

New Issue-Book Entry Only

RATING: S&P: "BBB-"
(See "Rating" herein)

In the opinion of Nixon Peabody LLP, Melville, 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 Institution described herein, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Series 2025 Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision of the State of New York. See "TAX MATTERS" herein regarding certain other tax considerations.



\$17,245,000*
RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
TAX-EXEMPT EDUCATIONAL REVENUE REFUNDING BONDS
(RIVERHEAD CHARTER SCHOOL PROJECT), SERIES 2025

Dated: Date of Delivery

Due: August 1, as shown on inside front cover

The Riverhead IDA Economic Job Development Corporation Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 (the "Series 2025 Bonds") are to be issued under the Indenture of Trust, dated as of July 1, 2025 (the "Indenture"), between Riverhead IDA Economic Job Development Corporation (the "Issuer") and U.S. Bank Trust Company, National Association, as bond trustee (the "Bond Trustee").

The Series 2025 Bonds will be issued only in fully registered form, registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. DTC is acting as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be available in book-entry only form to purchasers in denominations of \$5,000 or any whole multiple thereof. Purchasers will not receive certificates representing their interest in Series 2025 Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee for DTC, references herein to the Bondowners or registered owners (other than under the caption "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Series 2025 Bonds.

Further, so long as Cede & Co. is the registered owner of the Series 2025 Bonds, principal, redemption price and interest are payable by the Bond Trustee to Cede & Co., as nominee of DTC, which, in turn, is to remit such payments to the Direct Participants (as defined herein) for subsequent disbursement to the Beneficial Owners as described herein. Interest on the Series 2025 Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2026.

The Series 2025 Bonds and interest thereon are special limited obligations of the Issuer, payable solely from the moneys received under the Loan Agreement, dated as of July 1, 2025 (the "Loan Agreement"), between the Issuer and Riverhead Charter School, a charter school under the State of New York's Education Law (referred to herein as the "Institution") or held by the Bond Trustee under the Indenture (except moneys and securities in the Rebate Fund described therein). The obligation of the Institution to make the payments under the Loan Agreement will be secured by Obligation No. 1 - 2025 (the "Series 2025 Obligation") issued under the Master Trust Indenture, dated as of July 1, 2025 (the "Master Trust Indenture"), as amended and supplemented, including as amended and supplemented by the First Supplemental Master Trust Indenture, dated as of July 1, 2025 (the "Supplement No. 1"; together with the Master Trust Indenture, the "Master Indenture"), by and between the Institution, as the initial sole member of the Obligated Group thereunder, and U.S. Bank Trust Company, National Association, in its capacity as master trustee (the "Master Trustee"). As further security for the Series 2025 Obligation, the Institution will grant to the Issuer (a) a mortgage lien on and security interest in the Mortgaged Property (as such term is defined in the hereinafter defined Mortgage) pursuant to that certain Mortgage, Assignment of Leases and Rents, and Security Agreement, dated as of July 1, 2025 (the "Mortgage"), from the Institution to the Issuer, which Mortgage will be assigned by the Issuer to the Master Trustee pursuant to an Assignment of Mortgage, dated as of July __, 2025 (the "Assignment of Mortgage") from the Issuer to the Master Trustee and (b) a pledge of certain Pledged Assets, including the Gross Revenues (as described herein) of each Member of the Obligated Group under the Master Indenture.

The Series 2025 Bonds will be subject to redemption prior to maturity, as described under the caption "THE SERIES 2025 BONDS - Redemption Prior to Maturity" herein.

THE SERIES 2025 BONDS SHALL NEVER BE A DEBT OF THE STATE OF NEW YORK, THE TOWN OF RIVERHEAD OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE STATE OF NEW YORK, NOR THE TOWN OF RIVERHEAD NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. NEITHER OF THE STATE OF NEW YORK, NOR THE TOWN OF RIVERHEAD NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, THE TOWN OF RIVERHEAD OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON, THE SERIES 2025 BONDS. THE SERIES 2025 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE ISSUER PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE SERIES 2025 BONDS. THE SERIES 2025 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

The purchase of the Series 2025 Bonds involves significant risks. See the caption "CERTAIN BONDHOLDERS' RISKS" herein.

The Series 2025 Bonds are offered, subject to prior sale, when, as and if issued and accepted by Raymond James & Associates, Inc. (the "Underwriter"), subject to the approving opinion of Nixon Peabody LLP, Melville, New York, Bond Counsel to the Issuer, and certain other conditions. In connection with the issuance of the Series 2025 Bonds, certain legal matters for the Institution will be passed on by its counsel, Keane & Beane, P.C., Melville, New York; certain legal matters for the Issuer will be passed on by its counsel, Nixon Peabody LLP, Melville, New York; and certain legal matters for the Underwriter will be passed on by its counsel, Hawkins Delafield & Wood LLP, New York, New York. Delivery and payment in full for the Series 2025 Bonds are anticipated to occur on or about July __, 2025.

