notice from the Trustee pursuant to Section 5.09(f) of the Indenture that the amount on deposit in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6th) of such deficiency in the Debt Service Reserve Fund.

(b) In the event the Institution should fail to make or cause to be made any of the payments required under the foregoing provisions of this Section, the item or installment not so paid shall continue as an obligation of the Institution until the amount not so paid shall have been fully paid.

(c) The Institution has the option to make advance loan payments for deposit in the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments hereunder if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (u) the amount of the advance loan payment, (v) the principal amount of Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Institution shall exercise its option to make advance loan payments to effect the redemption in whole of the Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Facility, or changes in law, or executive or judicial action, the Institution shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Institution shall further pay on or before such redemption date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent all fees and expenses owed such party or any other party entitled thereto under this Agreement or the Indenture together with (x) all other amounts due and payable under this Agreement and the other Security Documents, and (y) any

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amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

(d) At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Institution may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(e) In the event Defaulted Interest (as defined in Section 2.02(g) of the Indenture) shall become due on any Initial Bond, the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with Section 2.02(g) of the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

(f) No further loan payments need be made to the Issuer on account of the Bonds when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in Article X of the Indenture.

(g) Any amounts remaining in the Rebate Fund, the Bond Fund, the Debt Service Reserve Fund, the Project Fund, the Revenue Fund or the Renewal Fund after payment in full of (w) the Bonds (in accordance with Article X of the Indenture), (x) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in accordance with the Indenture, (y) all amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (z) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the loan payments.

(h) In the event that the Institution fails to make any loan payment required in this Section 4.3, the installment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid.

(i) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the applicable subaccounts of the accounts of the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the 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

amounts due hereunder, under the Promissory Note or under any other Security Document shall also be available to the Issuer or the Trustee for the collection of all such amounts so advanced. No advance shall be made by the Trustee except as specified in the Indenture.

immediately available funds to the Trustee for deposit in appropriate subaccounts of the accounts of the Bond Fund.

**Section 4.4 Loan Payments and Other Payments Payable Absolutely Net.** The obligation of the Institution to pay the loan payments and other payments under this Agreement and under the Promissory Note shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement and the Promissory Note shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under this Agreement, shall be paid by the Institution and the Indemnified Parties shall be indemnified by the Institution for, and the Institution shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

**Section 4.5 Nature of Institution's Obligation Unconditional.** The Institution's obligation under this Agreement and under the Promissory Note to pay the loan payments and all other payments provided for in this Agreement and in the Promissory Note shall be absolute, unconditional and a general obligation of the Institution, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Bond and the obligation of the Institution shall arise whether or not the Project has been completed as provided in this Agreement and whether or not any provider of a credit facility or liquidity facility with respect to the Bonds shall be honoring its obligations thereunder. The Institution will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Institution hereunder, for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Institution under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments hereunder or under the Promissory Note.

**Section 4.6 Advances by the Issuer or the Trustee.** In the event the Institution fails to make any payment or to perform or to observe any obligation required of it under this Agreement, under the Promissory Note or under any other Security Document, the Issuer or the Trustee, after first notifying the Institution in writing of any such failure on its part (except that no prior notification of the Institution shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations hereunder or thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institution to the Issuer or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Institution will pay upon demand therefor by the Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee herein or in any other Security Document for the collection of the loan payments or other payments or other

**ARTICLE V  
RESERVED**

## ARTICLE VI

### DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 6.1 Damage, Destruction and Condemnation.** In the event that the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Institution and those authorized to exercise such right are parties, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a "Loss Event"):

(i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Facility or to advance funds therefor,

(ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document to which it is a party, and the Institution hereby waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate this Agreement, the Promissory Note or any other Security Document, or eliminate or reduce its payments hereunder, under the Promissory Note or under any other Security Document, and

(iii) the Institution will promptly give written notice of such Loss Event to the Issuer and the Trustee, generally describing the nature and extent thereof.

#### **Section 6.2 Loss Proceeds.**

(a) The Issuer, the Trustee (who may consult with counsel) 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 (such approval not to be unreasonably withheld).

(b) The Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in Section 3.11(d) of the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The Institution shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution's Property.

#### **Section 6.3 Election to Rebuild or Terminate.**

(a) In the event a Loss Event shall occur, the Institution shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss

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(i) automatically be deemed a part of the Facility under this Agreement and, with respect to Mortgaged Property, shall be subject to the lien and security interest of the Mortgage,

(ii) be effected only if the Institution shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institution acceptable to the Issuer to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor,

(iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Institution to use and operate the Facility as the Approved Facility,

(v) be effected only if the Institution shall have complied with Section 8.1,

(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.

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment has been made (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is under this Agreement and, if applicable, subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.03 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

(c) The certificate delivered pursuant to Section 6.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary

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Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 10.1 and 10.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Institution as contemplated hereby, the Institution shall exercise its option to terminate this Agreement pursuant to Sections 10.1 and 10.2.

Not later than ninety (90) days after the occurrence of a Loss Event, the Institution shall advise the Issuer and the Trustee in writing of the action to be taken by the Institution under this Section 6.3(a), a failure to so timely notify being deemed an election in favor of Section 6.3(a)(ii) to be exercised in accordance with the provisions of Section 6.3(a)(ii).

(b) If the Institution shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in Section 6.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.05 of the Indenture to pay or reimburse the Institution, at the election of the Institution, either as such work progresses or upon the completion thereof. If the Institution shall exercise its option in Section 6.3(a)(ii), the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the Redemption Account of the Bond Fund, and the Institution shall thereupon pay to the Trustee for deposit in the Redemption Account of the Bond Fund an amount which, when added to any amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under this Agreement and under each other Security Document, as well as any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so deposited shall be applied, together with such other available amounts in the Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date.

#### **Section 6.4 Effect of Election to Build.**

(a) All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall:

certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy, if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, certification 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 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.

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ARTICLE VII

COVENANTS OF THE ISSUER

**Section 7.1 Assignment of Promissory Note and Assignment of Mortgage.** On the Closing Date, the Issuer will endorse and assign the Promissory Note to the Trustee, and execute and deliver to the Trustee the Assignment of Mortgage.

**Section 7.2 Issuance of Initial Bonds.** On the Closing Date, subject to the satisfaction of the conditions to the issuance of the Initial Bonds, the Issuer will sell and deliver the Initial Bonds in the Authorized Principal Amount under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Initial Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

**Section 7.3 Issuance of Additional Bonds.** Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Initial Bonds. If the Institution is not in default hereunder or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

**Section 7.4 Pledge and Assignment to Trustee.** As security for the payment of the Bonds and the obligations of the Institution under the Security Documents:

(a) the Institution shall, pursuant to the Mortgage, grant to the Issuer and the Trustee, for the benefit of the Bondholders, a mortgage lien on and security interest in its fee interest in the Mortgaged Property;

(b) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

(c) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all of the Issuer's right, title and interest in this Agreement (except for the Issuer's Reserved Rights), including all loan payments hereunder and under the Promissory Note, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture.

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customary insurance practices for similar operations with respect to the Facility and the business thereby conducted in a minimum amount of \$5,000,000 per occurrence aggregate, which insurance (A) will also provide for Contractual Liability insurance consistent with that which is commercially available under General Liability policies at commercially reasonable rates and which is customarily maintained by other enterprises of like size and type as that of the Institution, and (B) may be effected under overall blanket or excess coverage policies of the Institution; *provided, however*, that, at least \$500,000 is effected by a General Liability insurance policy;

(v) Workers' compensation insurance, disability benefits insurance (or qualified self-insured alternatives to such coverages) and such other forms of insurance (including self-insurance to the extent permitted by the Project Documents) which the Institution is required by law to provide covering loss resulting from injury, sickness, disability or death of the employees of the Institution, or any contractor or subcontractor performing work with respect to the Facility; the Institution shall require that all said contractors and subcontractors shall maintain worker's compensation insurance with respect to their employees as required by law;

(vi) Automobile liability insurance (together with any umbrella liability insurance), to the extent not covered by the general liability insurance, in the amount of \$2,000,000 (or such lesser amount agreed upon by the Issuer upon written request by the Institution) covering the Institution for all owned, non-owned and/or hired automobiles and/or vehicles used in connection with the Facility; and

(vii) Such other insurance, including revision of the insurance requirements set forth above, in such amounts and against such insurable hazards as the Trustee (at the specific written direction of the Majority Holders) from time to time may reasonably require.

(b) All insurance required by Section 8.1(a) above shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State, but, in no event, rated lower than B+ by AM Best and with an AM Best Financial Size Category no less than VII, unless otherwise agreed in writing by the Issuer.

(c) Each of the policies evidencing the insurance required above to be obtained shall (or in the case of (v) below, the Institution shall):

(i) designate (except in the case of automobile liability, workers' compensation and disability benefits insurance) the Trustee and the Issuer as additional insureds;

(ii) provide that all insurance proceeds with respect to loss or damage to the property of the Facility be endorsed and made payable to the Trustee and shall name the Trustee as a loss payee under the standard loss payee clause and as a mortgagee under the terms of a standard mortgagee clause, which insurance proceeds shall be paid over to the Trustee and deposited in the Renewal Fund;

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ARTICLE VIII

COVENANTS OF THE INSTITUTION

**Section 8.1 Insurance.**

(a) At all times throughout the term of this Agreement including, without limitation, during any period of construction, reconstruction or renovation of the Facility, the Institution shall maintain insurance, or cause there to be maintained insurance, if applicable, with insurance companies licensed and/or authorized to do business in the State (or authorized in the State under the Federal Liability Risk Retention Act), against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Institution. In addition to this general requirement, such insurance shall include the insurance coverage described in paragraphs (i) through (vii) below:

(i) (A) Property damage insurance, and (B) during any period of construction, reconstruction or substantial renovation of the Facility (to the extent not otherwise covered by property damage insurance), Builders' All Risk Insurance written on "100% builders' risk completed value, non-reporting form" including coverage therein for "completion and/or premises occupancy" and coverage for property damage insurance, all of which insurance shall include coverage for removal of debris, insuring the buildings, structures, facilities, fixtures and other property constituting a part of the Facility against loss or damage to the Facility by all risk of physical loss at all times in an amount such that the proceeds of such insurance shall be sufficient to prevent the Issuer, the Institution or the Trustee from becoming a co-insurer of any loss under the insurance policies but in any event in amounts equal to the greater of (A) 110% of the actual replacement value of the Facility as determined by a qualified insurance appraiser or insurer (selected by the Institution) not less often than once every three years, at the expense of the Institution, and (B) the principal amount of the Outstanding Bonds; any such insurance may provide that the insurer is not liable to the extent of the first \$10,000 with the result that the Institution is its own insurer to the extent of \$10,000 of such risks;

(ii) Boiler and machine property damage insurance in respect of any steam and pressure boilers and similar apparatus located on the Facility from risks normally insured against under boiler and machinery policies and in amounts and with deductibles customarily obtained for similar business enterprises;

(iii) To the extent the Facility may be located in a flood zone, or if otherwise required by federal law, flood certification or flood insurance, to the extent not covered by property damage insurance, in an amount equal to the greater of the full replacement cost or the maximum amount then available under the National Flood Insurance Program; and

(iv) General Liability insurance (including contractual liability coverage, together with any umbrella liability insurance) naming the Institution as the primary insured, and the Issuer and the Trustee as additional insureds, in accordance with

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(iii) provide that there shall be no recourse against the Issuer or the Trustee for the payment of premiums or commissions or (if such policies or binders provide for the payment thereof) additional premiums or assessments;

(iv) provide that in respect of the interest of the Trustee in such policies, the insurance shall not be invalidated by any action or inaction of the Institution or any other Person and shall insure the Trustee regardless of, and any losses shall be payable notwithstanding, any such action or inaction;

(v) provide that such insurance shall be primary insurance without any right of contribution from any other insurance carried by the Issuer or the Trustee to the extent that such other insurance provides the Issuer or the Trustee, as the case may be, with contingent and/or excess liability insurance with respect to their respective interests in the Facility;

(vi) provide that if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Issuer or the Trustee until at least thirty (30) days (or ten (10) days due to nonpayment of premium) after receipt by the Issuer and the Trustee, respectively, of written notice of such cancellation, lapse, expiration, reduction or change;

(vii) provide the Issuer and the Trustee with a copy of any notice of cancellation, non-renewal or material reduction in coverage received from the insurer for any policy affording the coverage required herein within five (5) days of Institution's receipt of same; provided, further that the Institution agrees to provide the Issuer and the Trustee with thirty (30) days advance written notice of cancellation, non-renewal or material reduction in coverage initiated by the Institution with respect to any of the required insurance coverages (for the purpose of this provision, material reduction in coverage shall mean any change or reduction in the scope of insurance coverage that adversely affects the protection that would otherwise be available to the Issuer or the Trustee);

(viii) except with respect to worker's compensation insurance and disability benefits insurance, waive any right of subrogation of the insurers thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy; and

(ix) contain such other terms and provisions as any owner or operator of facilities similar to the Facility would, in the prudent management of its properties, require to be contained in policies or interim insurance contracts with respect to facilities similar to the Facility owned or operated by it.

(d) The Net Proceeds of any insurance received with respect to any loss or damage to the property of the Facility (except if such Net Proceeds so received for any Loss Event shall be less than \$50,000 in which event such Net Proceeds shall be paid directly to the Institution

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and applied by the Institution to the rebuilding, replacement, repair and restoration of the Facility with any excess to be retained by the Institution) shall be deposited in the Renewal Fund and shall be applied in accordance with Section 6.2 hereof and in accordance with the Indenture.

(e) The Institution shall deliver or cause to be delivered to the Issuer and the Trustee, in a form reasonably acceptable to the Issuer, the following documents evidencing compliance with the insurance requirements of this Section 8.1 (upon which the Trustee and the Issuer may conclusively rely to establish compliance with this Section): (i) on or prior to the Closing Date: certificate(s) of insurance or self-insurance reflecting the insurance coverages in accordance with the requirements of this Section 8.1, and (ii) upon request of the Issuer or the Trustee, duplicate copies of insurance policies and/or binders. At least seven (7) Business Days prior to the expiration of any such policy (or within a reasonable time thereafter), the Institution shall, upon receipt, furnish the Issuer and the Trustee with evidence that such policy has been renewed or replaced or is no longer required by this Agreement.

(f) The Institution shall, at its own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Issuer or the Trustee (at the specific written direction of a majority of the Bondholders) to collect from insurers for any loss covered by any insurance required to be obtained by this Section 8.1. The Institution shall not do any act, or suffer or permit any act to be done, whereby any insurance required by this Section 8.1 would or might be suspended or impaired.

(g) THE ISSUER DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE BUSINESS OR INTEREST OF THE INSTITUTION.

#### **Section 8.2 Indemnity.**

(a) The Institution shall at all times indemnify, defend, protect and hold the Issuer, the Trustee, the Bond Registrar and the Paying Agents, and any director, member, officer, employee, servant, agent (excluding for this purpose the Institution, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "Indemnified Parties" and each an "Indemnified Party") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "Claims") of any kind for losses, damage, injury and liability (collectively, "Liability") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of this Agreement, arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Facility or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,

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(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Institution contained in this Section 8.2 shall be in addition to any and all other obligations and liabilities that the Institution may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (x) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (y) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

#### **Section 8.3 Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents.**

(a) The Institution shall pay the fees, costs and expenses of the Issuer together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all fees and costs incurred in connection with complying with Section 8.12(a) (including fees and disbursements of lawyers and other consultants).

(b) On the Closing Date, the Institution shall pay to the Issuer its fee in the amount of \$362,125.00.

(c) The Institution shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts:

(i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture and the reasonable fees of its counsel,

(ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its counsel,

(iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees, and

(iv) the reasonable fees, costs and expenses of the Bond Registrar.

**Section 8.4 Current Facility Personalty Description.** The Institution covenants and agrees that, until the termination of this Agreement, including upon the completion of the Project or of any replacement, repair, restoration or reconstruction of the Facility pursuant to Article VI, it will cause Exhibit B — "Description of the Facility Personalty", together with the "Description of the Facility Personalty" attached as part of the appendices to the Indenture, this Agreement and the Mortgage, to be an accurate and complete description of all current items of Facility Personalty. To this end, the Institution covenants and agrees that (x) no requisition shall be submitted to the Trustee for moneys from the Project Fund for the acquisition or installation of any item of Facility

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(ii) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,

(iii) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,

(iv) the execution and delivery by an Indemnified Party, the Institution or any other Person of, or performance by an Indemnified Party, the Institution or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(v) any damage or injury to the person or property of any Person in or on the premises of the Facility,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City of Rochester, New York's and/or Monroe County, New York's zoning laws and related regulations, or

(vii) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials.

(b) The Institution releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Institution or its Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 8.2(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Institution with respect to any of such matters above referred to.

(c) An Indemnified Party shall promptly notify the Institution in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Institution pursuant to this Section 8.2; such notice shall be given in sufficient time to allow the Institution to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Institution under this Section 8.2.

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Personalty, (y) no item of Facility Personalty shall be substituted or replaced by a new item of machinery, equipment or other tangible personal property except pursuant to Section 3.5(a) or Article VI, and (z) no item of Facility Personalty shall be delivered and installed at the Facility Realty as part of the property comprising the Facility, unless in each case such item of machinery, equipment or other item of tangible personal property shall be accurately and sufficiently described in Exhibit B — "Description of the Facility Personalty", together with the "Description of the Facility Personalty" in the appendices attached as part of the Indenture, this Agreement and the Mortgage, and the Institution shall from time to time prepare and deliver to the Issuer and the Trustee supplements to such Appendices in compliance with the foregoing. Such supplements shall be executed and delivered by the appropriate parties and, at the Trustee's request, duly recorded by the Institution, and, at the Trustee's request, additional financing statements with respect thereto shall be duly filed by the Institution.