RAYMOND JAMES®

This Official Statement is dated June __, 2025

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

\$17,245,000*

RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION TAX EXEMPT EDUCATIONAL REVENUE REFUNDING BONDS (RIVERHEAD CHARTER SCHOOL PROJECT), SERIES 2025

<u>Due</u> <u>August 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number†</u>	<u>Due</u> <u>August 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number†</u>

\$ _____	_____ %	Term Bonds, due August 1, 20____,	Priced to Yield _____ %,	CUSIP Number _____	†
\$ _____	_____ %	Term Bonds, due August 1, 20____,	Priced to Yield _____ %,	CUSIP Number _____	†
\$ _____	_____ %	Term Bonds, due August 1, 20____,	Priced to Yield _____ %,	CUSIP Number _____	†

* Preliminary, subject to change.

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ISSUER

Riverhead IDA Economic Job Development Corporation

ISSUER COUNSEL

***Nixon Peabody LLP
Rochester, New York***

BOND COUNSEL

***Nixon Peabody LLP
Melville, New York***

INSTITUTION

***Riverhead Charter School
Calverton, New York***

INSTITUTION TRUSTEES

***David Edwards
Board President***

***Aimee LoManaco
Board Vice President***

***Maria Cintron
Board Treasurer***

***Natasha Jeffries
Board Secretary***

***Zenobia Hartfield
Board Member***

INSTITUTION OFFICIALS

***Raymond Ankrum
Superintendent***

***Nicola Graham
Chief Finance and Operations Officer***

INSTITUTION COUNSEL

***Keane & Beane, P.C.
Melville, New York***

MUNICIPAL ADVISOR

***Capital Markets Advisors, LLC
Great Neck, New York***

UNDERWRITER

***Raymond James & Associates, Inc.
New York, New York***

UNDERWRITER'S COUNSEL

***Hawkins Delafield & Wood LLP
New York, New York***

TRUSTEE, PAYING AGENT, CUSTODIAN

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

TRUSTEE COUNSEL

***Paparone Law PLLC
New York, New York***

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE ISSUER, THE INSTITUTION OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. ALL INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE ISSUER, THE INSTITUTION, THE DEPOSITORY TRUST COMPANY ("DTC") AND OTHER SOURCES WHICH ARE BELIEVED TO BE ACCURATE AND RELIABLE, BUT NO REPRESENTATION, WARRANTY, OR GUARANTEE IS MADE AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION IN THIS OFFICIAL STATEMENT. NOTHING CONTAINED IN THIS OFFICIAL STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SERIES 2025 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO COMPLETION AND AMENDMENT. ALL SUMMARIES CONTAINED IN THIS OFFICIAL STATEMENT ARE SUBJECT IN ALL RESPECTS TO THE COMPLETE CONSTITUTIONAL PROVISION, STATUTE, REGULATION, RULE, COURT DECISION, DOCUMENT OR REPORT REFERRED TO. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY STATEMENT NOR ANY SALE MADE HEREUNDER WILL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE INSTITUTION SINCE THE DATE HEREOF.

THE SERIES 2025 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2025 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2025 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN THE OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2025 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Issuer assumes no responsibility with respect to the accuracy or completeness of the information contained in this Official Statement, other than information under the captions “THE ISSUER” and “LITIGATION - The Issuer,” all of which information has been furnished by others.

This Official Statement contains summaries of certain documents believed to be accurate, but reference is hereby made to the actual documents, copies of which are incorporated by reference and are available at the offices of the Bond Trustee, and all such summaries are qualified in their entirety by this reference. Prospective purchasers are referred to the Education Law, the Charter Schools Act (“the Act” or the “Charter Schools Act”), the Charter, the Loan Agreement, the Custody Agreement, the Indenture, the Master Trust Indenture, Supplement No. 1, the Mortgage and the Assignment of Mortgage (as each such term is defined herein), which documents are available for inspection at the principal corporate trust office of the Bond Trustee specified herein. During the initial offering period with respect to the Series 2025 Bonds, copies of all such documents in draft or executed form may be obtained by contacting the Underwriter, Raymond James & Associates, Inc., 320 Park Avenue, 12th Floor, New York, New York 10022 Attention: Public Finance.

The information included herein under the caption “THE SERIES 2025 BONDS - BOOK-ENTRY-ONLY SYSTEM” concerning DTC has been furnished by DTC. The information included herein under the captions “THE ISSUER” and “LITIGATION-The Issuer” has been furnished by the Issuer for inclusion herein. The information included herein under the captions “USE OF BOND PROCEEDS,” “SUMMARY OF ESTIMATED SOURCES AND APPLICATIONS OF FUNDS,” “STATE CHARTER SCHOOL FUNDING,” “THE INSTITUTION,” “CERTAIN BONDHOLDERS’ RISKS,” “ENFORCEABILITY OF OBLIGATIONS,” “LITIGATION - The Institution” and APPENDIX A, APPENDIX B and APPENDIX F hereto have been furnished by the Institution for inclusion herein. APPENDIX C and APPENDIX D hereto have been furnished by Bond Counsel for inclusion herein. APPENDIX E hereto has been furnished by counsel to the Underwriter for inclusion herein. All other information included herein has been obtained from sources that are believed to be reliable.

This Official Statement contains certain “forward-looking statements” concerning the operations and financial condition of the Institution. These statements are based upon a number of assumptions and estimates that are subject to significant uncertainties, many of which are beyond the control of the Institution. The words “may,” “would,” “could,” “will,” “expect,” “anticipate,” “believe,” “intend,” “plan,” “estimate” and similar expressions are meant to identify these forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves 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 Institution does not plan to issue any updates or revisions to these forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur. A number of important factors affecting the Institution’s financial results could cause actual results to differ materially from those stated in the forward-looking statements. See “CERTAIN BONDHOLDERS’ RISKS” and APPENDIX A – “THE INSTITUTION AND THE PROJECT FACILITY.”

SHORT STATEMENT

THE FOLLOWING IS A SUMMARY OF CERTAIN INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT. THIS SUMMARY IS NOT COMPREHENSIVE OR COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPLETE OFFICIAL STATEMENT. CAPITALIZED TERMS USED HEREIN THAT ARE NOT REQUIRED TO BE CAPITALIZED BY PROPER RULES OF GRAMMAR ARE DEFINED IN THE LOAN AGREEMENT, THE INDENTURE AND THE MASTER INDENTURE REFERRED TO HEREIN AND ELSEWHERE IN THIS OFFICIAL STATEMENT. SEE APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.”

THE OFFERING OF THE SERIES 2025 BONDS TO POTENTIAL INVESTORS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT. NO PERSON IS AUTHORIZED TO DETACH THIS SHORT STATEMENT FROM THIS OFFICIAL STATEMENT OR OTHERWISE USE IT WITHOUT THIS ENTIRE OFFICIAL STATEMENT.

THE SERIES 2025 BONDS. The Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 (the “Series 2025 Bonds”) are to be issued by the Riverhead IDA Economic Job Development Corporation (the “Issuer”) in denominations of \$5,000 and integral multiples thereof, and will be secured pursuant to an Indenture of Trust, dated as of July 1, 2025 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as bond trustee (the “Bond Trustee”). See “THE SERIES 2025 BONDS - General.”

THE INDENTURE. The Indenture authorizes the Bond Trustee to authenticate and deliver the Series 2025 Bonds. The Indenture creates a trust estate for the benefit of the Owners of the Series 2025 Bonds. The Indenture establishes the following funds to be held by the Bond Trustee for the term of the Indenture: the Project Fund, the Bond Fund, the Earnings Fund, the Debt Service Reserve Fund, the Rebate Fund (and, within each of the foregoing, separate accounts and subaccounts with respect of each Series of Bonds) and the Renewal Fund. The Debt Service Reserve Fund will be funded in an amount equal to the Debt Service Reserve Fund Requirement. See APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE INDENTURE.”

THE LOAN AGREEMENT. Proceeds of the Series 2025 Bonds will be loaned by the Issuer to Riverhead Charter School (the “Institution”), a charter school under the Education Law (the “Education Law”) of the State of New York (the “State”), pursuant to a Loan Agreement, dated as of July 1, 2025 (the “Loan Agreement”), which Loan Agreement will require, among other things, that the Institution make loan payments prior to each Interest Payment Date in amounts equal to the interest next coming due on the Series 2025 Bonds for which payment has not been duly provided and the principal of and premium, if any, next coming due on the Series 2025 Bonds for which payment has not been duly provided. See APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT.”

RATING. Standard & Poor’s Ratings Services has assigned a rating of “BBB-” (stable outlook) to the Series 2025 Bonds. See “RATING” herein.

PAYMENT. The Series 2025 Bonds will be issued only in fully registered form, registered in the name of Cede & Co., as nominee for the Depository Trust Company (“DTC”), New York, New York. DTC is acting as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be available in book-entry only form to purchasers in denominations of \$5,000 or any whole multiple thereof. Purchasers will not receive certificates representing their interest in Series 2025 Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee for DTC, references herein to the Bondowners or registered owners

(other than under the caption “TAX MATTERS” herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Series 2025 Bonds.

So long as Cede & Co. is the registered owner of the Series 2025 Bonds, principal, redemption price and interest are payable by the Bond Trustee to Cede & Co., as nominee of DTC, which, in turn, is to remit such payments to the Direct Participants (as defined herein) for subsequent disbursement to the Beneficial Owners as described herein. Interest on the Series 2025 Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2026.

REDEMPTION OF THE SERIES 2025 BONDS. The Series 2025 Bonds are subject to prepayment and redemption prior to maturity, as more fully described herein under the caption “THE SERIES 2025 BONDS - Redemption Prior to Maturity” as follows: (a) the Series 2025 Bonds maturing on or after August 1, 20__ are subject to optional redemption at the direction of the Institution in whole at any time or in part on any date on or after August 1, 20__, at a redemption price equal to 100% of the principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest to the redemption date, without premium; (b) extraordinary redemption in whole, but not in part, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, without premium, if one or more of the following events shall have occurred: (i) the Facility shall have been damaged or destroyed, (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, (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, or (iv) to the extent required by the Master Indenture; (c) mandatory redemption of the Series 2025 Bonds in whole, except as otherwise provided in the Indenture, upon the occurrence of a Determination of Taxability, at a redemption price equal to 100% of the principal amount thereof together with interest at the Taxable Rate from the occurrence of the Event of Taxability to the redemption date; (d) mandatory sinking fund redemption by lot in Authorized Denominations, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, without premium, (e) mandatory redemption in whole or in part, to the extent (i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture, or (ii) excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility, which are directed to be applied to the redemption of the Series 2025 Bonds pursuant to the Loan Agreement, at a redemption price equal to 100% of the principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest to the redemption date, without premium; and (f) mandatory redemption, at the option of the Issuer, upon failure to operate the Facility for approved operations, material violation of material legal requirements, false representations or failure to maintain liability insurance, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, without premium.