#### **Section 8.5 Reserved.**

#### **Section 8.6 Environmental Matters.**

(a) On or before the Closing Date, the Institution shall provide to the Issuer and the Trustee a letter from the Environmental Auditor addressed to the Issuer and the Trustee, stating that the Issuer and the Trustee may rely upon the Environmental Audit as if it was prepared for the Issuer and the Trustee in the first instance.

(b) The Institution shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

(c) The Institution shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomsoever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(d) The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(e) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated as provided in Article IX, the Institution shall deliver the Mortgaged Property so that the conditions of the Mortgaged Property with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Mortgaged Property.

(f) The parties hereto agree that the reference in Section 2.2(m) to the Environmental Audit is not intended, and should not be deemed to intend, to modify, qualify,

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reduce or diminish the Institution's obligations to carry out and perform all of the covenants stated throughout this Section 8.6 and in Section 8.2.

**Section 8.7 Reserved.**

**Section 8.8 Non-Discrimination.**

(a) At all times during the maintenance and operation of the Facility, the Institution shall not discriminate nor permit any of its Affiliates to discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Institution shall use its best efforts to ensure that employees and applicants for employment with any tenant of the Facility are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

(b) The Institution shall, in all solicitations or advertisements for employees placed by or on behalf of the Institution state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.

(c) The Institution shall furnish to the Issuer all information required by the Issuer pursuant to this Section and will cooperate with the Issuer for the purposes of investigation to ascertain compliance with this Section.

**Section 8.9 Assignment of this Agreement or Lease of Facility.**

(a) The Institution shall not at any time, except as permitted by Section 8.20, assign or transfer this Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the "New Institution") shall not cause the Facility to cease being the Approved Facility;

(ii) the New Institution shall be liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of this Agreement and of any other Project Document to which it shall be a party;

(iii) the New Institution shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document and have agreed to keep and perform) all of the terms of this Agreement and each other Project Document on the part of the New Institution to be kept and performed, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

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(iii) any lessee in whole or substantially in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document) and have agreed to keep and perform all of the terms of this Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any lessee shall utilize the Facility as the Approved Facility;

(v) such lease shall not violate any provision of this Agreement or any other Project Document;

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall constitute the legally valid, binding and enforceable obligation of the lessee and shall not legally impair in any respect the obligations of the Institution for the payment of all loan or other payments nor for the full performance of all of the terms, covenants and conditions of this Agreement, of the Promissory Note or of any other Project Document to which the Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document;

(vii) such lease shall in no way diminish or impair the obligation of the Institution to carry the insurance required under Section 3.11 of the Mortgage or Section 8.1 and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be diminished or impaired by reason of such assignment, transfer or lease;

(viii) each such lease 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 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.

(c) Any consent by the Issuer or the Trustee to any act of assignment, transfer or lease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Institution, or the successors or assigns of the Institution, to obtain from the Issuer and the Trustee consent to any other or subsequent assignment, transfer or lease, or as modifying or limiting the rights of the Issuer or the Trustee under the foregoing covenant by the Institution.

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(iv) the New Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization;

(v) such assignment or transfer shall not violate any provision of this Agreement or any other Project Document;

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that, (x) such assignment or transfer shall constitute the legally valid, binding and enforceable obligation of the New Institution and shall not legally impair in any respect the obligations of the New Institution for the payment of all loan payments nor for the full performance of all of the terms, covenants and conditions of this Agreement, of the Promissory Note or of any other Project Document to which the New Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document, and (y) this Agreement and each of the other Project Documents to which the New Institution is a party constitute the legally valid, binding and enforceable obligation of the New Institution;

(vii) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(viii) 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.

(b) The Institution shall not at any time lease all or substantially all of the Facility, without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); nor shall the Institution lease part (*i.e.*, not constituting substantially all) of the Facility without the prior written consents of the Issuer and the Trustee (which consents shall, in such case, not be unreasonably withheld and, in the case of the Issuer, such consent to be requested by the Institution of the Issuer in the form prescribed by the Issuer, and such consent of the Issuer to take into consideration the Issuer's policies as in effect from time to time); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such letting:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the lease shall not cause the Facility to cease being the Approved Facility;

(ii) the Institution shall remain primarily liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of this Agreement and of the Promissory Note and of any other Project Document to which it shall be a party;

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**Section 8.10 Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility.**

(a) The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, including the Improvements, or any part of the Facility or interest therein, except as set forth in Sections 3.3, 3.4, 3.5, 3.6, Article VI, 8.9 and 9.2 or in this Section, without (i) the prior written consents of the Issuer and of the Trustee and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to this Section will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income taxes and that such action is authorized and permitted under this Loan Agreement. Any purported disposition without such consents and opinion shall be void.

(b) The Institution may, with the prior written consents of the Issuer and the Trustee (such consents not to be unreasonably withheld or delayed), so long as there exists no Event of Default hereunder, grant such rights of way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the Institution for the operation or use of the Facility, or required by any utility company for its utility business, provided that, in each case, such rights of way, easements, permits or licenses shall not adversely affect the use or operation of the Facility as the Approved Facility, and provided, further, that any consideration received by the Institution from the granting of said rights of way, easements, permits or licenses shall be paid to the Trustee and deposited in the Redemption Account of the Bond Fund. The Issuer agrees, at the sole cost and expense of the Institution, to execute and deliver, and to cause and direct the Trustee to execute and deliver, any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the lien and security interest of the Mortgage.

(c) So long as there exists no Event of Default hereunder, 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 this Agreement and the lien and security interest of the Mortgage, of any unimproved part of the Land (on which none of the Improvements, including the buildings, structures, major appurtenances, fixtures or other property comprising the Facility Realty, is situated); provided that such release and removal will not adversely affect the use or operation of the Facility as the Approved Facility. Upon any such request by the Institution, the Issuer shall, at the sole cost and expense of the Institution, cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved Land from the property comprising the Facility under this Agreement and the lien and security interest of the Mortgage, subject to the following:

(i) any liens, easements, encumbrances and reservations to which title to said property was subject on the Closing Date;

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- (ii) any liens, easements and encumbrances created at the request of the Institution or to the creation or suffering of which the Institution consented;
- (iii) any liens and encumbrances or reservations resulting from the failure of the Institution to perform or observe any of the agreements on its respective part contained in this Agreement or any other Project Document;
- (iv) Permitted Encumbrances (other than the lien of the Mortgage); and
- (v) any liens for taxes or assessments not then delinquent.

provided, however, that no such release shall be effected unless the following conditions have been satisfied:

(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 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 Monroe County, New York, (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 Monroe County, New York, 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 shall not constitute a portion of a tax lot.

(d) Reserved.

(e) No conveyance or release effected under the provisions of this Section 8.10 shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under Section 4.3 or any other payments required to be made by the Institution under this Agreement or any other Project Document to which it shall be a party.

#### Section 8.11 Discharge of Liens

(a) If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims

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(b) As of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The Issuer and the Institution acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of the Indenture (individually or collectively, the "Continuation Action(s)"), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)", the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on

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being herein collectively called "Liens"), whether or not valid, is made against the Trust Estate, the Facility or any part thereof or the interest therein of the Institution or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents, or the interest of the Issuer, the Trustee or the Institution in any Security Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 8.11(b), the Institution forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 8.11(a).

(b) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facility or any part thereof or interest therein, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents or the interest of the Issuer or the Institution in any Project Document,

(ii) neither the Facility nor any part thereof or interest therein, the Trust Estate or any portion thereof, the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document would be in any danger of being sold, forfeited or lost,

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

#### Section 8.12 Filing

(a) The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements by the Institution at the direction of the Issuer (at the sole cost and expense of the Institution) in the office of the Secretary of State of the State in the City of Albany, New York, , which financing statement shall be in accordance with Article 9 (Secured Transactions) of the New York State Uniform Commercial Code.

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which a Continuation Action is to be taken to preserve the lien and security interest of the Indenture. To the extent any action shall be required to establish, perfect, or maintain the lien and security interest of the Trustee under the Indenture, the Institution shall be required to, and the Trustee is authorized to, perform all such necessary actions and file and record all such necessary documentation.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the lien and security interest of the Indenture.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Institution acknowledges and agrees that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or re-recording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) The Institution agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Issuer and the Trustee to comply with this Section and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in either of the name or address of the Institution. The Institution agrees that the Issuer and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Institution as necessary at the sole cost and expense of the Institution.

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**Section 8.13 No Further Encumbrances Permitted.** The Institution shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against (i) the Facility or any part thereof, or the interest of the Institution in the Facility, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document. The Institution covenants that it shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facility (other than Permitted Encumbrances) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage.

**Section 8.14 Documents Automatically Deliverable to the Issuer.**

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

(b) The Institution shall deliver all insurance-related documents required by Sections 8.1(c) and 8.1(e).

(c) Within 120 days after the close of each Fiscal Year during which action was taken by the Institution pursuant to Section 3.4, the Institution shall deliver written notice of the Additional Improvement(s) to the Issuer.

(d) If a removal involving Existing Facility Property having a value in the aggregate exceeding \$25,000 was taken by the Institution pursuant to Section 3.5(a), the Institution shall deliver written notice of such removal to the Issuer within five (5) Business Days following such removal.

(e) Promptly following completion of the Project, but no later than five (5) Business Days following the receipt of any one of a certificate of occupancy, temporary certificate of occupancy, an amended certificate of occupancy or a letter of no objection, the Institution shall deliver to the Issuer the certificate as to Project completion in substantially the form set forth in Exhibit E – "Form of Project Completion Certificate", together with all attachments required thereunder.

(f) If the Institution shall request the consent of the Issuer under Section 8.9 to any sublease in whole or in part of the Facility, or to any assignment or transfer of this Agreement, the Institution shall submit such request to the Issuer in the form prescribed by the Issuer.

**Section 8.15 Requested Documents.** Upon request of the Issuer, the Institution shall deliver or cause to be delivered to the Issuer within ten (10) Business Days of the date so requested:

(a) a copy of the most recent annual audited financial statements of the Institution and of its subsidiaries, if any (including balance sheets as of the end of the Fiscal Year

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The Institution agrees within a reasonable period of time following a written request by the Issuer to provide and certify or cause to be provided and certified such information concerning the Institution, its finances, operations and affairs necessary to enable the Issuer to make any report required by law, including without limitation pursuant to the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009, each as amended from time to time, governmental regulation or any of the Project Documents. The Institution shall deliver to the Issuer and the Trustee each year no later than January 15 a certificate signed by an Authorized Representative of the Institution, stating that the Institution is not in default under this Agreement and no Event of Default exists and remains uncured under this Agreement, the Promissory Note or any other Project Documents. Such information shall be provided within thirty (30) days following the Institution's receipt (as determined pursuant to Section 12.5 hereof) of written request from the Issuer.

**Section 8.17 Taxes, Assessments and Charges.**

(a) The Institution shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Facility Realty or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable hereunder, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty, all of which are herein called "Impositions". The Institution may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

(b) In the event the Facility Realty is exempt from Impositions solely due to the Issuer's involvement with the Project and the Facility Realty, the Institution shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty as if the Issuer had no involvement with the Project and the Facility Realty.

(c) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition, if

(i) such proceeding shall suspend the execution or enforcement of such Imposition against the Trust Estate, the Facility or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document,

(ii) none of the Trust Estate, the Facility nor any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the

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and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP and certified by an Independent Accountant;

(b) a certificate of an Authorized Representative of the Institution that the insurance the Institution maintains complies with the provisions of Section 8.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect and the evidence required by Section 8.1(e);

(c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facility;

(d) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.4;

(e) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding \$25,000 during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding \$25,000 during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.5(a);

(f) a certificate of an Authorized Representative of the Institution as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions that relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto; and

(g) upon twenty (20) days prior request by the Issuer, a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that exists or, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, or specifying each such default or breach of which such Authorized Representative has knowledge.

**Section 8.16 Periodic Reporting Information for the Issuer.**

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interest of the Issuer or the Institution in any Project Document, would be in any danger of being sold, forfeited or lost,

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

**Section 8.18 Compliance with Legal Requirements.**

(a) The Institution shall not occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

(b) At its sole cost and expense, the Institution shall promptly observe and comply with all applicable Legal Requirements, whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the Institution, the Facility, any occupant, user or operator of the Facility or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Institution will not, without the prior written consent of the Issuer and the Trustee (which consents shall not be unreasonably withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facility or any part thereof.

(c) The Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in Section 8.18(b) if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Institution shall have furnished such security, if any, as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents for failure to comply therewith.

**Section 8.19 Operation as Approved Facility.**

(a) The Institution will not take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility.

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(b) The Institution will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facility not to be the Approved Facility.

(c) The Institution will permit the Trustee and its duly authorized agents, at all reasonable times upon written notice to enter upon the Facility and to examine and inspect the Facility and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facility. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facility, but solely for the purpose of assuring that the Institution is operating the Facility, or is causing the Facility to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

#### **Section 8.20 Restrictions on Dissolution and Merger.**

(a) The Institution covenants and agrees that at all times during the term of this Agreement, it will

(i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization,

(ii) continue to be subject to service of process in the State,

(iii) continue to be organized under the laws of, or qualified to do business in, the State,

(iv) not liquidate, wind up or dissolve or otherwise dispose of all or substantially all of its property, business or assets (“**Transfer**”) remaining after the Closing Date, except as provided in Section 8.20(b), and

(v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it (“**Merge**”), except as provided in Section 8.20(b).

(b) Notwithstanding Section 8.20(a), the Institution may Merge or participate in a Transfer if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:

(i) when the Institution is the surviving, resulting or transferee Entity,

(1) the Institution shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Institution immediately prior to such Merger or Transfer,

(2) the Institution shall continue to be a Tax-Exempt Organization, and

(3) the Institution shall deliver to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such

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(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) maintain the tax-exempt status of the Tax-Exempt Bonds.

#### **Section 8.22 Securities Law Status.** The Institution covenants that:

(a) the Facility shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act,

(b) no part of the net earnings of the Institution shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, and

(c) it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

**Section 8.23 Further Assurances.** The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

#### **Section 8.24 Tax Regulatory Agreement.**

(a) The Institution shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) Promptly following receipt of notice from the Trustee as provided in Section 5.07 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate

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action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes, or

(ii) when the Institution is not the surviving, resulting or transferee Entity (the “**Successor Institution**”),

(1) the predecessor Institution (the “**Predecessor Institution**”) shall not have been in default under this Agreement or under any other Project Document,

(2) the Successor Institution shall be a Tax-Exempt Organization and shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State,

(3) the Successor Institution shall have assumed in writing all of the obligations of the Predecessor Institution contained in this Agreement and in all other Project Documents to which the Predecessor Institution shall have been a party,

(4) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer, an Opinion of Counsel to the effect that (y) this Agreement and all other Project Documents to which the Predecessor Institution shall be a party constitute the legal, valid and binding obligations of the Successor Institution and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(5) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer, an opinion of an Independent Accountant to the effect that the Successor Institution has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Institution immediately prior to such Merger or Transfer, and

(6) 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.

#### **Section 8.21 Preservation of Exempt Status.** The Institution agrees that it shall:

(a) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facility, or permit the Facility to be used in or for any trade or business, which shall adversely affect the basis for its exemption under Section 501 of the Code;

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Amount, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) The Institution agrees to pay all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer and the Trustee relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

**Section 8.25 Compliance with the Indenture.** The Institution will comply with the provisions of the Indenture with respect to the Institution. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institution will use its best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

#### **Section 8.26 Reporting Information for the Trustee.**

(a) The Institution shall furnish or cause to be furnished to the Trustee:

(i) as soon as available and in any event within one hundred twenty (120) days after the close of each Fiscal Year, a copy of the annual financial statements of the Institution, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Institution’s Independent Accountant and prepared in accordance with GAAP, and

(ii) as soon as available and in any event within ninety (90) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Institution, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained earnings and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Institution, and

(iii) all information required by the Continuing Disclosure Agreement.

(b) The Institution shall deliver to the Trustee with each delivery of annual financial statements required by Section 8.26(a)(i):

(i) a certificate of an Authorized Representative of the Institution:

(1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions which relate to the Institution in this Agreement (including, but not limited to, all insurance requirements and financial covenants) 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

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(3) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto, and

(ii) a certificate of an Authorized Representative of the Institution that the insurance it maintains complies with the provisions of Section 8.1 of this Agreement and Section 3.11 of the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.

(c) In addition, upon twenty (20) days prior request by the Trustee, the Institution will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

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

(e) The Institution shall deliver to the Trustee all insurance-related documents required by Sections 8.1(c) and 8.1(e).

(f) The Trustee shall be under no obligation to review the financial statements received under this Section 8.26 for content and shall not be deemed to have knowledge of the contents thereof.

**Section 8.27 Continuing Disclosure.** The Institution shall enter into and comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this 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 this Section 8.27. The Institution agrees that the Issuer shall have no continuing disclosure obligations.