USE OF PROCEEDS. The proceeds of the Series 2025 Bonds are to be applied by the Institution to: (i) refinance approximately \$14,630,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013A (Tax-Exempt Bonds) that were issued in the original aggregate principal amount of \$16,105,000 (the “Series 2013A Bonds”), and approximately \$2,845,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013B (Federally Taxable Qualified School Construction Bonds) that were issued in the original aggregate principal amount of \$5,000,000 (the “Series 2013B Bonds” and collectively with the Series 2013A Bonds, the “Series 2013 Bonds”), the proceeds of which Series 2013 Bonds were used to finance the Series 2013 Project (as defined

herein); (ii) fund a debt service reserve fund; and (iii) pay for certain costs and expenses associated with the issuance of the Series 2025 Bonds (collectively (i) through (iii) are referred to herein as the “Project”). See “USE OF PROCEEDS,” and “SUMMARY OF ESTIMATED SOURCES AND APPLICATION OF FUNDS” herein and APPENDIX A - “THE INSTITUTION AND THE PROJECT FACILITY.”

THE SERIES 2013 PROJECT. The “Series 2013 Project” consisted of the acquisition and construction by the Institution of an approximately 50,000 square foot, two-story building and related infrastructure improvements, including a parking area and driveways (collectively, the “New Facility”), which replaced an existing modular building, located adjacent to the Institution’s two remaining buildings containing approximately 8,200 square feet of space (the “Existing Facility”, and with the New Facility, hereinafter referred to as the “Facility”) located on approximately six acres of Institution-owned land at 3685 Middle Country Road, Calverton, Suffolk County, New York (the “Land”), together with related machinery, equipment and furniture (the “Equipment”) (the Facility, the Land and the Equipment being hereinafter collectively referred to as the “Project Facility”). For more information with respect to the Project Facility, see APPENDIX A - “THE INSTITUTION AND THE PROJECT FACILITY.” See also APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.”

SECURITY FOR THE SERIES 2025 BONDS; THE MASTER INDENTURE. The Indenture pledges and assigns to the Bond Trustee a first security interest in all right, title and interest of the Issuer in and to the Loan Agreement (except certain Issuer’s Reserved Rights, including rights to indemnity, payment of fees, and repayment of expenses and advances). The Series 2025 Bonds and payments to be made pursuant to the Loan Agreement will be secured by (i) the issuance of the Institution’s Obligation No. 1 - 2025, dated the Closing Date (the “Series 2025 Obligation”), pursuant to the terms of the Master Trust Indenture, dated as of July 1, 2025, by and between the Institution, as initial sole member of the Obligated Group (as defined therein), and U.S. Bank Trust Company, National Association, as master trustee (the “Master Trustee”), as amended and supplemented, including as amended and supplemented by the First Supplemental Master Trust Indenture, dated as of July 1, 2025 (the “Supplement No. 1”; together with the Master Trust Indenture, the “Master Indenture”), by and between the Institution and the Master Trustee; (ii) a pledge of Pledged Assets of the Institution and any future Member of the Obligated Group pursuant to the Master Indenture (subject to the restrictions on the pledge of public education aid set forth in Article 56 of the Education Law, as amended (the “Charter Schools Act”) and any parity or subordinated lien permitted under the Master Trust Indenture), (iii) a Mortgage, Assignment of Leases and Rents, and Security Agreement, dated as of July 1, 2025, from the Institution to the Issuer (as the same may hereafter be amended or supplemented, the “Mortgage”), which Mortgage will be assigned by the Issuer to the Master Trustee pursuant to an Assignment of Mortgage, dated as of July __, 2025 (the “Assignment of Mortgage”), and (iv) funds and accounts (other than the Rebate Fund) held by the Bond Trustee under the Indenture.

The Series 2025 Bonds are also secured by the Debt Service Reserve Fund (as further described herein), funded at the time of the issuance in an amount equal to the Debt Service Reserve Fund Requirement. The Series 2025 Bonds are not secured by any interest of the Institution in public education aid payable to the Institution pursuant to the Charter Schools Act. The Series 2025 Bonds are not general obligations of the Issuer and are not payable from any revenues or assets of the Issuer, except for the Issuer’s interest in the Loan Agreement (which, except certain Issuer’s Reserved Rights, including rights to indemnity, payment of fees, and repayment of expenses and advances, has been assigned to the Bond Trustee), and security therefor. The Issuer does not have any taxing authority. See “SECURITY FOR THE SERIES 2025 BONDS” herein.