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commencing with the Fiscal Year ending June 30, 2025. The Institution represents and warrants that it will annually have its books and records audited in accordance with GAAP, commencing with the Fiscal Year ending June 30, 2025 and each Fiscal Year thereafter by an Accountant as soon as practicable after the close of such Fiscal Year.

In the event that the Institution is unable to comply with the above cash on hand requirements by the next June 30 testing date following the initial non-compliance, then 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, as described below under paragraph (c).

In the event that the Institution is unable to comply with the above cash on hand requirements by the following two June 30 testing dates following the initial non-compliance, it shall be an Event of Default hereunder.

(c) **Management Consultant.** If the Institution is unable to meet any of the above-described cash on hand or debt service coverage ratio covenants within the respective specified periods following initial non-compliance, and Majority Holders direct the Trustee to require the Institution to engage a Management Consultant acceptable to the Majority Holders, the Management Consultant shall be required to deliver a written report to the Beneficial Owners, the Trustee and the Institution within sixty (60) days following its engagement 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 use of consultants, budgeting practices, and on-going financial systems and monitoring of the Institution's financial condition;
- (iv) governance and administrative practices; and
- (v) other factors relevant to maintaining compliance with the respective covenant(s).

Upon submission of the Management Consultant's report, the Institution shall arrange for payment of the amount owed to the Management Consultant and, within thirty (30) days following receipt of the Management Consultant's report, issue a written certificate to the Trustee indicating the Institution's acceptance or rejection of all or any material portion of the Management Consultant's recommendations. Notwithstanding the foregoing, the Majority Holders shall have the right to require the Institution to comply with any reasonable recommendation of the Management Consultant with respect to the foregoing items.

(d) **Limitations on Additional Indebtedness.** The Institution is prohibited from incurring additional Indebtedness secured by Liens on the Education Aid or Liens on the Facility

#### **Section 8.28 Special Covenants.**

(a) The Institution covenants that it is registered with the New York State Department of Education.

(b) The Institution covenants that it shall not discriminate in admissions, hiring, the granting of scholarships or loans, or the administration of educational policies generally.

#### **Section 8.29 Financial Covenants.**

(a) **Debt Service Coverage Ratio.** The Institution covenants that, so long as any of the Bonds remain Outstanding, it will maintain a Long-Term Debt Service Coverage Ratio greater than 1.1 to 1.0 as calculated in accordance with GAAP existing as of the date of this Agreement. Beginning with the Fiscal Year commencing July 1, 2026, 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 Long-Term Debt Service Coverage Ratio indicates that the Long-Term Debt Service Coverage Ratio of the Institution for such previous Fiscal Year is less than 1.1 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 the event that the Institution is unable to comply with the above Long-Term Debt Service Coverage Ratio requirement, then 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, as described below under paragraph (c).

In the event the Long-Term Debt Service Coverage Ratio is calculated as falling between 1.0 and 1.1 following the completion of two (2) consecutive Fiscal Years, it shall be an Event of Default hereunder.

Notwithstanding the foregoing, in the event the Long-Term Debt Service Coverage Ratio falls below 1.0 as calculated following the completion of any Fiscal Year, it shall be an Event of Default hereunder.

(b) **Cash on Hand.** The Institution covenants that so long as any of the Bonds remain Outstanding, it will have on hand on each June 30 testing date described below cumulative unrestricted cash, unrestricted cash equivalents, unrestricted liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of the Institution, excluding any Trustee-held funds or proceeds of Indebtedness, sufficient to meet a certain number of days Operating Expenses excluding all non-cash expenses, as follows: for the Fiscal Year ending June 30, 2025 and thereafter, 45 days.

The above covenant shall 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 release of such annual audit,

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or the Gross Revenues that are senior to the Mortgage on the Facility. The Institution may incur other parity Indebtedness secured by the Mortgage on the Facility and the security interest in the Gross Revenues upon satisfaction of the following:

(i) **No Default.** Providing a certificate signed by an Authorized Representative of the Institution stating that no Event of Default is then existing under this Loan Agreement, the Promissory Note, the Security Documents, or any debt outstanding or any agreement entered into by the Institution in conjunction with any Indebtedness; and

(ii) **Projected Coverage for Additional Indebtedness.** Delivery of an Accountant's Certificate stating that the estimated Maximum Annual Debt Service for all Indebtedness then outstanding, including the proposed Indebtedness to be incurred, is less than (ii) twenty percent of estimated Education Aid and Gross Revenues for the most recent fiscal year for which a budget has been adopted. The report shall take into account (i) the audited results of operations and verified enrollment of the Project for the most recently completed Fiscal Year and (ii) the projected enrollment for the Fiscal Year immediately following the completion of the planned Project being financed with such proposed Indebtedness, and shall assume that the proposed additional Indebtedness shall have been outstanding for the entire year; or

(iii) **Alternate Coverage for Additional Indebtedness.** In lieu of the requirements of subsection (ii) above, the Institution may deliver a certificate of an Authorized Representative of the Institution stating that, based on the audited results of the operations for the most recently completed Fiscal Year, the Institution's Net Income Available for Debt Service equals at least 1.10 times Maximum Annual Debt Service on the aggregate of all parity Indebtedness then Outstanding plus the proposed additional Indebtedness; or

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

#### **Section 8.30 Custody Agreement.**

The Institution covenants that it will provide standing instructions to the State to submit all payments of Education Aid for direct deposit to the account held under the Custody Agreement commencing immediately after the Closing Date. The Institution covenants and agrees that such standing instructions to the State shall remain in full force and effect at all times to ensure that all payments of Education Aid are submitted by direct deposit to the account held under the Custody Agreement for so long as any of the Bonds remain outstanding or unsatisfied, and that such standing instructions to the State shall remain irrevocable so long as any of the obligations of the Institution under this Agreement remain outstanding or unsatisfied.

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## ARTICLE IX

### REMEDIES AND EVENTS OF DEFAULT

**Section 9.1 Events of Default.** Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of Section 4.3(a) or (e) which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in Section 9.1(a)) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 8.1, 8.2, 8.3, 8.9, 8.11, 8.13, 8.17, 8.18, 8.20, 8.21, 8.22, 8.26, 8.29, 9.7 or 11.2 or Article VI and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Institution to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 9.1(a) or (b)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(d) The Institution shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Institution, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Institution or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case

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(b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by

(i) bringing an action for damages, injunction or specific performance, and/or

(ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Institution under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institution under the Issuer's Reserved Rights.

(c) No action taken pursuant to this Section 9.2 or by operation of law or otherwise shall, except as expressly provided herein, relieve the Institution from the Institution's obligations hereunder, all of which shall survive any such action.

**Section 9.3 Bankruptcy Proceedings.** In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and the Promissory Note, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and Section 4.3(a)) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment hereunder or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Institution, the creditors or property of the Institution, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

**Section 9.4 Remedies Cumulative.** The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Institution hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated.

shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Institution shall be entered in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Institution as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20;

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

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

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

(i) Failure of the Institution to pay the amount required of it under Section 4.3(a)(vi) when required thereunder.

(j) Revocation, loss or nonrenewal of the Charter of the Institution.

**Section 9.2 Remedies on Default.** (a) Whenever any Event of Default referred to in Section 9.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 9.1(d) or (e), all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under this Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

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**Section 9.5 No Additional Waiver Implied by One Waiver.** In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution hereby waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisalment, extension or redemption laws now existing or which may hereafter exist.

**Section 9.6 Effect on Discontinuance of Proceedings.** In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

**Section 9.7 Agreement to Pay Fees and Expenses of Attorneys and Other Consultants.** In the event the Institution should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Institution herein contained or contained in any other Security Document, the Institution agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

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## ARTICLE X

### TERMINATION OF THIS AGREEMENT

#### Section 10.1 Termination of this Agreement.

(a) The Institution shall have the option to cause the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(b) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of this Agreement, the Institution shall terminate this Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in Section 10.2, and (y) the survival of those obligations of the Institution set forth in Section 10.3.

**Section 10.2 Actions on Termination.** As a condition precedent to the termination of this Agreement, the Institution shall:

(i) pay to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and the other Security Documents, and

(B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement; and

(ii) pay to the Issuer

(A) the fees and expenses of the Issuer, and

(B) all other amounts due and payable under this Agreement and the other Security Documents,

(iii) perform all accrued obligations hereunder or under any other Project Document,

(iv) deliver or cause to be delivered to the Issuer with respect to any mortgage exempt from the payment of mortgage recording tax by reason of the Issuer being a party thereto, an executed satisfaction of such mortgage in recordable form, executed by the mortgagee, and

(v) effect at its own cost and expense the proper recording and filing of all instruments terminating, satisfying and discharging the Security Documents.

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## ARTICLE XI

### CERTAIN PROVISIONS RELATING TO THE BONDS

**Section 11.1 Issuance of Additional Bonds.** If a Series of Additional Bonds are to be issued pursuant to the Indenture, the Issuer and the Institution shall enter into an amendment to this Agreement, and the Institution shall execute and deliver a new Promissory Note, in each case providing, among other things, for the payment by the Institution of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

**Section 11.2 Determination of Taxability.** (a) If any Holder of 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 Bonds shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the Institution has elected to take, however, the Bondholder shall have the right to require the Institution to pay the tax assessed and conduct the appeal as a contest for reimbursement.

(b) The obligations of the Institution to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Institution of its obligation under this Section.

(c) Not later than one hundred twenty (120) days following a Determination of Taxability, the Institution shall pay to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund and available for such purpose, to retire and redeem all Bonds then Outstanding, in accordance with the Indenture. The Bonds shall be redeemed in whole unless redemption of a portion of the 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 Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

**Section 11.3 Reserved.**

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(b) Upon the termination of this Agreement in accordance with Section 10.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the Institution, to the Institution (i) a termination of this Agreement, and (ii) all necessary documents releasing all of the Issuer's rights and interests in and to any rights of action under this Agreement (other than as against the Institution or any insurer of the insurance policies under Section 8.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Facility or any portion thereof. Concurrently with the delivery of such instruments, there shall be delivered by the Issuer (at the sole cost and expense of the Institution) to the Trustee any instructions or other instruments required by Article X of the Indenture to defease and pay the Outstanding Bonds, together with a direction to the Trustee that the Trustee deliver to the Issuer and the Institution a release, satisfaction or termination of the Indenture and of the mortgage lien and security interest of the Mortgage on the Mortgaged Property.

**Section 10.3 Survival of Institution Obligations.** Upon compliance with Section 10.2, this Agreement and all obligations of the Institution hereunder shall be terminated except the obligations of the Institution under Sections 8.2, 8.24, 9.2, 9.3, 9.7, 11.6, 12.4, 12.5, 12.6, 12.11, 12.13 and 12.14 shall survive such termination.

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**Section 11.4 Mandatory Redemption As a Result of Project Gifts or Grants.** (a) If, prior to completion of the construction of a component of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Institution shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the 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 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 a principal amount equal to such excess only to the extent to which proceeds of the Tax-Exempt Bonds were expended for such component.

(b) If, after completion of the construction of a component of the Project, the Institution receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the 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 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 applicable subaccount of the Redemption Account of the Bond Fund and cause the Trustee to effect a redemption of the Tax-Exempt Bonds in a principal amount equal to such gift or grant, but only to the extent to which proceeds of Tax-Exempt Bonds were expended for such component.

(c) The Institution shall, prior to directing the redemption of any Bonds in accordance with this Section 11.4, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Bonds for redemption that will not affect the exclusion of interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

**Section 11.5 Right to Cure Issuer Defaults.** The Issuer hereby grants the Institution full authority for account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Issuer, with full power of substitution.

**Section 11.6 Prohibition on the Purchase of Bonds.** Except as provided in this Section, neither the Institution nor any Related Person (as defined in the Tax Regulatory Agreement) to the Institution shall purchase Bonds in an amount related to the amount of the Loan. The Institution shall have the option, at any time during the term of this Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to

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the Holders thereof. The Bonds so purchased by the Institution or by any Affiliate of the Institution pursuant to this Section shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase unless the Institution shall deliver to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the failure to surrender such Bonds by such date will not affect the exclusion of the interest on any Bonds from gross income for federal income tax purposes.

**Section 11.7 Investment of Funds.** Any moneys held as part of the Rebate Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). Neither the Issuer nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

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**Section 12.3 Amendments.** This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the parties hereto.

**Section 12.4 Service of Process.** The Institution represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Institution under this Agreement shall be satisfied and met. If for any reason the Institution should cease to be so subject to service of process in the State, the Institution hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the Chief Executive Officer of the Institution at 27 Zimbrich Street, Rochester, New York 14621, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Institution hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Institution's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Institution under this Agreement remain unsatisfied, the Institution's agent(s) designated in this Section 12.4 shall accept and acknowledge on the Institution's behalf each service of process in any such suit, action or proceeding brought in any such court. The Institution agrees and consents that each such service of process upon such agents and written notice of such service to the Institution in the manner set forth in Section 12.5 shall be taken and held to be valid personal service upon the Institution whether or not the Institution shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Institution according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Institution or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Institution.

**Section 12.5 Notices.** Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Agreement to be given to or filed with the Issuer, the Institution or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

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## ARTICLE XII

### MISCELLANEOUS

**Section 12.1 Force Majeure.** In case by reason of *force majeure* any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such *force majeure* in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Institution to make the loan payments or other payments required under the terms hereof, or (ii) the obligations of the Institution to comply with Section 8.1 or 8.2), so far as they are affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "*force majeure*" shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the Institution's financial condition or inability to obtain financing constitute a *force majeure*. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

The Institution shall promptly notify the Issuer and the Trustee upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Institution shall also promptly notify the Issuer and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Institution.

**Section 12.2 Assignment of Mortgage and Pledge under Indenture.** Pursuant to (i) the Mortgage, the Institution will mortgage its fee 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, and (iii) the Indenture, the Issuer will pledge and assign the Promissory Note and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Institution hereby consents to the Issuer's pledge and assignment to the Trustee of all its right, title and interest in the Mortgage, the Promissory Note and this Agreement (except for the Issuer's Reserved Rights).

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(A) if to the Issuer, to

Monroe County Industrial Development Corporation  
CityPlace, Suite 1150  
50 W. Main Street  
Rochester, New York 14614  
Attention: Executive Director

with a copy to

Nixon Peabody LLP  
1300 Clinton Square  
Rochester, New York 14604  
Attention: Barry Carrigan, Esq.

(B) if to the Institution, to

Eugenio Maria de Hostos Charter School  
27 Zimbrich Street  
Rochester, New York 14621  
Attention: Chief Executive Officer

with a copy to

Trespasz Law Offices, LLP  
247 West Fayette Street, Suite 304  
Syracuse, New York 13202  
Attention: Ted Trespasz, Esq.

(C) if to the Trustee, to

UMB Bank, N.A.  
1670 Broadway  
Denver, Colorado 80202  
Attention: Corporate Trust

The Issuer, the Institution and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

**Section 12.6 Consent to Jurisdiction.** The Institution irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Institution,

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the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the courts of record of the State in Monroe County or the United States District Court for the Western District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of *forum non conveniens*, (B) to remove to any federal court other than the United States District Court for the Western District of New York, and (C) to move for a change of venue to a New York State Court outside Monroe County.

If the Institution commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in Monroe County or the United States District Court for the Western District of New York, the Institution shall, upon request from the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in Monroe County or the United States District Court for the Western District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Institution shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in Monroe County or the United States District Court for the Western District of New York.

**Section 12.7 Prior Agreements Superseded.** This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Institution relating to the Facility, other than any other Project Document.

**Section 12.8 Severability.** If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

**Section 12.9 Effective Date; Counterparts.** The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Closing Date. This Agreement shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 12.10 Binding Effect.** This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agents, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer and the Institution and their respective successors and assigns.

**Section 12.11 Third Party Beneficiaries.** (a) The Issuer and the Institution agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer and the Institution as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee.

doctrine, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

(b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds.

**Section 12.12 Law Governing.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

**Section 12.13 Waiver of Trial by Jury.** The Institution does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Institution's obligations hereunder, the Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

**Section 12.14 Recourse Under This Agreement.** All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or Monroe County, New York or any political subdivision thereof, and neither the State nor Monroe County, New York nor any political subdivision thereof shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution hereunder and under the Promissory Note.

**Section 12.15 Legal Counsel; Mutual Drafting.** Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum*

IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its duly authorized President, Vice President or Executive Director and the Institution has caused its name to be hereunto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Name: Ana J. Liss  
Title: Executive Director

STATE OF NEW YORK )  
: ss.:  
COUNTY OF MONROE )

On the \_\_\_\_ day of September, in the year two thousand twenty-four, before me, the undersigned, personally appeared **Ana J. Liss**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

**EUGENIA MARIA DE HOSTOS CHARTER SCHOOL**

By: \_\_\_\_\_  
Name: Sandra Chevalier-Blackman  
Title: Chief Executive Officer

STATE OF NEW YORK        )  
                                      : ss.:  
COUNTY OF MONROE        )

On the \_\_\_\_ day of September, in the year two thousand twenty-four, before me, the undersigned, personally appeared **Sandra Chevalier-Blackman**, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

**APPENDICES**

Signature Page 2 of 2  
Loan Agreement

**EXHIBIT A**

**DESCRIPTION OF THE LAND**

**EXHIBIT B**

**DESCRIPTION OF THE FACILITY PERSONALTY**

The acquisition of fixtures and other equipment for incorporation or use at the buildings located at 1069-1089 & 1119 Joseph Avenue, Rochester, New York, 27 Zimbrich Street, Rochester, New York, 44 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, financed or refinanced with the proceeds of the Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A and the Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefore, and all parts, additions and accessories incorporated therein or affixed thereto and shall include all property substituted for or replacing items and exclude all items so substituted for or replaced, and further exclude all items removed as provided in the Indenture and the Loan Agreement.

**EXHIBIT C**

**AUTHORIZED REPRESENTATIVE**

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Sandra Chevalier-Blackman	Chief Executive Officer	_____
Nikki Kersbergen	Chief Financial Officer	_____

**EXHIBIT D**

**PROJECT COST BUDGET**

	<u>Bond Proceeds</u>	<u>Funds of Institution</u>	<u>Total</u>
Refinancing of Prior Debt	\$ 2,036,189.95	\$0	\$ 2,036,189.95
Construction/Renovation Costs	\$44,549,317.00	\$0	\$44,549,317.00
Fees/Other Soft Costs	\$ 6,399,376.50	\$0	\$ 6,399,376.50
Total	\$ 52,984,883.45	\$0	\$52,984,883.45

**EXHIBIT E**

**FORM OF  
PROJECT COMPLETION CERTIFICATE OF INSTITUTION  
AS REQUIRED BY SECTIONS 3.2(f) AND 8.14(g)  
OF THE LOAN AGREEMENT**

The undersigned, an Authorized Representative (as defined in the Loan Agreement referred to below) of EUGENIO MARIA DE HOSTOS CHARTER SCHOOL, a not-for-profit education corporation organized and existing under the laws of the State of New York (the "Institution"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 3.2(f) and 8.14(g) of that certain Loan Agreement, dated as of September 1, 2024 (the "Loan Agreement"), between Monroe County Industrial Development Corporation (the "Issuer") and the Institution, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Loan Agreement):

- (i) the Project Work is finished and has been completed substantially in accordance with the plans and specifications therefor;
- (ii) attached hereto is a copy of one of the following (check only one and attach a copy of the indicated document):
  - certificate of occupancy, or
  - temporary certificate of occupancy, or
  - amended certificate of occupancy, or
  - letter of no objection;
- (iii) there is no certificate, license, permit, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature;
- (iv) the Facility is ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines;
- (v) check as applicable:
  - all costs for Project Work have been paid, or
  - all costs for Project Work have been paid except for
    - amounts not yet due and payable (attach itemized list) and/or

amounts the payments for which are being contested in good faith (attach itemized list with explanations); and

(vi) releases of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, except for releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.

**[ATTACH to this Certificate copies of all such releases of liens.]**

*Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Institution as follows:* (a) the Issuer does not waive its right to require delivery of releases-of-liens in connection with the costs of Project Work; (b) the Issuer does not waive its right under the Loan Agreement to demand the discharge of mechanics' and materialmen's liens encumbering the Facility Realty, whether by bond or otherwise; and (c) the Certificate shall be deemed incomplete if, in the Issuer's sole discretion, the Institution has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of Project Work when payment for the same is due.

This Certificate is given without prejudice to any rights of the Institution against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT F**

**FORM OF PROMISSORY NOTE**

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS PROMISSORY NOTE, THIS PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

[\$50,060,000][2,365,000]

September 12, 2024

**SERIES 2024 [A][B] PROMISSORY NOTE**

FOR VALUE RECEIVED, EUGENIO MARIA DE HOSTOS CHARTER SCHOOL, a not-for-profit education corporation organized and existing under the laws of the State of New York (the "**Borrower**"), by this promissory note hereby promises to pay to the order of MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION (the "**Issuer**"), the principal sum of [Fifty Million Sixty Thousand and 00/100 Dollars (\$50,060,000)][Two Million Three Hundred Sixty-Five Thousand and 00/10 Dollars (\$2,365,000)], together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2024[A][B] Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Series 2024[A][B] Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Series 2024[A][B] Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of the Trustee or its successor under the Indenture.

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the Initial Bonds are payable under the Loan Agreement (as defined below), subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is a "Promissory Note" referred to in the Loan Agreement, dated as of September 1, 2024 (as the same may be amended or supplemented, the "**Loan Agreement**"), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Series 2024[A][B] Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of September 1, 2024 (as the same may be amended or supplemented, the "**Indenture**"), by and between the Issuer and UMB Bank, N.A., as trustee (the "**Trustee**"), and such payments will be made directly to the Trustee for the account of

This Series 2024[A][B] Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

By: \_\_\_\_\_  
Name: Sandra Chevalier-Blackman  
Title: Chief Executive Officer

the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer's \$[50,060,000][2,365,000] in aggregate principal amount of [Taxable] Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024[A][B] (the "**Series 2024[A][B] Bonds**"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Series 2024[A][B] Bonds are hereby incorporated as a part of this Series 2024[A][B] Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay, together with accrued interest, all or any part of the amounts due under this Series 2024[A][B] Promissory Note, as provided in the Loan Agreement and the Indenture.

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

The Borrower hereby promises to pay costs of collection and attorneys' fees in case of default on this Series 2024[A][B] Promissory Note.

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

**ENDORSEMENT**

Pay to the order of UMB BANK, N.A., without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Series 2024[A][B] Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Series 2024[A][B] Promissory Note.

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

By: \_\_\_\_\_  
Name: Ana J. Liss  
Title: Executive Director

Dated: September 12, 2024

**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND  
FIXTURE FILING (ACQUISITION LOAN)**

From

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**, a New York not-for-profit education corporation, having its principal office at 27 Zimbrich Street, Rochester, New York 14621, as Debtor

To

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York, having its principal office at CityPlace, Suite 1150, 50 W. Main Street, Rochester, New York 14614, as Issuer and Mortgagee

And

**UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America having a corporate trust office at 1670 Broadway, Denver, Colorado 80202, together with any successor Trustee under the Indenture of Trust referred to herein, as Trustee and Mortgagee

Dated as of September 1, 2024

**The maximum amount secured by this Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan) is \$2,215,456.78**

\$50,060,000

Monroe County Industrial Development Corporation  
Revenue Bonds  
(Eugenio Maria de Hostos Charter School Project), Series 2024A

and

\$2,365,000  
Monroe County Industrial Development Corporation  
Taxable Revenue Bonds  
(Eugenio Maria de Hostos Charter School Project), Series 2024B

Affecting that real property described in the Description of Land in the appendices to this Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan) in the City of Rochester, County of Monroe, State of New York

Record and Return to:	Addresses	Section	Block	Lots
Nixon Peabody LLP 1300 Clinton Square Rochester, New York 14604 Attention: Katie Baynes, Esq.	1069, 1089 & 1119 Joseph Avenue Rochester, New York	091.63	2	087.001 & 086.000
	27 Zimbrich Street and 967-979 Joseph Avenue, Rochester New York	091.71	4	6.001
	44 Zimbrich Street, Rochester, New York	091.71	2	86.001

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure:

(i) payment of the Secured Principal Amount of the Bonds and the indebtedness represented thereby, the Purchase Price, if applicable, and the redemption premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants of the Issuer expressed or implied in the Bonds and in the Security Documents, and

(ii) payment, performance and observance of all obligations of the Debtor under the Security Documents including this Mortgage,

whether now arising or hereafter arising, direct or indirect, absolute or contingent, joint or several, due or to become due, liquidated or unliquidated, secured or unsecured, original, renewed or extended, whether arising directly or acquired from others (all such indebtedness and obligations described in clauses (i) and (ii) above being collectively referred to herein as the "Obligations"), provided, however, that the maximum principal amount secured hereby shall not exceed the Secured Principal Amount, the Debtor does hereby grant, bargain, sell, convey, transfer, mortgage, grant a security interest in, pledge and assign to the Issuer and the Trustee as Mortgagee, and their respective assigns forever, its right, title and interest in and to the following (the "Mortgaged Property"):

**GRANTING CLAUSES**

**I**

The Facility Realty together with the tenements, hereditaments, servitudes, appurtenances, estate, rights, privileges, liberties, licenses, royalties, mineral, oil and gas rights, water, water rights, reversions, remainders and immunities thereunto belonging or appertaining which may from time to time be owned or leased by the Debtor, including all the right, title and interest of the Debtor in and to all streets, ways, alleys, roads, waters, water courses, water rights, waterways, passages, sewer rights and public places adjoining the Facility Realty and all easements and rights-of-way, public or private, and gores of land, now or hereafter used in connection therewith, together with all land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Facility Realty to the center line thereof, now or hereafter used in connection with the Facility Realty.

**II**

The Facility Personalty together with all fixtures, equipment, machinery, apparatus, appliances, fittings, chattels and articles of personal property of every kind and nature useable in connection with the operation of the improvements now or hereafter located at the Facility Realty, and all building materials and supplies of any nature whatsoever whether now owned or hereafter acquired, now or hereafter attached to, or used or usable in connection with any present or future operation or occupancy of the Facility and owned by the Debtor or in which the Debtor has or shall have an interest and all renewals and replacements thereof and additions and accessions thereto, including without limitation all partitions, elevators, lifts, steam and hot water boilers, heating and air conditioning equipment, lighting and power plants, engines,

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**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT  
AND FIXTURE FILING (ACQUISITION LOAN)**

This **MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (ACQUISITION LOAN)** made and entered into as of the date set forth on the cover page hereof (this "Mortgage") from that entity identified on the cover page hereof as the Debtor to the Issuer and the Trustee as the Mortgagee (capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture or in the Loan Agreement, each as referred to below):

**WITNESSETH:**

**WHEREAS**, pursuant to Section 1411 of the Not-for-Profit Corporation Law ("N-PCL") of the State of New York (the "State"), as amended (hereinafter collectively called the "Act"), and pursuant to its certificate of incorporation, as amended (the "Certificate"), the Issuer was established as a not-for-profit local development corporation of the State with the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing and equipping certain projects exclusively in furtherance of the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest; and

**WHEREAS**, the Issuer intends to issue the Bonds pursuant to the Bond Resolution and the Indenture; and

**WHEREAS**, to facilitate the Project and the issuance by the Issuer of the Bonds, (i) the Issuer will make the Loan of the proceeds of the Bonds, in the original principal amount of the Bonds, to the Debtor pursuant to a certain Loan Agreement, dated as of even date herewith, between the Issuer and the Debtor (as the same may be amended or supplemented, the "Loan Agreement"), and (ii) the Debtor will execute the Promissory Note in favor of the Issuer and the Trustee dated the Closing Date (as the same may be amended or supplemented, the "Promissory Note") to evidence the Debtor's obligation under the Loan Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

**WHEREAS**, the proceeds derived from the issuance of the Bonds are to be used to finance a portion of the cost of the Project to constitute a facility (the "Facility") owned by the Debtor and located at the Facility Address; and

**WHEREAS**, in order to induce the Issuer to issue, and the initial owners to purchase, the Bonds, the Debtor is entering into this Mortgage; and

**WHEREAS**, pursuant to the Assignment of Mortgage, the Issuer intends to assign to the Trustee all of its right, title and interest as Mortgagee under this Mortgage; and

**III**

motors, compressors, ducts, coal, oil and gas burning apparatus, pipes, pumps, plumbing, radiators, sinks, bath tubs, water closets, refrigerators, gas and electrical fixtures, communications apparatus, stoves, ranges, shades, screens, awnings, vacuum cleaning system, and sprinkler system or other fire prevention or extinguishing apparatus and materials, all of which shall be deemed to be, remain and form a part of the Facility and are covered by the lien of this Mortgage; excluding, however, the Institution's Property (as defined in Section 3.4(d) of the Loan Agreement) from the lien of this Mortgage.

All property insurance proceeds, awards, payments and other compensation payments, including interest thereon, and the right to receive the same, which are heretofore or hereafter made with respect to the Facility as a result of or in lieu of any taking by eminent domain (including any transfer made in lieu of the exercise of said right), the alteration of the grade of any street, or any other damage or injury to or decrease in the value of the Facility or the occurrence of any Loss Event (as defined in Section 6.1 of the Loan Agreement), to the extent of all amounts which may be secured by this Mortgage at the date of receipt of any such award or payment by the Mortgagee, and of the reasonable attorneys' fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such award or payment, subject to the terms of the Indenture and the Loan Agreement as to the application of all such amounts so received.

**IV**

All right, title and interest of the Debtor in and to (a) any and all present and future leases of space in any building(s) on or to be erected upon the Facility Realty; (b) any and all present and future subleases of space in any building(s) on or to be erected upon the Facility Realty; (c) all rents, issues and profits payable under any such leases and subleases; (d) any contracts for the sale of all or any portion of the Facility Realty or any building(s) or portions thereof on or to be erected upon the Facility Realty ("sale contracts"); and (e) any interest of the Debtor in contracts, agreements or other arrangements with architects, engineers and other professionals responsible for the design and supervision of the Project Work. Nothing in this paragraph is intended to constitute the consent of the Issuer, the Trustee or the Bondholders to any such leases, subleases or sale contracts.

**V**

All right, title and interest of the Debtor in all proceeds of any unearned premiums on any insurance policies (other than liability insurance policies) concerning the Facility, including, without limitation, the right to receive and apply the proceeds of any property insurance, judgments or settlements made in lieu thereof, for damages to the Facility, subject, however, to the terms of the Indenture and the Loan Agreement.

**VI**

All right, title and interest of the Debtor in all construction contracts, payment bonds, performance bonds, surety bonds, warranties, guarantees, maintenance, repair or replacement agreements and other contractual obligations of any contractor, subcontractor,

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surety, guarantor, manufacturer, dealer, laborer, supplier or materialman made with respect to the Facility or any part thereof.

#### VII

All the right, in the name and on behalf of the Debtor, to appear in and defend any action or proceeding brought with respect to the Facility and to commence any action or proceeding to protect the interest of the Mortgagee in the Facility.

#### VIII

Any and all air rights, development rights, zoning rights or other similar rights or interests which benefit or are appurtenant to the Facility and any proceeds arising therefrom.

#### IX

All agreements (other than the Loan Agreement) and/or contracts now or hereafter entered into by the Debtor for the Project Work or any part thereof, and all permits, licenses, bonds, plans and specifications relative to the Project.

#### X

Any and all further estate, right, title, interest, property, claim and demand whatsoever of the Debtor in and to any of the above.

#### XI

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Debtor or by any other Person with or without the consent of the Debtor, to the Mortgagee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

#### XII

All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims.

**TO HAVE AND TO HOLD** all the same with all privileges and appurtenances hereby conveyed and assigned or agreed or intended so to be, to the Mortgagee and their successors and to them and their assigns forever;

**THIS MORTGAGE** secures the payment, performance and observance of the Obligations and shall continue in full force and effect until the Obligations shall be paid and satisfied in full or otherwise provided for in accordance with their respective terms.

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### ARTICLE I

#### DEFINITIONS; CONSTRUCTION

**Section 1.1. Certain Definitions.** The following terms shall have the respective meanings in this Mortgage, except as the context otherwise requires:

**Assignment of Mortgage** shall mean the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), dated as of the Closing Date, from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

**Bond Resolution** shall mean the resolution of the Issuer adopted on July 10, 2024, authorizing the Project and the issuance of the Bonds.

**Bonds** shall mean the Initial Bonds and any Additional Bonds authorized, issued, executed, authenticated and delivered under the Indenture.

**Business Day** shall have the meaning assigned to that term in the Indenture.

**Closing Date** shall mean September 12, 2024, the date of the initial issuance and delivery of the Bonds.

**Debtor** shall mean Eugenio Maria de Hostos Charter School, a New York not-for-profit education corporation, exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Debtor under Section 8.9 or 8.20 of the Loan Agreement.

**Facility** shall mean, collectively, the Facility Personalty and the Facility Realty.

**Facility Address** shall mean 1069, 1089 & 1119 Joseph Avenue, Rochester, New York, 27 Zimbrich Street, Rochester, New York, 967-979 Joseph Avenue, Rochester New York, and 44 Zimbrich Street, Rochester, New York.

**Facility Personalty** shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B — “Description of Facility Personalty”, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

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

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Notwithstanding anything contained herein to the contrary, the maximum amount of Obligations secured by this Mortgage at execution or which under any contingency may become secured hereby at any time hereafter is the Secured Principal Amount plus interest thereon, plus all amounts expended by the Mortgagee after default by the Debtor which constitute payment of (i) taxes, charges or assessments which may be imposed by law upon the Mortgaged Property; (ii) premiums on insurance policies covering the Mortgaged Property; (iii) expenses incurred in protecting or upholding the lien of this Mortgage, including, but not limited to the expenses of any litigation to prosecute or defend the rights and lien created by this Mortgage; (iv) expenses incurred in protecting the collateral encumbered by this Mortgage; or (v) any amount, cost or charge to which the Mortgagee becomes subrogated upon payment, whether under recognized principles of law or equity, or under express statutory authority.

**DEBTOR HEREBY** represents, warrants, covenants and agrees with the Mortgagee as set forth below:

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**Holders** shall have the meaning assigned to that term in the Indenture.

**Improvements** shall mean (i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land; (ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and (iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

**Indenture** shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, and includes any and all amendments thereof and supplements thereto made in accordance therewith.

**Initial Bonds** shall mean, collectively, the Series 2024A Bonds and the Series 2024B Bonds authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

**Land** shall mean those certain lots, pieces or parcels of land in the County of Monroe in Section 091.63, Block 2 and Lots 087.001 and 86, generally known by the street addresses of 1069-1089 & 1119 Joseph Avenue, Rochester, New York, in Section 091.71, Block 4 and Lot 6.001, generally known by the street addresses of 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York, and in Section 091.71, Block 2 and Lot 86.001, generally known by the street address of 44 Zimbrich Street, Rochester, New York, all as more particularly described in Exhibit A — “Description of the Land”, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) of the Loan Agreement.