THE INSTITUTION. The Institution is an education corporation organized under the Charter Schools Act primarily for the purpose of carrying out the function of a charter school for grades kindergarten through twelfth grade. Additional information concerning the Institution is set forth in APPENDIX A. See APPENDIX A - “THE INSTITUTION AND THE PROJECT FACILITY.” Audited

financial statements of the Institution for its Fiscal Year ended June 30, 2024 are attached hereto as APPENDIX B.

CHARTER CONTRACT. The Institution is subject to the leadership and general supervision of the Board of Regents of the State of New York (the “Board of Regents”). The Board of Regents is the authorizing body of the Institution and has issued a charter to the Institution (as amended, the “Charter”), incorporating the Institution as a charter school. The Board of Regents oversees and monitors the Institution’s Board of Trustees and its compliance with all applicable State and federal laws pertaining to charter schools. The Institution was issued its initial charter in December 2000 to serve students in grades kindergarten through fifth grade. The Charter was amended in 2003 to add the sixth grade. The Charter was renewed on December 30, 2005, for a period of two years and five months. The Charter was renewed again on May 9, 2008 for a one year period. The Third Charter renewal was signed May 5, 2009, effective July 1, 2009 through June 30, 2014. The Charter was amended in 2013 to permit the Institution to add the seventh and eighth grades. The Charter was renewed again on July 1, 2014 for a three-year period and again on July 1, 2017 for a five year period. The Charter was amended in 2018 to permit the Institution to add the ninth and tenth grades. A Fourth Charter Renewal was approved by the Board of Regents on March 11, 2014, effective July 1, 2014 through June 30, 2017. A Fifth Charter Renewal, effective July 1, 2017 through June 30, 2022, added Grade 9 in the 2020-2021 school year and Grade 10 in the 2021-2022 school year. A Sixth Charter Renewal, effective July 1, 2022 through June 30, 2027, added grade 11 in the 2022-2023 school year and grade 12 in the 2023-2024 school year, and authorized enrollment increases from 850 students in 2021-2022 up to 1,244 students in the 2026-2027 school year. Upon the Institution’s submission of a renewal application, the Charter can be renewed or extended after its term by the Board of Regents pursuant to applicable law. The Institution will covenant to use its best efforts to maintain the Charter and its existence as a charter school as long as the Series 2025 Bonds are outstanding. For more information with respect to the Institution’s Charter, see APPENDIX A - “THE INSTITUTION AND THE PROJECT FACILITY.”

CHARTER SCHOOLS GENERALLY. The State limits the number of charter schools but increased its charter school cap from 200 schools to 460 schools on May 28, 2010, when it enacted Chapter 101 of the Laws of 2010. Subsequent amendments retain the limit of 460 charter schools but provide for the reissuance on recommendation by the Board of Regents or the Board of Trustees of the State University of New York of up to 22 charters that have been surrendered, revoked, terminated or not renewed after January 1, 2015 and before July 1, 2022. According to the New York State Education Department (the “Education Department”) website (Last updated: October 15, 2024), (a) as of the 2024-2025 school year, the State had 351 operating charter schools serving approximately 180,000 students, (b) 9 new charter schools have been approved to begin operating in 2025-2026 or later but are not yet opened; (c) 52 schools have been closed or never opened; and (d) a total of 412 charters have been issued. The school district of residence for any student of a charter school is required, under the Charter Schools Act, to pay directly to such charter school for each student enrolled in the charter school who resides in such school district an amount calculated pursuant to the Charter Schools Act (“Per Pupil Aid”), which amount is determined annually by the Education Department for each school district. In addition, pursuant to the Charter Schools Act, each school district shall also pay directly to such charter school any federal or State aid attributable to a student with a disability residing in such school district and attending such charter school in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly (“Disability Aid” and together with Per Pupil Aid, collectively “public education aid”). See APPENDIX F - “SUMMARY OF CERTAIN PROVISIONS OF NEW YORK CHARTER SCHOOL LAW.”

BOARD OF REGENTS. The Board of Regents supervises all educational activities within the State and presides over the Education Department and the State University of New York.

THE CUSTODY AGREEMENT. Under the Custody Agreement, dated as of July 1, 2025 (the “Custody Agreement”), among the Institution and U.S. Bank Trust Company, National Association, as custodian (in such capacity, the “Custodian”) and as Master Trustee and Trustee, as of the date on which (i) any downward revision of any rating on the Series 2025 Bonds below an Investment Grade Rating (“BBB-” or higher by Fitch, “Baa3” or higher by Moody’s or “BBB-” by S&P, or such other equivalent rating from any other Rating Agency), or withdrawal of such rating, shall have occurred or (ii) an Event of Default (as defined in the Loan Agreement) shall have occurred (the “Effective Date”), the Institution shall direct Riverhead Central School District (and such other Institution School Districts (as defined in the body of this Official Statement) as may be necessary to comprise no less than 60% of all Education Aid receivable by the Institution during any Fiscal Year) to pay over to the Custodian any and all amounts of Education Aid payable by the Riverhead Central School District (and such other Institution School Districts, as necessary) to the Institution on each Aid Payment Date. Upon receipt of such amounts, the Custodian will pay the Bond Trustee, for deposit in the Bond Fund, an amount equal to a proportionate share of the next interest payment and principal payment and premium, if any, on the Series 2025 Bonds for which funds have not already been provided, and for deposit in each Series Account of the Debt Service Reserve Fund, certain amounts equal to a proportion of any amount by which each respective Series Debt Service Reserve Fund Requirement exceeds the amount then on deposit in the respective Series Account of the Debt Service Reserve Fund, and for deposit into the Rebate Fund, any amounts required under the Indenture. Any funds remaining with the Custodian following such transfers will be transferred to the Institution for use by the Institution. The obligation of the Institution to instruct the Institution School Districts directing each Institution School District to pay directly to the Custodian, when due, any and all amounts of Education Aid payable from time to time by such Institution School District to the Institution, shall only commence on the happening of certain events defined as the Effective Date under the Custody Agreement.