**Loan Agreement** shall mean the Loan Agreement, dated as of even date herewith, between the Issuer and the Debtor, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

**Loan** shall have the meaning assigned to that term on the Loan Agreement.

**Majority Holders** shall have the meaning assigned to that term in the Indenture.

**Mortgage** shall mean this Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan) from the Debtor to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments hereof and supplements hereto made in accordance herewith and with the Indenture.

**Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan)** shall mean the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), dated as of even date herewith, from the Debtor to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

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**Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan)** shall mean the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), dated as of even date herewith, from the Debtor to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

**Opinion of Counsel** shall have the meaning assigned to that term in the Indenture.

**Outstanding** shall have the meaning assigned to that term in the Indenture.

**Permitted Encumbrances** shall have the meaning assigned to that term in the Indenture.

**Person** shall have the meaning assigned to that term in the Indenture.

**Project** shall mean, collectively, (a) (i) the acquisition of an approximately 2.7 acre parcel of land located at 1069-1089 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-87.001) ("Property A"), which Property A included at the time of acquisition an approximately 23,900 square foot building ("Building 1"), an approximately 9,800 square foot building ("Building 2") and an approximately 11,465 square foot building ("Building 3"), (ii) the renovation, furnishing and equipping of Building 1, (iii) the construction, furnishing and equipping of an approximately 34,945 square foot addition to Building 1, (iv) the demolition of Building 2, (v) the renovation, furnishing and equipping of Building 3, which will consist of approximately 27,071 square feet upon completion, and (vi) the acquisition of an approximately 0.6 acre parcel of land located at 1119 Joseph Avenue, Rochester, New York (and further described as Tax Map Parcel No. 091.63-2-86) ("Property B") and financing the construction, furnishing and equipping of an approximately 12,800 square foot building on Property B, (b) the refinancing of a \$1,500,000 taxable loan, the proceeds of which loan were used to finance or refinance (i) the acquisition, renovation and equipping of an approximately 57,169 square foot building, an approximately 2,544 square foot office building and other related improvements located on an approximately 1.88 acre parcel of land at 27 Zimbrich Street, Rochester, New York and 967-979 Joseph Avenue, Rochester New York (and further described as Tax Map Parcel No. 091.71-4-6.001) and (ii) the acquisition of an approximately 1.03 acre parcel of land located at 44 Zimbrich Street, Rochester, New York (and further described as Tax Map Parcel No. 091.71-2-86.001); (c) refinancing existing debt of the Institution used for the acquisition, renovation and equipping of other Institution facilities; (d) funding capitalized interest and a debt service reserve fund, if required; and (e) paying for certain costs and expenses associated with the issuance of the Initial Bonds.

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

**Promissory Note** shall have the meaning assigned to that term in the Loan Agreement.

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(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

**Purchase Price** shall have the meaning assigned to that term in the Indenture.

**Secured Principal Amount** shall mean \$2,215,456.78.

**Security Documents** shall have the meaning assigned to that term in the Indenture.

**Series 2024A Bonds** shall mean the Issuer's \$50,060,000 Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

**Series 2024B Bonds** shall mean the Issuer's \$2,365,000 Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

**State** shall mean the State of New York.

**Section 1.2. Construction.** In this Mortgage, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Mortgage, refer to this Mortgage, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Mortgage, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Mortgage, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated "Exhibits," "Articles," "Sections," "Subsections," "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Mortgage.

(f) The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

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## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF DEBTOR

**Section 2.1. Representations and Warranties of Debtor.** The Debtor does hereby represent and warrant that:

(a) The Debtor is a not-for-profit education corporation organized and existing under the laws of the State of New York, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of its charter or by-laws, has the requisite corporate power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Mortgage and each other Project Document to which it is or shall be a party.

(b) The execution, delivery and performance of this Mortgage and each other Project Document to which the Debtor is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the charter or by-laws of the Debtor, or any indenture, agreement or other instrument to which the Debtor is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(c) There is no action or proceeding pending or, to the best of the Debtor's knowledge, after diligent inquiry, threatened by or against the Debtor by or before any court or administrative agency that would adversely affect the ability of the Debtor to perform its obligations under this Mortgage or any other Project Document to which it is or shall be a party.

(d) The Debtor has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Debtor as of the Closing Date in connection with the execution and delivery of this Mortgage and each other Project Document to which the Debtor is a party or in connection with the performance of the obligations of the Debtor hereunder and under each of the Project Documents.

(e) This Mortgage and the other Project Documents to which the Debtor is a party (x) have been duly authorized by all necessary action on the part of the Debtor, (y) have been duly executed and delivered by the Debtor, and (z) constitute the legal, valid and binding obligations of the Debtor, enforceable against the Debtor in accordance with their respective terms.

(f) The assumption by the Debtor of its obligations hereunder will result in a direct financial benefit to the Debtor.

(g) The Debtor has power to enter into and perform this Mortgage, to create, pledge and grant the mortgage, pledge, assignment and security interest in the Mortgaged Property as provided in this Mortgage, and to own its property and assets.



ARTICLE III

GENERAL AGREEMENTS OF DEBTOR

(h) The Debtor is vested with good and marketable title to the Facility Realty, subject to no mortgage, lien, charge, pledge, assignment, security interest, conditional sale agreement or encumbrance of any kind whatsoever, other than Permitted Encumbrances.

(i) The Debtor is, as of the Closing Date, and after giving effect to all instruments evidencing or securing the Obligations will be, in a solvent condition.

(j) The execution and delivery of this Mortgage does not constitute a "fraudulent conveyance" within the meaning of Title 11 of the United States Code as so constituted or under any other applicable law.

(k) No bankruptcy or insolvency proceedings are pending or contemplated by or, to the best knowledge of the Debtor, against, the Debtor.

(l) This Mortgage does not give any Person other than the Mortgagee the right to payment of the Obligations.

(m) The Debtor is duly authorized to mortgage and grant a security interest in the Mortgaged Property, and this Mortgage is a first lien upon the Mortgaged Property, subject only to Permitted Encumbrances.

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be done, executed, acknowledged and delivered, at the sole cost and expense of the Debtor, such supplements hereto and such further acts, instruments and transfers as the Mortgagee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Mortgagee all and singular the property herein described and subject to the lien and security interest of this Mortgage and those revenues pledged hereby and by the Indenture to the payment of the Obligations. Any and all property hereafter acquired (other than the Institution's Property) which is of the kind or nature herein provided to be and become subject to the lien and security interest hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Mortgagee, become and be subject to the lien and security interest of this Mortgage as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Debtor heretofore made by this Section 3.4.

**Section 3.5. Creation of Liens; Indebtedness; Sale of Facility.** The Debtor covenants that this Mortgage is and will be a first lien upon the Mortgaged Property, subject only to Permitted Encumbrances. The Debtor shall not create or suffer to be created any lien or charge upon or pledge of the Mortgaged Property or any part thereof, except the lien, charge and pledge created by this Mortgage and the other Permitted Encumbrances. The Debtor shall not incur any indebtedness or issue any evidences of indebtedness, other than the Obligations, secured by a lien on or pledge of the Mortgaged Property, except for Permitted Encumbrances or as set forth in the Loan Agreement. The Debtor further covenants and agrees not to sell, convey, transfer, lease, mortgage or encumber the Facility or any part thereof except as specifically permitted under the Loan Agreement, the Indenture, this Mortgage and the other Permitted Encumbrances, so long as any of the Obligations are Outstanding.

**Section 3.6. Release of Property.**

(a) Reference is made to the provisions of the Loan Agreement, including, without limitation, Sections 3.5 and 8.10 thereof, whereby the Debtor may withdraw from the Facility any Facility Personalty or fixtures or any right-of-way, easement, permit or license or unimproved portion thereof, all upon compliance with the terms and conditions of the Loan Agreement. At the written request of the Debtor, and at the sole cost and expense of the Debtor, the Mortgagee shall release from the lien and security interest of this Mortgage, the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), and release from the Loan Agreement, such portion of the property of the Facility so withdrawn. The Debtor's written request to the Mortgagee shall serve as evidence of compliance with the Loan Agreement upon which the Mortgagee may conclusively rely.

**Section 3.7. Recording and Filing.** (a) The Debtor shall cause this Mortgage and all supplements hereto to be recorded (at the sole cost and expense of the Debtor) as a mortgage of real property in the appropriate offices of the Clerk of Monroe County or in such other offices as may be at the time provided by law as the proper place for the recordation thereof. In addition, the security interest of the Mortgagee, as created by this Mortgage, in the personal property and fixtures and the rights and other intangible interests herein described, shall be perfected by the filing of financing statements by the Debtor, at the sole cost and expense of the Debtor, in the offices of the Secretary of State of the State and in the offices of the Clerk of

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**Section 3.1. Payment, Performance, Observance and Compliance.** The Debtor agrees to pay, perform, observe and comply with such of the Obligations to which it shall be subject (including this Mortgage) upon the terms and provisions required of the Debtor therein.

**Section 3.2. Acknowledgment of Amount Due.** The Debtor shall, upon request, furnish to the Mortgagee, in person within five (5) Business Days, or, by mail within ten (10) Business Days, a written statement duly acknowledged of the amount due under this Mortgage and whether any offsets or defenses exist against the Obligations.

**Section 3.3. Security Agreement.** This Mortgage is and shall be deemed to be a security agreement under the New York State Uniform Commercial Code with respect to the Mortgaged Property, and the Mortgagee shall have all the rights of a secured party thereunder with respect to that part of the Mortgaged Property that constitutes personal property subject thereto (sometimes referred to herein as the "Secured Property"). Upon request by the Mortgagee, Debtor, at its sole cost and expense, shall execute and deliver to the Mortgagee any security agreement, financing or continuation statement or other document the Mortgagee reasonably deems necessary to protect or perfect its lien on the Mortgaged Property. If the Debtor shall default under this Mortgage, the Mortgagee, in addition to any other rights and remedies that it may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to a secured party upon default under the New York State Uniform Commercial Code, including the right to take possession of the Secured Property or any part thereof or indicia thereof, and to take such other measures as the Mortgagee may deem necessary for the care, protection and preservation of the Secured Property. Upon request or demand of the Mortgagee, the Debtor shall, at the Debtor's sole cost and expense, assemble the Secured Property and make it available to the Mortgagee at a convenient place acceptable to the Mortgagee. The Debtor shall pay to the Mortgagee on demand all costs and expenses, including reasonable legal expenses and attorneys' fees and expenses, incurred or paid by the Mortgagee in protecting its interest in the Secured Property and in enforcing its rights hereunder with respect to the Secured Property. Any notice of sale, other disposition, or other intended action by the Mortgagee with respect to the Secured Property sent to the Debtor in accordance with the provisions of this Mortgage at least seven (7) days prior to the date of any such sale, other disposition, or other intended action set forth or specified in the notice shall conclusively be deemed to be commercially reasonable within the meaning of the New York State Uniform Commercial Code unless objected to in writing by the Debtor within five (5) days after receipt by the Debtor of the notice. The proceeds of any sale or other disposition of the Secured Property, or any part thereof, shall be applied to the payment of the Obligations as provided in Section 5.17.

**Section 3.4. Ownership; Instruments of Further Assurance.** The Debtor shall defend the title of the Debtor to the Mortgaged Property and every part thereof and the Debtor agrees to warrant and defend such title against the claims and demands of all Persons whomsoever. The Debtor covenants that it will do, execute, acknowledge and deliver or cause to

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Monroe County, which financing statements shall be in accordance with the New York State Uniform Commercial Code - Secured Transactions. All mortgage recording taxes, if any, and filing and recording charges and fees shall be payable by the Debtor.

(b) The Debtor and the Mortgagee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code-Secured Transactions provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code-Secured Transactions defines a public-finance transaction as a secured transaction in connection with which, in substance, (x) bonds are issued, (y) all or a portion of the bonds have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) Pursuant to paragraph (b) above, it is acknowledged and agreed that, because the foregoing financing statements evidence collateral for the Bonds, and because the Bonds are municipal securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the foregoing recordation and filings, if it is necessary to re-record and/or re-index documents, re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of this Mortgage, (individually or collectively, the "Continuation Action(s)"), then, the Debtor in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Mortgagee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Mortgagee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Mortgagee written certification (upon which the Mortgagee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Mortgagee (acting at the direction of the Majority Holders), deliver or cause to be delivered to the Mortgagee the Opinion of Counsel to the Debtor as described below. The Mortgagee may conclusively rely upon (y) when applicable, the certification referred to in clause

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“(A)(ii),” and (z) in all instances, the Opinion of Counsel to the Debtor. In the event the Debtor chooses to have the Mortgagee perform all or some of the Continuation Actions, as provided in clause “(A)(i)” hereinabove, the Mortgagee shall reasonably promptly perform such Continuation Actions at the Debtor’s sole expense. The Debtor shall perform the obligations described hereinabove in clauses “(A)” (in every case) and “(B)” (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause “(i)”) on which a Continuation Action is to be taken to preserve the lien and security interest of this Mortgage. To the extent any action shall be required to establish, perfect, or maintain the lien and security interest of the Mortgagee hereunder, the Debtor shall be required to, and the Mortgagee is authorized to, perform all such necessary actions and file and record all such necessary documentation.

If an Opinion of Counsel to the Debtor is requested pursuant to clause “(B)”, then the Opinion of Counsel to the Debtor shall be addressed to the Debtor and the Mortgagee. If so requested, the Debtor shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year period thereafter through the term of the Bonds, and/or (ii) the date of any required Continuation Action not covered by clause “(i),” in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Debtor, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Mortgagee with instruments and papers prepared by the Debtor, or (ii) the Debtor through electronic filing, or (iii) the Mortgagee as to some Continuation Actions, and the Debtor as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Debtor and the Mortgagee then requisite to the maintenance of the perfection of the security interest of the Mortgagee in and to all property and interests which by the terms of this Mortgage are to be subjected to the lien and security interest of this Mortgage.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Debtor shall have the right to designate a company to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Debtor and the Trustee (on behalf of itself and the Bondholders) acknowledge and agree that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or re-recording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

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#### ARTICLE IV

##### ASSIGNMENT OF LEASES AND RENTS

**Section 4.1. Assignment of Leases and Rents.** The Debtor hereby assigns to the Mortgagee the rents, issues and profits of the Facility (other than any amounts paid pursuant to the Loan Agreement) as further security for the payment of the Obligations, and the Debtor grants to the Mortgagee the right to enter upon and to take possession of the Facility for the purpose of collecting the same and to let the Facility or any part thereof, and to apply the rents, issues and profits, after payment of all necessary charges and expenses, on account of the Obligations. This assignment and grant shall continue in effect until the Obligations are paid. The Mortgagee hereby waives the right to enter upon and to take possession of the Facility for the purpose of collecting said rents, issues and profits, and the Debtor shall be entitled to collect and receive said rents, issues and profits and to apply same in payment of the amounts becoming due on the Obligations, operating expenses related to the Facility and other expenses (capital or otherwise) consistent with the purposes of the Debtor until the occurrence of an Event of Default hereunder. The Debtor will not, without the written consent of the Mortgagee, receive or collect rent from any tenant of the Facility or any part thereof for a period of more than one month in advance. Upon the occurrence of an Event of Default hereunder, the Debtor will pay monthly in advance to the Mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of the Facility or of such part thereof as may be in the possession of the Debtor, and upon default in any such payment will vacate and surrender the possession of the Facility to the Mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings.

**Section 4.2. No Cancellation or Modification of Leases.** The Debtor shall not, without the prior written consent of the Mortgagee, make, or suffer to be made, any leases or cancel or modify any leases or accept prepayments of installments of rent for a period of more than one month in advance or further assign the whole or any part of the rents without the prior written consent of the Mortgagee. No lease or contract (other than the Loan Agreement) covering all or any part of the Mortgaged Property shall be valid or effective without the prior written approval of the Mortgagee. The Mortgagee shall have all of the rights against the Debtor of the Mortgaged Property as set forth in Section 291-f of the Real Property Law of New York. In respect of any lease, the Debtor will (i) fulfill or perform each and every provision thereof on its part to be fulfilled or performed; (ii) promptly send copies of all notices of default which either shall send or receive thereunder to the Mortgagee; and (iii) enforce, short of termination thereof, the performance or observance of the provisions thereof. Nothing contained in this Mortgage shall be deemed to impose on the Mortgagee any of the obligations of the lessor under the leases.

**Section 4.3. Required Lease Provisions.** Subject to Section 4.1, all leases must provide that the tenant thereunder shall pay to the Mortgagee upon an Event of Default hereunder all sums due under the lease upon notice to the tenant from the Mortgagee, and that the Debtor, and any tenant shall, at the Mortgagee’s option, furnish the Mortgagee with an estoppel and attornment letter as to the leases.

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(f) All costs (including reasonable attorneys’ fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Debtor.

(g) The Debtor agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Mortgagee to comply with this Section, and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Mortgagee of any change in either of the name or address of the Debtor. The Debtor agrees that the Mortgagee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Debtor as necessary at the Debtor’s sole cost and expense.

**Section 3.8. After-Acquired Property.** Except as provided in Section 3.4(d) of the Loan Agreement, all right, title and interest of the Debtor in and to all improvements, betterments, renewals, substitutes and replacements of, and all additions, accessions and appurtenances to, the Mortgaged Property (other than trade fixtures), or any part thereof, hereafter acquired, constructed, assembled or placed by or at the direction of the Debtor on or in the Facility (other than trade fixtures), and all conversions and proceeds of the security constituted thereby, immediately upon such acquisition, construction, assembly, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance or assignment or other act of the Debtor, shall become subject to the security and lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the Debtor and specifically described in the Granting Clauses hereof; but at any and all times the Debtor, on demand, will execute, acknowledge, deliver to the Mortgagee and the Debtor will cause to be recorded or filed as provided in Section 3.7, any and all such further assurances and mortgages, conveyances or assignments thereof as the Mortgagee may reasonably require for the purposes of expressly and specifically subjecting the same to the security and lien of this Mortgage.

**Section 3.9. Additional Taxes or Charges.** If any law or ordinance is enacted or adopted which imposes a tax, either directly or indirectly, on this Mortgage, the Debtor will pay such tax, with interest and penalties thereon, if any. If at any time the United States of America, any state thereof or any governmental subdivision of any such state, shall require revenue or other stamps to be affixed to this Mortgage or any of the other Security Documents, the Debtor agree to pay for the same, with interest and penalties thereon, if any. Nothing contained in this Section 3.9 shall obligate the Debtor to indemnify the Mortgagee for any income tax liability of the Mortgagee arising by reason of this Mortgage.

**Section 3.10. Notice of Event of Default.** The Debtor shall immediately notify the Mortgagee in writing of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Security Document. Any notice required to be given pursuant to this Section shall be signed by the Debtor and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken to cure a default, the notice should plainly state this fact.

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**Section 4.4. Debtor Not to Waive Rents.** The Debtor will not waive, release, reduce, discount or otherwise discharge or assign to any Person other than the Mortgagee the leasehold payments, rents, issues and profits of the Facility (other than as contemplated by the Loan Agreement), or cancel, abridge or otherwise modify any lease of all or any part of the Facility. In addition, the Debtor will observe and comply with all of its obligations as lessor under any such lease, will promptly notify the Mortgagee if it receives any default notice thereunder and forward a copy of the default notice to the Mortgagee, and enforce any default thereunder by the tenant. The Debtor shall not, however, terminate any such lease without the prior written consent of the Mortgagee.

**Section 4.5. Debtor to Furnish Rent Rolls.** The Debtor will furnish to the Mortgagee, within fifteen (15) Business Days after mailing to the Debtor of a written request therefor, a detailed statement in writing, duly sworn, and covering the period of time specified in such request, showing all income derived from the operation of the Facility and all disbursements made in connection therewith, and containing a list of the names of all tenants of the Facility specified in such request, showing all income derived from the operation of the Facility and occupants other than those claiming possession through such tenants, the portion or portions of the Facility occupied by such tenant and occupant, the rents and other charges payable under the terms of their leases or other agreements, and the periods covered by such leases or other agreements.

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## ARTICLE V

### REMEDIES; EVENTS OF DEFAULT

**Section 5.1. Protective Action.** The Mortgagee (at the direction of the Majority Holders) may take such action as the Mortgagee deems reasonably appropriate upon ten (10) days prior written notice to the Debtor (except that no such prior notice shall be required if in the reasonable judgment of the Mortgagee an emergency condition shall exist that threatens to do severe damage to or destruction of the Facility) to protect the Mortgaged Property or the status or priority of the lien of this Mortgage thereon including, but not limited to, entry upon the Facility to protect it from deterioration or damage, or to cause the Mortgaged Property to be put in compliance with any governmental, insurance rating or contract requirements; dispossession of the Debtor if necessary to remedy an emergency condition; payments of amounts due on liens having priority over this Mortgage if such lien constitutes a default pursuant to this Mortgage; curing any default by the Debtor under any of the Security Documents including this Mortgage; payment of any tax or charge for purposes of assuring the priority or enforceability of this Mortgage if failure to pay such tax by the Debtor is a default pursuant to this Mortgage; obtaining insurance on the Mortgaged Property; or commencement or defense of any legal action or proceeding to assert or protect the validity or priority of the lien of this Mortgage. The Debtor agrees to reimburse the Mortgagee for all expenses in taking any such action, on demand, with interest at a rate being the lesser of (i) twelve percent (12%) per annum or (ii) the highest rate permitted under the applicable usury law, and the amount thereof shall be secured by this Mortgage and shall, to the extent permitted by law, be in addition to the maximum amount of the Obligations heretofore stated.

**Section 5.2. Benefit of Section 254 of the Real Property Law.** Nothing herein contained shall be construed as depriving the Mortgagee of any right or advantage available under Section 254 of the Real Property Law of the State of New York, but all covenants herein differing therefrom shall be construed as conferring additional and not substitute rights and advantages.

**Section 5.3. Sole Discretion of the Mortgagee.** Wherever pursuant to this Mortgage, the Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Mortgagee, the decision of the Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of the Mortgagee and shall be final and conclusive. Notwithstanding the foregoing, if, pursuant to the terms of the Indenture or this Mortgage, a stated percentage of Holders of the Outstanding Bonds has the right to direct the Mortgagee in the exercise of any such right, such direction shall be final and conclusive, provided that such direction shall not be arbitrary or capricious.

**Section 5.4. Recovery of Sums Required To Be Paid.** The Mortgagee shall have the right (at the written direction of the Majority Holders) from time to time to take action to recover any sum or sums which constitutes a part of the Obligations as the same becomes due, without regard to whether or not the balance of the Obligations shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure, or any other

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report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall, in any case, prove to be false, misleading or incorrect in any material respect as of the date made;

(f) The Debtor shall be in default under any other mortgage covering any part of the Mortgaged Property and proceedings shall have been commenced to foreclose such mortgage, whether it be superior or inferior to the lien of this Mortgage; or

(g) An "Event of Default" under any Security Document shall occur and be continuing.

**Section 5.6. Remedies Following an Event of Default.** Upon the occurrence of an Event of Default hereunder, the Mortgagee may, in addition to any other rights or remedies available to it hereunder or elsewhere, take such action, without notice or demand, as it deems advisable, as directed by the Majority Holders, to protect and enforce its rights against the Debtor and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee, as directed in writing by the Majority Holders, may determine, without impairing or otherwise affecting the other rights and remedies of the Mortgagee:

(a) enter into or upon the Mortgaged Property, either personally or by its agents, nominees or attorneys, and dispossess the Debtor and its agents and servants therefrom, and thereupon the Mortgagee, as directed by the Majority Holders, may:

- (1) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Mortgaged Property and conduct business thereat and therewith;
- (2) complete any construction, renovation, rebuilding or repairing of the Mortgaged Property in such manner and form as the Mortgagee, which may rely on an Opinion of Counsel, deems advisable;
- (3) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property;
- (4) exercise all rights and powers of the Debtor with respect to the Mortgaged Property, whether in the name of the Debtor or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Mortgaged Property and every part thereof; and
- (5) apply the receipts from the Mortgaged Property to the payment of the Obligations in accordance with Section 8.03 of the Indenture;

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action, for a default or defaults by the Debtor existing at the time such earlier action was commenced.

**Section 5.5. Events of Default.** Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Debtor to pay any amount that has become due and payable hereunder, and continuance of such failure for a period of five (5) Business Days after written notice has been given to the Debtor specifying the nature of such default by the Mortgagee;

(b) Failure of the Debtor to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 5.5(a) above) and (1) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Debtor specifying the nature of such failure by the Mortgagee, or (2) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Debtor 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;

(c) The Debtor shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(d) A proceeding or case shall be commenced, without the application or consent of the Debtor in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Debtor or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Debtor shall be entered in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect); the terms "dissolution" or "liquidation" of the Debtor as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20 of the Loan Agreement;

(e) Any representation or warranty made by the Debtor (i) in the application and related materials submitted to the Issuer for approval of the Project or the transactions contemplated by this Mortgage, (ii) herein, (iii) in any other Project Document, or (iv) in any

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(b) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Obligations then due and payable, subject to the continuing security and lien of this Mortgage for the balance of the Obligations not then due;

(c) institute proceedings to foreclose the lien of this Mortgage against all or, from time to time, against any part of the Mortgaged Property and to have the same sold under the judgment or decree of a court of competent jurisdiction to the highest bidder, at public or private sale, subject to statutory and other legal requirements, if any, including all right, title and interest, claim and demand therein and thereto and all right of redemption thereof;

(d) sell, assign or transfer the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of the Debtor therein and right of redemption thereof, pursuant to power of sale or otherwise, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law (provided that ten (10) days notice of sale of the Mortgaged Property shall be deemed reasonable notice) for such price and form of consideration as the Mortgagee may determine or as may be required by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein;

(f) apply for the appointment of or appoint a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Obligations and without regard for the solvency of any Person liable for the payment of the Obligations whether or not in connection with an action to foreclose this Mortgage;

(g) take possession of the Mortgaged Property (which shall, to the extent practicable, be assembled and made available to the Mortgagee by the Debtor at such place in Monroe County, New York or elsewhere as may be required by the Mortgagee) and otherwise exercise any and all of the rights of secured parties under the New York State Uniform Commercial Code-Secured Transactions;

(h) without prejudice to its right to bring an action for foreclosure of this Mortgage, sell the Mortgaged Property, or any part thereof, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, to the extent permitted and pursuant to the procedures provided by applicable law, including, without limitation, Article 14 of the Real Property Actions and Proceedings Law of the State of New York and any amendments or substitute statutes in regard thereto, at one or more sales as a single parcel or in parcels, and at such time and place and upon such terms and after such notice thereof as may be required or permitted by law; or

(i) pursue such other remedies as the Mortgagee may have under applicable law.

Further, the Debtor, if there shall occur an Event of Default, shall pay monthly in advance to the Mortgagee, or to any receiver appointed at the request of the Mortgagee to collect the rents, revenues, issues, income and profits of the Mortgaged Property, the fair and reasonable rental value for the use and occupancy of the Mortgaged Property or of such part thereof as may

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be in the possession of the Debtor. Upon default in the payment thereof, the Debtor shall vacate and surrender possession of the Mortgaged Property to the Mortgagee or such receiver, and upon a failure so to do may be evicted by summary proceedings.

If an Event of Default shall happen and be subsisting, in case there shall be pending proceedings for the bankruptcy or for the reorganization of the Debtor under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Debtor or in the case of any other similar judicial proceedings relative to the Debtor, or to the credits or property of the Debtor, the Mortgagee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Mortgage, irrespective of whether the principal of the Obligations or any amount hereunder shall then be due and payable as therein or herein expressed or by declaration or otherwise, and irrespective of whether the Mortgagee shall have made any demand pursuant to the provisions of this Section 5.6 or of Section 8.01 of the Indenture, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Mortgagee allowed in such judicial proceedings relative to the Debtor, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of their charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Mortgagee, and to pay to the Mortgagee any amount due it for compensation and expenses, including reasonable counsel fees and expenses incurred by it up to the date of such distribution.

**Section 5.7. Appointment of a Receiver.** Upon the occurrence of an Event of Default, the Mortgagee shall be entitled to the appointment of a receiver. The right to have a receiver appointed shall be a matter of strict right and without regard to the value or adequacy of the security and such receiver may enter upon and take possession of the Mortgaged Property, collect the rents, issues and profits therefrom and apply the same as the court may direct, such receiver to have all of the rights and powers as a receiver may have under the laws of the State of New York. The expenses, including, without limitation, receiver's fees, counsel fees and expenses, costs and agent's commissions and compensation incurred pursuant to the powers herein granted shall be added to the principal portion of the Obligations and secured hereby.

**Section 5.8. Foreclosure.** In a case of a foreclosure sale or pursuant to any order in any judicial proceeding or otherwise, the Mortgaged Property may be sold as an entirety in one parcel (or as one integrated unit) or separate parcels (or one or more of the interests comprising the Mortgaged Property separately from the others) in such manner or order as the Mortgagee, which may rely on an Opinion of Counsel, may elect. If the Mortgagee so elects it may sell the remainder of the property except for the land, buildings and improvements, at one or more separate sales in the manner provided by the Uniform Commercial Code of the State of New York. One or more exercises of the powers herein granted shall neither extinguish nor exhaust such powers, until the entire property is sold or the Obligations secured hereby are paid in full or otherwise provided for in accordance with their terms.

**Section 5.9. Non-Impairment.** No provision of this Mortgage: (a) is or shall be deemed to be a release or impairment of any of the Obligations including this Mortgage,

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**Section 5.12. Effect of Discontinuance of Proceedings.** In case any proceedings taken by the Mortgagee on account of any Event of Default hereunder shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then and in every such case, the Debtor, the Mortgagee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Mortgagee shall continue as in effect prior to the commencement of such proceedings.

**Section 5.13. Marshalling.** The Debtor waives and releases any right to have the Mortgaged Property marshalled.

**Section 5.14. Actions and Proceedings.** The Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding which the Mortgagee, in its discretion, determines to be brought to protect its interest in the Mortgaged Property. The Mortgagee shall further have the right, from time to time, to sue for any sums required to be paid under the terms of this Mortgage or any other mortgage to which this Mortgage is expressly subordinate, as the same become due, without regard to whether or not the principal sums secured or any other sums secured by this Mortgage shall be due and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure or any other action for a default or defaults by the Debtor existing at the time such earlier action was commenced.

**Section 5.15. Attorneys' Fees and Other Costs.** The Debtor agrees to bear all costs, fees and expenses including court costs and reasonable expenses (including reasonable attorneys' fees and disbursements) for legal services of or incidental to the enforcement of any provisions hereof (whether incurred during the continuance of an Event of Default or by the Mortgagee or any Holders of the Bonds), or enforcement, compromise or settlement of any of the collateral pledged hereunder, and for the curing thereof, or defending or asserting the rights and claims of the Mortgagee in respect thereof, by litigation or otherwise, and will pay to the Mortgagee any such expenses incurred, and such expenses shall be deemed part of the Obligations secured by this Mortgage and shall be collectible in like manner as the Obligations secured by this Mortgage, and until so paid shall bear interest at a rate being the lesser of (i) twelve percent (12%) per annum or (ii) the highest rate permitted under the applicable usury law. All rights and remedies of the Mortgagee shall be cumulative and may be exercised singly or concurrently.

**Section 5.16. No Additional Waiver Implied by One Waiver.** In the event any covenant or agreement contained in this Mortgage should be breached by the Debtor and thereafter waived by the Mortgagee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the Mortgagee. No course of dealing between the Issuer and/or the Debtor and/or any other Person or any delay or omission on the part of the Mortgagee in exercising any rights hereunder shall operate as a waiver.

**Section 5.17. Application of Proceeds.** All proceeds derived through the exercise of any remedies or the commencement of any proceedings under this Mortgage shall be applied in accordance with Section 8.03 of the Indenture.

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(b) shall preclude the Mortgagee, upon the occurrence of an Event of Default hereunder, from foreclosing this Mortgage or from enforcing its rights hereunder or under any other instrument governing or securing the Obligations, (c) shall preclude or bar the Mortgagee upon foreclosure from obtaining a deficiency judgment against the Debtor, against any subsequent owner of the Mortgaged Property who assumes the Obligations on a non-recourse basis, or against any other Person liable for the payment and performance of the Obligations (subject to the provisions of Section 6.1), (d) shall require the Mortgagee to accept a part of the Mortgaged Property (as distinguished from its entirety) as payment of the debt secured hereby, or (e) shall compel the Mortgagee to accept or allow any apportionment of the debt secured hereby to or among any separate parts of the Mortgaged Property.

**Section 5.10. No Remedy Exclusive.** No remedy conferred upon or reserved to the Mortgagee hereunder is or shall be deemed to be exclusive of any other available remedy or remedies. Each such remedy shall be distinct, separate and cumulative, shall not be deemed to be inconsistent with or in exclusion of any other available remedy, may be exercised in the discretion of the Mortgagee at any time, in any manner, and in any order, and shall be in addition to and separate and distinct from every other remedy given the Mortgagee under this Mortgage or any other Security Document or now or hereafter existing in favor of the Mortgagee at law or in equity or by statute. Without limiting the generality of the foregoing, the Mortgagee shall have the right to exercise any available remedy to recover any amount due and payable hereunder without regard to whether any other amount is due and payable, and without prejudice to the Mortgagee to exercise any available remedy for other Events of Default existing at the time the earlier action was commenced.

**Section 5.11. Delay To Not Constitute Waiver.** Any delay, omission or failure by the Mortgagee to insist upon the strict performance by the Debtor of any of the covenants, conditions and agreements herein set forth to be exercised by it or to exercise any right or remedy available to it upon the occurrence of an Event of Default hereunder shall not impair any such right or remedy or be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce, by injunction or other appropriate legal or equitable remedy, strict compliance by the Debtor with all of the covenants, conditions and agreements herein to be exercised by it, or of the right to exercise any such rights or remedies if such default by the Debtor be continued or repeated. Any failure of the Mortgagee to exercise the option to accelerate the maturity of Obligations secured hereby, or any forbearance by the Mortgagee before or after any exercise of any such option, or any forbearance to exercise any other remedy of the Mortgagee, or any withdrawal or abandonment of the Mortgagee of any of its rights in any one circumstance shall not be construed as a waiver of any option, power, remedy or right of the Mortgagee hereunder. The rights and remedies of the Mortgagee expressed and contained in this Mortgage are cumulative and none of them shall be deemed to be exclusive of any other or of any right or remedy the Mortgagee may now or hereafter have in law or in equity. The election of any one or more remedies shall not be deemed to be an election of remedies under any statute, rule, regulation or case law. The covenants of this Mortgage shall run with the Mortgaged Property and other properties and the estates hereby mortgaged and bind the Debtor and its assigns, legal representatives and successors and shall inure to the benefit of the Mortgagee, its successors and assigns.