TRUSTEE, CUSTODIAN, BOND REGISTRAR, AND PAYING AGENT. U.S. Bank Trust Company, National Association, New York, New York, a national association organized under the banking laws of the United States, will serve as the Bond Trustee, Bond Registrar and Paying Agent under the Indenture and as the Custodian under the Custody Agreement.

INVESTMENT RISKS. An investment in the Series 2025 Bonds involves significant risks, including, among others, those discussed herein under “CERTAIN BONDHOLDERS’ RISKS” herein.

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OFFICIAL STATEMENT

relating to

\$17,245,000*

Riverhead IDA Economic Job Development Corporation
Tax-Exempt Educational Revenue Refunding Bonds
(Riverhead Charter School Project), Series 2025

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and appendices, provides certain information with respect to Riverhead IDA Economic Job Development Corporation (the “Issuer”) and its \$17,245,000* Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 (the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2025 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Bond Trustee”). The Series 2025 Bonds shall be dated the date of their delivery and shall mature on the dates and bear interest at the rates set forth on the inside front cover hereof. The Series 2025 Bonds are subject to redemption prior to maturity as set forth more fully herein under “THE SERIES 2025 BONDS - Redemption Prior to Maturity.”

Certain capitalized terms not otherwise defined in this Official Statement have the meanings assigned to them in APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.” Definitions contained in the text hereof are for ease of reference only, and are qualified in their entirety by the definitions in APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” or the documents with respect to which such terms relate.

The Series 2025 Bonds are to be issued pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York (the “State”), as amended (the “Act”), the Bond Resolution of the Issuer dated December 18, 2023 and the certificate of incorporation, bylaws and proceedings of the Issuer. The Series 2025 Bonds will be special limited obligations of the Issuer payable solely from the moneys received under the Loan Agreement described herein or otherwise held by the Bond Trustee under the Indenture described herein, and upon an Event of Default, amounts realized pursuant to the Loan Agreement, the Master Indenture and the Mortgage, all as further described herein.

The Series 2025 Bonds are being issued at the request of Riverhead Charter School (the “Institution”), an education corporation (a “charter school”) incorporated under Article 56 of the Education Law (the “Education Law”) of the State, as amended (the “Charter Schools Act”). The Institution operates a charter school under a charter (as amended, the “Charter”) issued by the Board of Regents of the State (the “Board of Regents”). The Internal Revenue Service has determined that the Institution is an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), as set forth in its determination letter dated June 17, 2002.

The proceeds of the Series 2025 Bonds will be used to: (1) refinance approximately \$14,630,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013A (Tax-Exempt Bonds) that were issued in the original aggregate principal amount of \$16,105,000 (the “Series 2013A Bonds”), and approximately \$2,845,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013B (Federally Taxable Qualified School Construction

* Preliminary, subject to change.

Bonds) that were issued in the original aggregate principal amount of \$5,000,000 (the “Series 2013B Bonds” and collectively with the Series 2013A Bonds, the “Series 2013 Bonds”), the proceeds of which were used to (a) finance the acquisition and construction by the Institution of an approximately 50,000 square foot, two-story building and related infrastructure improvements, including a parking area and driveways (collectively, the “New Facility”), which replaced an existing modular building, located adjacent to the Institution’s two remaining buildings containing approximately 8,200 square feet of space (the “Existing Facility”, and with the New Facility, hereinafter referred to as the “Facility”) located on approximately six acres of Institution-owned land at 3685 Middle Country Road, Calverton, Suffolk County, New York (the “Land”), together with related machinery, equipment and furniture (the “Equipment”) (the Facility, the Land and the Equipment being hereinafter collectively referred to as the “Project Facility”), (b) prepay a Promissory Note, dated August 22, 2001 issued to Edison Schools, Inc., as amended pursuant to a Forbearance Agreement dated October 24, 2008, (c) fund the Series 2013A Account of the Debt Service Reserve Fund, (d) fund capitalized interest on the Series 2013A Bonds through February 1, 2015 and (e) pay the costs of issuing the Series 2013 Bonds (collectively, the “Series 2013 Project”); (2) fund a debt service reserve fund in connection with the Series 2025 Bonds; and (3) pay for certain costs and expenses associated with the issuance of the Series 2025 Bonds (collectively, the “Project”). See “USE OF PROCEEDS,” and “SUMMARY OF ESTIMATED SOURCES AND APPLICATION OF FUNDS” herein and APPENDIX A - “THE INSTITUTION AND THE PROJECT FACILITY.”