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**Section 5.18. Waiver of Moratorium.** The Debtor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, or the exemption from execution from sale of any or all of the property, now or any time hereafter enacted or enforced, nor claim, take or insist upon the benefit of any law now or hereafter enacted or enforced providing for the valuation or appraisal of the Mortgaged Property or any part thereof prior to any sale or sales thereof which may be made pursuant to any provisions herein or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted or enforced to redeem the property so sold or any part thereof. The Debtor, to the extent permitted by law, hereby expressly waives the benefit or advantage of any such law or laws and covenants not to delay or impede the execution of any power herein granted or delegated to the Mortgagee.

**Section 5.19. Waiver of Notice.** To the extent permitted by applicable law, the Debtor shall not be entitled to any notices of any nature whatsoever from the Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by the Mortgagee to the Debtor, and the Debtor hereby expressly waives the right to receive any notice from the Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of such notice.

ARTICLE VI

LIMITATIONS ON LIABILITY

Section 6.1. No Liability of Debtor's Members, Managers, Officers, Directors, Employees and Agents. It is agreed that the members, managers, directors, officers, employees and agents of the Debtor shall have no personal liability hereunder. All covenants, stipulations, promises, agreements and obligations of the Debtor contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Debtor and not of any member, manager, director, officer, employee or agent of the Debtor in his individual capacity, and no recourse shall be had hereunder for the payment of the principal of any debt or interest thereon or any of the Obligations or for any claim based thereon or hereunder against any member, manager, director, officer, employee or agent of the Debtor or any natural person executing this Mortgage.

Section 6.2. Usury Laws. This Mortgage and all other Security Documents are subject to the express condition that at no time shall the Issuer or the Debtor be obligated or required to pay interest on the principal balance due under the Obligations at a rate which could subject the holder of the Obligations to either civil or criminal liability as a result of being in excess of the maximum interest rate which the Issuer or the Debtor, as applicable, is permitted by law to contract or agree to pay. If by the terms of this Mortgage or any of the other Security Documents, the Issuer or the Debtor is at any time required or obligated to pay interest on the principal balance due under the Obligations at a rate in excess of such maximum rate, the rate of interest under the Obligations shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate.

Section 7.4. Consents. Wherever in this Mortgage the prior consent of the Mortgagee is required, the consent of the Mortgagee given as to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions. Any such consents shall be in writing.

Section 7.5. Service of Process. The Debtor represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Debtor under this Mortgage shall be satisfied and met. If for any reason the Debtor should cease to be so subject to service of process in the State, the Debtor hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the Chief Executive Officer of the Debtor at 27 Zimbrich Street, Rochester, New York 14621, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Debtor as a result of any of its obligations under this Mortgage. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Debtor hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Debtor as a result of any of its obligations under this Mortgage; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Debtor's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Debtor under this Mortgage remain unsatisfied, the Debtor's agent(s) designated in this Section 7.5 shall accept and acknowledge on the Debtor's behalf each service of process in any such suit, action or proceeding brought in any such court. The Debtor agrees and consents that each such service of process upon such agents and written notice of such service to the Debtor in the manner set forth in Section 7.6 shall be taken and held to be valid personal service upon the Debtor whether or not the Debtor shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Debtor according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Debtor or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Debtor.

Section 7.6. Notices. All notices, requests, consents, demands and other communications to any party hereunder or any other Person specified herein shall be in writing (including bank wire, teletype or similar writing) and shall be given to such party or other Person, addressed to it, at its address or teletype number set forth below or such other address or teletype number as such party or other Person may hereafter specify for the purpose by notice to the other parties or such other Persons. Each such notice, request, consent or demand or other communication shall be if sent (i) by registered or certified United States mail, return receipt requested and postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

ARTICLE VII

MISCELLANEOUS

Section 7.1. Applicability of Section 13 of the Lien Law. This Mortgage is given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Mortgaged Property subsequent to the recordation hereof. The Debtor shall, therefore, in compliance with Section 13 of the New York Lien Law, receive the advances secured hereby and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvements of the Facility Realty and shall apply the same first to the payment of the cost of the improvements of the Facility Realty before using any part of the total of the same for any other purpose.

Section 7.2. No Merger. It is the intention of this Mortgage that if the Mortgagee shall at any time hereafter acquire title to all or any portion of the Mortgaged Property, or any interest therein or lien thereon under any other mortgage or instrument, then, and until the Obligations have been paid in full or otherwise discharged or satisfied in accordance with their terms, the interest of the Mortgagee hereunder and the security interest created by this Mortgage shall not merge or become merged in or with the estate and interest of the Mortgagee as the holder and owner of title to all or any portion of the Mortgaged Property, or in or with the interest of the Mortgagee under or the lien of such other mortgage or instrument, and that, until such payment, discharge or satisfaction, the estate of the Mortgagee in the Mortgaged Property and the security interest created by this Mortgage and the interest of the Mortgagee hereunder shall continue in full force and effect to the same extent as if the Mortgagee had not acquired title to all or any portion of the Mortgaged Property or any other interest therein or lien thereon. If, however, the Mortgagee shall consent to such merger or if such merger shall nevertheless occur without its consent, then this Mortgage shall attach to, and cover and be a conveyance of the fee title or any other estate, title or interest in the Mortgaged Property acquired by the Debtor, and the same shall be considered as granted, released, assigned, transferred, pledged, conveyed and set over to the Mortgagee and this Mortgage spread to cover such estate with the same force and effect as though specifically herein granted, released, assigned, transferred, pledged, conveyed, set over and spread, provided, however, the Debtor shall pay any and all transfer, recording or other taxes in connection therewith.

Section 7.3. This Mortgage Constitutes A Commercial Transaction. THE DEBTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A COMMERCIAL TRANSACTION, AND HEREBY VOLUNTARILY AND KNOWINGLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ITS RIGHTS TO NOTICE AND HEARING AS ALLOWED UNDER ANY STATE OR FEDERAL LAW OR OTHER RIGHT WITH RESPECT TO ANY PREJUDGMENT REMEDY OR OTHER RIGHT WHICH THE MORTGAGEE MAY DESIRE TO USE. FURTHER, THE DEBTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISEMENT, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS.

<u>Party</u>	<u>Address</u>
To the Debtor	Eugenio Maria de Hostos Charter School 27 Zimbrich Street Rochester, New York 14621 Attention: Chief Operating Officer
	with a copy to
	Trespasz Law Offices, LLP 247 West Fayette Street, Suite 304 Syracuse, New York 13202 Attention: Ted Trespasz, Esq
To the Issuer	Monroe County Industrial Development Corporation CityPlace, Suite 1150 50 W. Main Street Rochester, New York 14614 Attention: Executive Director
	with a copy to
	Nixon Peabody LLP 1300 Clinton Square Rochester, New York 14604 Attention: Barry Carrigan, Esq
To the Trustee	UMB Bank, N.A. 1670 Broadway Denver, Colorado 80202 Attention: Corporate Trust

Any party hereunder may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 7.7. Consent to Jurisdiction. The Debtor irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Mortgage or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Debtor, the Debtor's ownership, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the courts of record of the State in Monroe County or the United States District Court for the Western District of New York; (ii) consents to the

jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (w) to move to dismiss on grounds of forum non conveniens, (x) to remove to any federal court other than the United States District Court for the Western District of New York, and (y) to move for a change of venue to a New York State Court outside Monroe County.

If the Debtor commences any action against the Mortgagee in a court located other than the courts of record of the State in Monroe County or the United States District Court for the Western District of New York, the Debtor shall, upon request from the Mortgagee, either consent to a transfer of the action or proceeding to a court of record of the State in Monroe County or the United States District Court for the Western District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Debtor shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in Monroe County or the United States District Court for the Western District of New York.

**Section 7.8. Mortgage for Benefit of Issuer, Debtor and Trustee.** The covenants and agreements contained in this Mortgage (including all indemnities set forth herein) shall run with the land and bind the Debtor and its heirs, executors, administrators, legal representatives, successors and assigns and each Person constituting the Debtor, and all subsequent owners, encumbrancers and tenants of the Mortgaged Property, or any part thereof, and shall inure to the benefit of the Issuer and the Trustee, their respective successors and assigns, and all subsequent beneficial owners of this Mortgage, and survive the foreclosure of this Mortgage.

**Section 7.9. Authorization.** The execution of this Mortgage has been duly authorized by the appropriate governing body of the Debtor.

**Section 7.10. Amendments and Modifications.** This Mortgage shall be amended, modified or supplemented only by a written agreement executed by the Debtor and the Mortgagee and, in any event, only in accordance with the Indenture.

**Section 7.11. Applicable Law.** This Mortgage shall be governed by and construed in accordance with the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

**Section 7.12. Date of Mortgage for Reference Purposes Only.** The date of this Mortgage shall be for reference purposes only and shall not be construed to imply that this Mortgage was executed on the date first above written. This Mortgage was executed and delivered on the Closing Date.

**Section 7.13. Incorporation of Certain Indenture Provisions.** All provisions of Article IX of the Indenture shall be construed as extending to and including all of the rights, duties and obligations imposed upon the Trustee under this Mortgage as fully and for all purposes as if said Article IX were contained in this Mortgage. The Trustee, as Mortgagee, is acting in its capacity as Trustee under the Indenture. The Trustee in so acting hereunder shall be

entitled to all rights, protections and immunities granted to it as the Trustee in the Indenture. In the event any provision of this Mortgage requires the approval, consent, or action by the Trustee as Mortgagee, the Trustee undertakes to grant or deny such approval or consent, or perform such action, only subject to and as directed by the terms of the Indenture, and may, in the Trustee's sole discretion, require direction of the Bondholders prior to undertaking any such approval, consent, or action.

**Section 7.14. Entire Agreement; Counterparts.** This Mortgage constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof (other than any Project Documents) and may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

**Section 7.15. Severability.** If any one or more of the provisions of this Mortgage shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions of this Mortgage, but this Mortgage shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

**Section 7.16. Waiver of Jury Trial.** The Debtor hereby expressly waives, to the extent permitted by law, the right to assert a counterclaim in any action or proceeding brought against it by the Mortgagee, and waives, to the extent permitted by law, all rights to a trial by jury on any cause of action or proceeding brought by any party hereto against the other or in any counterclaim asserted by the Mortgagee against the Debtor, or in any matters whatsoever arising out of or in any way connected with this Mortgage or the Obligations, the Debtor's obligations hereunder, the Facility, the Mortgaged Property, the Project, the relationship between the Issuer and the Debtor, the Debtor's ownership, use or occupancy of the Facility and/or any claim for injury or damages.

**Section 7.17. Property Not Covered.** This Mortgage does not cover property principally improved or to be improved by one or more structures containing in the aggregate not more than six individual residential dwelling units, each having its own separate cooking facilities.

**Section 7.18. Assignment of Mortgage.** Upon the execution and delivery by the Issuer of the Assignment of Mortgage, all references within this Mortgage to the "Mortgagee" shall be deemed to refer to the Trustee.

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

IN WITNESS WHEREOF, the Debtor has duly executed this Mortgage as of the date first above written.

**EUGENIO MARIA DE HOSTOS CHARTER SCHOOL, as Debtor**

By: \_\_\_\_\_  
Name: Sandra Chevalier-Blackman  
Title: Chief Executive Officer

STATE OF NEW YORK )  
 )  
 : ss.:  
COUNTY OF MONROE )

On the \_\_\_\_ day of September, in the year 2024, before me, the undersigned, personally appeared **Sandra Chevalier-Blackman**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

**EXHIBIT A**

**DESCRIPTION OF LAND**

**1069-1089 Joseph Avenue, Rochester, NY - Section 09L63 Block 2 Lot 87.001**

ALL THAT TRACT OR PARCEL OF LAND, being Lots 50 & 51 and part of Lot 49 of Moulson's Subdivision and part of Lot 60 of Moulson's Subdivision Corrected, situate in the City of Rochester, County of Monroe and State of New York, more particularly known and described as follows:

BEGINNING at a rebar set in the westerly highway boundary line of Joseph Avenue (66 feet wide) located 302.22 feet south of the southerly highway boundary line of Norton Street (66 feet wide);

Thence (1) south 02°-23'-53" east along the westerly highway boundary line of Joseph Avenue a distance of 284.26 feet to a point;

Thence (2) south 89°-05'-57" West along the north lines of reputedly Michael R. Sullivan, reputedly Heriberto Sanchez, reputedly Vincent Gatto, reputedly Leslie A. Dowdell, reputedly Tracie Vaughan-Glover, reputedly Kenneth M. Harris and reputedly Rochester Housing Authority a distance of 365.37 feet to a point;

Thence (3) north 02°-20'-43" west along the east line of reputedly Jose & Cary Marmolejos, the easterly termination of Lang Street and the east line of reputedly Rochester Housing Authority a distance of 232.78 feet to a point;

Thence (4) south 89°-00'-12" west along the north line of said Rochester Housing Authority a distance of 45.87 feet to a point;

Thence (5) north 02°-20'-43" west along the east line of reputedly Carmen J. Sanchez a distance of 130.00 feet to a point;

Thence (6) north 89°-00'-12" east along the south line of reputedly Robert E. Sheffer a distance of 45.87 feet to a point;

Thence (7) south 02°-20'-43" East along the west line of reputedly Ubiquity, Inc. a distance of 27.14 feet to a point;

Thence (8) north 88°-12'-06" east along the south line of said Ubiquity, Inc. a distance of 154.95 feet to a rebar set;

Thence (9) south 02°-23'-53" east a distance of 55.00 feet to a rebar set;

Thence (10) north 88°-13'-06" east a distance of 61.07 feet to a point;

Thence (11) south 01°-46'-54" east a distance of 2.00 feet to a point;

Thence (12) north 88°-13'-06" east a distance of 148.95 feet to the point of beginning.

Parcel contains 117,679 square feet which equals 2.702 acres.

Intending to describe Lot R-50 on a map of a re-subdivision of Lots 50, 51 and part of Lot 49 of Moulson's Subdivision and part of Lot 60 of Moulson's Subdivision Corrected prepared by O'Neill-Rodak, P.C. dated March 22, 2011 filed in the Monroe County Clerk's Office on February 12, 2012 in Liber 342 of Maps, Page 83.

**1119 Joseph Avenue, Rochester, NY - Section 091.63 Block 2 Lot 86**

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being the east half of Lot #49 and part of Lot #48 of Moulson's Subdivision of the Kedie Farm, commencing at a point on the west line of Joseph Avenue 2 chains 66 5/8 links (175.97 feet) south of the south line of Norton street, and running thence westerly on a line parallel with Norton Street, 5 chains and 50 links (363 feet), thence southerly on a line parallel with Joseph Avenue, 2 chains 66 5/8 links (175.97 feet), thence easterly on a line parallel with the north line above described, 5 chains and 50 links (363 feet) to the west line of Joseph Avenue, thence northerly along the west line of Joseph Avenue, 2 chains 66 5/8 links (175.97 feet) to the place of beginning. Containing 1.45 1/2 acres of land.

EXCEPTING all that tract or parcel of land situate in the City of Rochester aforesaid, and being part of the east half of Lot #49 of a subdivision of the Kedie Farm, of which map is recorded in Monroe County Clerk's Office in Liber 94 of Deeds, at Page 522, bounded and described as follows:

BEGINNING at a point in the south line of said Lot #49 where it intersects the west line of Joseph Avenue, and running thence northerly along the west line of Joseph Avenue a distance of 105.53 feet, thence westerly in a line parallel with the south line of said Lot #49 a distance of 365.09 feet, thence southerly in a line parallel with the west line of Joseph Avenue a distance of 105.53 feet, and thence easterly in the south line of said Lot #49 a distance of 365.19 feet to the place of beginning.

**967-979 Joseph Avenue, Rochester, NY - Section 091.71 Block 4 Lot 7**

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, known and distinguished as Lot Nos. 1, 2 and 3 of Peter Rapp's re-subdivision of Lot Nos. 21 and 22 of the John Zimbrich Subdivision according to a map of said Rapp Re-subdivision filed in Monroe County Clerk's Office on April 28, 1926 in Liber 66 of Maps, page 18.

Said Lot No. 1 of said Re-subdivision is situate on the west side of Joseph Avenue and is 48.65 feet in width throughout and is 107 feet in depth along the south side of Zimbrich Street, being its northerly line and is 107.02 feet in depth on its southerly line, as shown on said map.

Said Lot No. 2 of said Re-subdivision is situate on the west side of Joseph Avenue and is 48.65 feet in width throughout and is 107.04 feet in depth on its south line and 107.02 feet in depth on its north line, as shown on said map.