Proceeds of the Series 2025 Bonds will be loaned by the Issuer to the Institution pursuant to a Loan Agreement, dated as of July 1, 2025 (the “Loan Agreement”), under which the Institution will be obligated to make loan payments in amounts sufficient to pay the principal of, and premium, if any, and interest on, the Series 2025 Bonds when due. See APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.”

The Series 2025 Bonds and payments to be made pursuant to the Loan Agreement will be secured by (i) the issuance of the Institution’s Obligation No. 1 - 2025, dated the Closing Date (the “Series 2025 Obligation”), pursuant to the terms of the Master Trust Indenture, dated as of July 1, 2025, by and between the Institution, as initial sole member of the Obligated Group (as defined therein), and U.S. Bank Trust Company, National Association, as master trustee (the “Master Trustee”), as amended and supplemented, including as amended and supplemented by the First Supplemental Master Trust Indenture, dated as of July 1, 2025 (the “Supplement No. 1”; together with the Master Trust Indenture, the “Master Indenture”), by and between the Institution and the Master Trustee; (ii) a pledge of Pledged Assets of the Institution and any future Member of the Obligated Group pursuant to the Master Trust Indenture (subject to the restrictions on the pledge of public education aid set forth in the Education Law and any parity or subordinated lien permitted under the Master Trust Indenture), (iii) a Mortgage, Assignment of Leases and Rents, and Security Agreement, dated as of July 1, 2025, from the Institution to the Issuer (as the same may hereafter be amended or supplemented, the “Mortgage”), which Mortgage will be assigned by the Issuer to the Master Trustee pursuant to an Assignment of Mortgage, dated as of July __, 2025 (the “Assignment of Mortgage”) from the Issuer to the Master Trustee, and (iv) funds and accounts (other than the Rebate Fund) held by the Bond Trustee under the Indenture.

The Institution also will enter into a Custody Agreement, dated as of July 1, 2025 (the “Custody Agreement”), with U.S. Bank Trust Company, National Association, as custodian (in such capacity, the “Custodian”) and as Master Trustee and Trustee, pursuant to which the Institution will, as of the date on which (i) any downward revision of any rating on the Series 2025 Bonds below “BBB-” or higher by Fitch, “Baa3” or higher by Moody’s or “BBB-” or higher by S&P, or such other equivalent rating from any other Rating Agency (an “Investment Grade Rating”), or withdrawal of any such rating, shall have occurred or (ii) an Event of Default (as defined in the Loan Agreement) shall have occurred (the “Effective Date”), direct Riverhead Central School District (and such other Institution School Districts as may be necessary to comprise no less than 60% of all Education Aid receivable by the Institution during any Fiscal Year) to

pay over to the Custodian any and all amounts of Education Aid payable by the Riverhead Central School District (and such other Institution School Districts, as necessary) to the Institution on each Aid Payment Date. Upon receipt of such amounts, the Custodian will pay the Bond Trustee, for deposit in the Bond Fund, an amount equal to a proportionate share of the next interest payment and principal payment and premium, if any, on the Series 2025 Bonds for which funds have not already been provided, and for deposit in the Debt Service Reserve Fund, certain amounts equal to any amount by which the Debt Service Reserve Fund Requirement exceeds the amount then on deposit in the Debt Service Reserve Fund, and for deposit into the Rebate Fund, any amounts required under the Indenture. Any funds remaining with the Custodian following such transfers will be transferred to the Institution. The obligation of the Institution to instruct the Institution School Districts directing each Institution School District to pay directly to the Custodian, when due, any and all amounts of Education Aid payable from time to time by such Institution School District to the Institution, shall only commence on the happening of certain events defined as the Effective Date under the Custody Agreement. Pursuant to the Indenture, the Issuer will pledge and assign to the Bond Trustee a first security interest in the Issuer's interest in the payments to be made by the Institution pursuant to the Loan Agreement (except certain Issuer's Reserved Rights, including rights to indemnity, payment of fees, and repayment of expenses and advances). The Series 2025 Bonds are additionally secured by certain funds and accounts created under the Indenture, including the Bond Fund. The Series 2025 Bonds are also secured by the Debt Service Reserve Fund. For a more detailed description of the security for the Series 2025 Bonds, see "SECURITY FOR THE SERIES 2025 BONDS."

There follows in this Official Statement and in the Appendices hereto descriptions of the Series 2025 Bonds, the security for the Series 2025 Bonds, and copies of forms of certain related legal documents (including the Loan Agreement, the Master Indenture, the Custody Agreement, the Mortgage and the Indenture), descriptions of the Institution, the Issuer, the Project Facility, certain Bondholders' risks, a summary of estimated sources and application of funds, and other matters. Any summaries and descriptions do not purport to be complete and are expressly made subject to the further provisions of this Official Statement (including the appendices hereto) as well as to the exact provisions of the complete documents, which may be obtained from the Bond Trustee or, during the offering period for the Series 2025 Bonds, from the Underwriter. Such descriptions and information do not purport to be comprehensive or definitive. Certain information contained in this Official Statement has been furnished by the Institution. Such information furnished by the Institution includes, without limitation, all information concerning the Project Facility, estimated sources and application of funds, sources of revenue and the Institution, including all information set forth in Appendices A, B, D, E and F to this Official Statement. The Issuer has not participated in the preparation of this information or reviewed the accuracy of said information. The Issuer has consented or will consent to the use of this Official Statement but has not made any investigation of the facts contained herein.