TRACT II

ALL THAT TRACT OR PARCEL OF LAND situate in the City of Rochester, County of Monroe and State of New York, being bounded and described as follows:

Beginning at the northwest corner of Leo Park, now known as Leo Street, and St. Joseph Street, now known as Joseph Avenue, within the City of Rochester; thence running (1) northerly along the westerly street right-of-way line of said St. Joseph Street a distance of 14.0 feet to a point; thence (2) westerly, along a line at right angles with said westerly right-of-way line of St. Joseph Street, a distance of 118.16 feet to a point; thence (3) northerly, at right angles with the preceding course, a distance of about 1 foot 8 inches to a point; thence (4) westerly, along a line running at right angles with the westerly right-of-way line of St. Joseph Street and at right angles with the immediately preceding course, a distance of 8.0 feet to a point; thence (5) southerly, at right angles with the preceding course, a distance of about 1 foot 8 inches to a point; thence (6) westerly, along a line at right angles with the westerly right-of-way line of St. Joseph Street, a distance of 225.54 feet to a point in the east line of Lot No. 23 of the Leo Park Subdivision as shown on a map thereof filed in the Monroe County Clerk's Office in Liber 9 of Maps, page 52; thence (7) northerly, along a line perpendicular and at right angle with the immediately preceding course, a distance of 55.97 feet to the north line of Lot No. 58 in the Moulson Subdivision of the Kedie Farm; thence (8) westerly along the north line of said Lot No. 58 a distance of 147.7 feet to a point which is in the westerly line of Lot No. 20 of the aforesaid Leo Park Subdivision in part of the Moulson Subdivision of the Kedie Farm; thence (9) southerly, perpendicular and at right angles with the north line of aforesaid Lot No. 58, a distance of 69.97 feet to the northerly street right-of-way line of Leo Park, now known as Leo Street; thence (10) easterly along the northerly right-of-way line of said Leo Park, now known as Leo Street, a distance of 499.4 feet to the place of beginning which is the northwesterly corner of said Leo Park and St. Joseph Street, reference being made to a map of Leo Park, being part of Lots No. 58 and No. 59 of the Moulson Subdivision of the Kedie Farm, made by J.C. Ryan, Surveyor, in 1891 and filed as aforesaid in the Monroe County Clerk's Office in Liber 9 of Maps, page 52, and including Lots No. 20, No. 21, No. 22, No. 23 and Lot A of said Leo Park Subdivision.

EXCEPTING from the premises described in Tract II above that portion thereof heretofore conveyed by the City of Rochester by deed recorded in the Monroe County Clerk's Office on October 4, 1930 in Liber 1554 of Deeds, page 258, and described as:

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being part of Lot No. 58 in Moulson's Subdivision of the Kedie Farm and further bounded and described as:

Beginning at the northwesterly corner of Leo Street and Joseph Avenue; thence (a) westerly along the north line of Leo Street a distance of 150.67 feet to a point where the west line of lands conveyed to John Andrijow, (or Andryjow), by deed dated April 24, 1925 and recorded in the Monroe County Clerk's Office in Liber 1323 of Deeds, at Page 377, as produced southerly, intersects the said north line of Leo Street; thence (b) northerly, along the aforesaid southerly prolongation of said west line of lands conveyed to John Andrijow, a distance of about 14 feet to the southwest corner of the aforesaid parcel conveyed to John Andrijow; thence (c) easterly, along the south line of the aforementioned parcel so conveyed to John Andrijow, a distance of about 24.5 feet to a point; thence (d) northerly, parallel with Joseph Avenue and along an easterly boundary of said lands of John Andrijow, a distance of about 1.67 feet to a point; thence (e) easterly, along a line at right angles with the west line of Joseph Avenue and along a southerly boundary of said lands of

Said Lot No. 3 of said Re-subdivision is situate on the south side of Zimbrich Street and is 40 feet in width throughout and extends back in 97.30 feet in uniform depth throughout, as shown on said map.

ALSO, ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being part of Lot No. 58 in Moulson's Subdivision of part of the Kedie Farm bounded and described as follows: Beginning at the northwesterly corner of Leo Street and Joseph Avenue; thence (1) west along the north line of Leo Street a distance of 150.67 feet to a point where the west line of premises conveyed to John Andrijow by deed dated April 24, 1925 and recorded in Monroe County Clerk's Office in Liber 1323 of Deeds, at Page 377, produced southerly intersects the said north line of Leo Street; thence (2) north along said prolongation of said west line, a distance of about 14 feet to the southwest corner of said last mentioned parcel conveyed to John Andrijow; thence (3) east along the south line of the aforementioned south line about 24.5 feet; thence (4) north parallel to Joseph Avenue 1.67 feet; thence (5) east in a line at right angles to the west line of Joseph Avenue 8 feet; thence (6) south parallel to Joseph Avenue 1.67 feet; thence (7) east in a line at right angles to Joseph Avenue a distance of 118.17 feet to the west line of Joseph Avenue; thence (8) south along the west line of Joseph Avenue, 14 feet to the place of beginning.

ALSO, ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being the northeast quarter of Lot No. 58 in Moulson's Subdivision of the Kedie Farm, a map of which is filed in Monroe County Clerk's Office in Liber 94 of Deeds, at Page 521. Said premises are more particularly described as follows: Beginning in the northeast corner of said Lot No. 58; thence running westerly in the north line of said lot, 350 1/2 feet or halfway from St. Joseph Street to North Joiner Street; thence southerly parallel to St. Joseph Street 55.97 feet; thence easterly parallel with the north line of said Lot No. 58, 224 4/12 feet; thence northerly 20 inches; thence easterly 8 feet; thence southerly in a rectangle 20 inches; thence easterly parallel with the north line of Lot No. 58 and 55.97 feet equidistant therefrom 118 2/12 feet to St. Joseph Street; thence northerly along the west line of said street 55.97 feet to the place of beginning.

Excepting that portion of the above previously conveyed to the City of Rochester by warranty deed recorded October 4, 1916 in Liber 999 of Deeds, at Page 265.

**27 and 44 Zimbrich Street, Rochester, NY - Section 091.71 Block 4 Lot 6 and Section 091.71 Block 2 Lot 86.001:**

TRACT I

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being known and distinguished as Lots No. 23, No. 24, No. 25, No. 26, No. 27, No. 28, No. 29, No. 30, No. 31 and No. 32 as shown on a map of a subdivision of Lots No. 56 and No. 57 of the Moulson Subdivision of the Kedie Farm made for John Zimbrich and filed in the Monroe County Clerk's Office in Liber 22 of Maps, at Page 20, said Lots being situate on the south side of Zimbrich Street and being east approximately 35 feet wide and 97 feet deep, as shown on the aforesaid filed map.

John Andrijow, a distance of 8 feet to a point; thence (f) southerly, parallel with Joseph Avenue and along a westerly boundary of said lands of John Andrijow, a distance of about 1.67 feet to a point; thence (g) easterly, along a line at right angles with the west line of Joseph Avenue and along a southerly boundary of said lands of John Andrijow, a distance of 118.17 feet to the west line of Joseph Avenue; thence (h) southerly along the west line of Joseph Avenue a distance of 14 feet to the place of beginning.

TRACT III

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being bounded and described as follows:

Beginning in the north line of Lot No. 58 of Samuel Moulson's Subdivision of the Kedie Farm, so-called, as shown on the map recorded in the Monroe County Clerk's Office in Liber 94 of Deeds at Pages 522 and 523, which north line is also the north line of lands formerly or once owned by Anna Burkhardt, at a point distant westerly 150.62 feet measured along said north line from the west street right-of-way line of St. Joseph Street, now known as Joseph Avenue, in said City of Rochester, said point of beginning being also at or near the southeasterly corner of Lot No. 23, formerly of the Rochester Model Home Company, in John Zimbrich's Subdivision as shown on a map of such subdivision filed in the Monroe County Clerk's Office in Liber 22 of Maps, page 20; thence (1) westerly, along the north line of Anna Burkhardt's lands, being also the north line of Lot No. 58 in Moulson's Subdivision of the Kedie Farm and the south line of the subdivision of lots formerly owned by the Rochester Model Home Company, a distance of 199.88 feet to the northwest corner of said Anna Burkhardt's lands, thence (2) southerly, along the west line of said Anna Burkhardt's lands, a distance of 55.97 feet to the southwest corner thereof, thence (3) easterly, along said Anna Burkhardt's south line, a distance of 199.84 feet to a point in a line dividing the lands once or formerly of Anna Burkhardt where the east line of said Lot No. 23 in the aforesaid subdivision of lots formerly owned by the Rochester Model Home Company as prolonged southerly would intersect with said south line of lands formerly of Anna Burkhardt; thence (4) northerly, along said line dividing the lands once or formerly of Anna Burkhardt which line is a southerly prolongation of the east line of Lot No. 23 aforesaid, for a distance of about 55.96 feet to the place of beginning.

TRACT IV

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being known and distinguished as lands located on the north side of Zimbrich Street in said City of Rochester, consisting of a commonly known as Lots No. 7 through No. 16 inclusive of John Zimbrich's Subdivision as shown on a map of such subdivision filed in the Monroe County Clerk's Office in Liber 22 of Maps, page 20, said Lots No. 7, No. 8 and No. 9, each being 35 feet front and 97.25 feet deep, said Lots No. 10, Lot No. 11 and No. 12, each being 35 feet front and 97.24 feet deep; said Lots No. 13 and No. 14, each being 35 feet front and 97.23 feet deep, and said Lots No. 15 and No. 16, each being 35 feet front and 97.22 feet deep.

TRACT V

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being known and distinguished as Lot No. 17 as laid down on a map filed in the

Monroe County Clerk's Office in Liber 22 of Maps, at Page 20 of the John Zimbrich Subdivision of Lots No. 56 and No. 57, (which Lots No. 56 and No. 57 are shown on a map of Moulson's Subdivision of the Kedie Farm in Liber 94 of Deeds, at Pages 522 and 523).

Said Lot No. 17 of the John Zimbrich Subdivision is situate on the northerly side of Zimbrich as shown on the aforesaid subdivision map filed in the Monroe County Clerk's Office in Liber 22 of Maps, page 20.

**TRACT VI**

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being known and distinguished as Lot No. 19 as laid down on a map filed in the Monroe County Clerk's Office in Liber 22 of Maps, at Page 20 of the John Zimbrich Subdivision of Lots No. 56 and No. 57, (which Lots No. 56 and No. 57 are shown on a map of Moulson's Subdivision of the Kedie Farm in Liber 94 of Deeds, at Pages 522 and 523).

Said Lot No. 19 of the John Zimbrich Subdivision fronts about 33 feet in width on the west side of Joseph Avenue and extends back of equal width about 100 feet in depth.

**TRACT VII**

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being known and distinguished as Lot No. 20 as laid down on a map filed in the Monroe County Clerk's Office in Liber 22 of Maps, at Page 20 of John Zimbrich's, or (Zimbrick's), Subdivision of Lots No. 56 and No. 57 of Moulson's Subdivision of the Kedie Farm.

Said Lot No. 20 of the Zimbrich (or Zimbrick) Subdivision fronts about 31.3 feet on the west side of Joseph Avenue and extends back of equal width along the north side of Zimbrich Street about 100 feet.

MORE CURRENTLY DESCRIBED AS FOLLOWS:

**TRACT I**

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being portions of Lots No. 56, No. 57 and No. 58 in Samuel Moulson's Subdivision of part of the Kedie Farm as shown on a map thereof recorded in the Monroe County Clerk's Office in Liber 94 of Deeds, at Page 522 and 523, and being more particularly bounded and described as follows:

Beginning at the southerly right-of-way line of Zimbrich Street, (a 40.00-foot-wide right-of-way), at a point distant easterly 205.00 feet measured along said southerly right-of-way line from the intersection of said southerly right-of-way line with the easterly right-of-way line of Remington Street, (a 50.00-foot-wide right-of-way), in said City of Rochester, which point of beginning is also the northwesterly corner of Lot No. 32 in a Subdivision of Lots made for John Zimbrich as shown on a map of such subdivision filed in the aforesaid County Clerk's Office in Liber 22 of Maps, page 20; thence (1) southerly, forming an interior angle of 89° 50' 15" in the southeasterly quadrant with the southerly right-of-way line of Zimbrich Street, a distance of 97.30 feet to a point at the southwesterly corner of said Lot No. 32 of the Zimbrich Subdivision; thence (2) westerly, forming

herein, a distance of 101.15 feet to a point in the aforesaid westerly right-of-way line of Joseph Avenue at the northeasterly corner of said Lot No. 19 of the Zimbrich Subdivision; thence (6) southerly along the westerly line of said Joseph Avenue, forming an interior angle of 90° 11' 47" with course No. 5 herein, for a distance of 64.20 feet to the point or place of beginning, comprising and including Lots No. 7 through No. 17 inclusive and Lots No. 19 and No. 20 of the aforesaid John Zimbrich's Subdivision as shown on the map thereof filed in the Monroe County Clerk's Office in Liber 22 of Maps, page 20, and all in accordance with a survey map of the above-described premises prepared by O'Neill-Rodak Land Surveying Associates, P.C. dated July 12, 2016, (Project No. 2016-0743).

an interior angle of 270° 09' 45" with course No. 1 herein and parallel with the southerly right-of-way line of Zimbrich Street, a distance of 1.00 foot to a point, which point is also at the northwesterly corner of Lot No. 20 of the Leo Park Subdivision as shown on a map thereof filed in the aforesaid Clerk's Office in Liber 9 of Maps, page 52; thence (3) southerly, forming an interior angle of 89° 50' 15" with course No. 2 herein, a distance of 69.86 feet to a point in the northerly right-of-way line of Leo Street, (a 36.00-foot-wide right-of-way), distance easterly 204.00 feet measured along the northerly right-of-way line of said Leo Street from the intersection of said northerly right-of-way line with the easterly right-of-way line of Remington Street; thence (4) easterly, along the northerly right-of-way line of Leo Street, forming an interior angle of 90° 10' 20" with course No. 3 herein, for a distance of 349.04 feet to a point; thence (5) northerly, forming an interior angle of 89° 49' 40" with course No. 4 herein and parallel with course No. 3 herein, a distance of 69.92 feet to a point; thence (6) easterly, forming an interior angle of 270° 09' 45" with course No. 5 herein and parallel with the southerly right-of-way line of Zimbrich Street, a distance of 1.96 feet to a point, which point is also at the southeasterly corner of Lot No. 23 of the aforesaid John Zimbrich Subdivision; thence (7) northerly, forming an interior angle of 89° 50' 15" with course No. 6 herein and parallel with course No. 1 herein, a distance of 97.30 feet to a point in the southerly right-of-way line of said Zimbrich Street at the northeasterly corner of said Lot No. 23 of the Zimbrich Subdivision and distant westerly 148.61 feet measured along the southerly right-of-way line of said Zimbrich Street from the intersection of said southerly right-of-way line with the westerly right-of-way line of Joseph Avenue, (a 66.00-foot-wide right-of-way), in said City of Rochester; thence (8) westerly, along the southerly right-of-way line of said Zimbrich Street, forming an interior angle of 90° 09' 45" with course No. 7 herein, for a distance of 350.00 feet to the point or place of beginning, and all in accordance with a survey map of the above-described premises prepared by O'Neill-Rodak Land Surveying associates, P.C., dated July 12, 2016, (Project No. 2016-0743).

**TRACT II**

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Rochester, County of Monroe and State of New York, being portions of Lots No. 56 and No. 57 in Samuel Moulson's Subdivision of part of the Kedie Farm as shown on a map thereof recorded in the Monroe County Clerk's Office in Liber 94 of Deeds, at Page 522 and 523, and being more particularly bounded and described as follows:

Beginning at the intersection of the northerly right-of-way line of Zimbrich Street, (a 40-foot-wide right-of-way), with the westerly right-of-way line of Joseph Avenue, (a 66.00-foot-wide right-of-way), in said City of Rochester; thence (1) westerly along the northerly right-of-way line of said Zimbrich Street, forming an interior angle of 89° 48' 25" in the northwesterly quadrant with the westerly right-of-way line of said Joseph Avenue, for a distance of 498.59 feet to a point distant easterly 205.00 feet as measured along the northerly right-of-way line of said Zimbrich Street from the intersection of said northerly right-of-way line with the easterly right-of-way line of Remington Street, (a 50.00-foot-wide right-of-way), and which point is at the southwesterly corner of Lot No. 7 of John Zimbrich's Subdivision as shown on a map of such subdivision filed in the Monroe County Clerk's Office in Liber 22 of Maps, page 20, thence (2) northerly, forming an interior angle of 90° 09' 45" with course No. 1 herein, a distance of 97.23 feet to a point at the northwesterly corner of said Lot No. 7 of the Zimbrich Subdivision; thence (3) easterly, forming an interior angle of 89° 50' 03" with course No. 2 herein, a distance of 397.40 feet to a point, which point is also at the northeasterly corner of Lot No. 17 of said Zimbrich Subdivision; thence (4) southerly, forming an interior angle of 90° 09' 57" with course No. 3 herein and parallel with course No. 2 herein, a distance of 33.00 feet to a point at the northwesterly corner of Lot No. 19 of said Zimbrich Subdivision; thence (5) easterly, forming an interior angle of 269° 50' 03" with course No. 4

**EXHIBIT B**

**DESCRIPTION OF FACILITY PERSONALTY**

The acquisition of fixtures and other equipment for incorporation or use at the buildings located at 1069, 1089 & 1119 Joseph Avenue, Rochester, New York, 27 Zimbrich Street, Rochester, New York, 967-979 Joseph Avenue, Rochester New York and 44 Zimbrich Street, Rochester, New York, financed or refinanced with the proceeds of the Monroe County Industrial Development Corporation Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024A and the Monroe County Industrial Development Corporation Taxable Revenue Bonds (Eugenio Maria de Hostos Charter School Project), Series 2024B, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefore, and all parts, additions and accessories incorporated therein or affixed thereto and shall include all property substituted for or replacing items and exclude all items so substituted for or replaced, and further exclude all items removed as provided in the Indenture and the Loan Agreement.



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