The Loan Agreement, the Indenture, the Master Indenture, the Mortgage and the Custody Agreement will be entered into and the legal opinions referred to herein will be delivered on or prior to the delivery date of the Series 2025 Bonds.

THE ISSUER

The Issuer was established as a not-for-profit local development corporation of the State pursuant to the purposes and powers contained within the Act, and pursuant to its certificate of incorporation filed on February 3, 2011, with the authority and power to own, lease and sell personal and real property for the purposes of, among other things, acquiring, constructing, reconstructing 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 to issue its revenue bonds in furtherance of the foregoing. The Act further authorizes the Issuer to lease and sell any or all of its facilities, to issue bonds and to make loans for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to pledge the revenues and receipts from the lease or sale thereof to secure the payment of such bonds and interest thereon.

The sole member of the Issuer is the Town of Riverhead, New York (the “Town”), acting by and through its Town Council. The Issuer currently has five (5) directors. The persons currently serving as directors of the Issuer are as follows:

<u>Name</u>	<u>Position</u>
James Farley	Chairman
Lori Ann Pipczynski	Vice Chairwoman
Doug Williams	Secretary
Lee Mendelson	Treasurer
Barbara Rizzi	Director

The Series 2025 Bonds are special limited obligations of the Issuer payable solely from the payments made by the Institution under the Loan Agreement, from the monies held by the Bond Trustee under the Indenture, and the security provided by the Master Indenture and the Loan Agreement. The Issuer, its member and officers are not personally liable with respect to the Series 2025 Bonds. Accordingly, no financial information with respect to the Issuer or its members or officers has been included in this Official Statement.

The Issuer has no taxing power. The Series 2025 Bonds shall never constitute a debt of the State or the Town, and neither the faith and credit nor the taxing power of the State, the Town or any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2025 Bonds, and neither the State nor the Town shall be liable thereon nor shall the Series 2025 Bonds be payable out of any funds of the Issuer other than those duly pledged therefor pursuant to the Indenture.

The Issuer has not verified, reviewed or approved, and does not make any representations with respect to, the accuracy or completeness of any of the information set forth in this Official Statement, other than information set forth under “THE ISSUER” and “LITIGATION - The Issuer” herein.

THE INSTITUTION

The Institution is a charter school and an organization described in section 501(c)(3) of the Code, exempt from the payment of income taxes under section 501(a) of the Code. Pursuant to the Charter Schools Act, the Institution shall be deemed an independent and autonomous public school (except as otherwise provided in the Charter Schools Act) and the Board of Regents shall be deemed to be the public agent authorized to supervise and oversee the Institution.

For more information with respect to the Institution, see APPENDIX A - “THE INSTITUTION AND THE PROJECT FACILITY.” Audited financial statements of the Institution for its Fiscal Year ended June 30, 2024 are attached hereto as APPENDIX B.

USE OF BOND PROCEEDS

The proceeds of the Series 2025 Bonds are to be applied by the Institution to: (i) refinance the Series 2013 Bonds, the proceeds of which Series 2013 Bonds were used to finance the Series 2013 Project; (ii) fund a debt service reserve fund; and (iii) pay for certain costs and expenses associated with the issuance

of the Series 2025 Bonds. See APPENDIX A - “THE INSTITUTION AND THE PROJECT FACILITY.” See also “SUMMARY OF ESTIMATED SOURCES AND APPLICATION OF FUNDS.”

SUMMARY OF ESTIMATED SOURCES AND APPLICATION OF FUNDS

The estimated sources and application of funds, inclusive of the proceeds of issuance of the Series 2025 Bonds, required in connection with the Project are anticipated to be as follows:

SOURCES OF FUNDS

Par Amount of Series 2025 Bonds	
[Net] Original Issue [Discount/Premium]	
Funds Released Upon Redemption of the Series 2013 Bonds	
Institution Contribution	
TOTAL SOURCES	

USES OF FUNDS

Refunding of Series 2013 Bonds	
Deposit into Debt Service Reserve Fund	
Costs of Issuance ¹	
TOTAL USES	

¹ Includes Underwriter’s discount, legal fees, municipal advisor fees, trustee fees, printing costs, rating fees and miscellaneous fees and expenses.

THE SERIES 2025 BONDS

General

The Series 2025 Bonds are authorized to be issued in the aggregate principal amount of \$17,245,000*. The Series 2025 Bonds are to be dated the date of issuance, and are to bear interest payable semiannually on February 1 and August 1 of each year, commencing February 1, 2026, at the rate per annum, according to year of maturity, set forth on the inside front cover hereof. The Series 2025 Bonds are to mature on August 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 applicable, as set forth below under “Redemption Prior to Maturity.” Interest payable on each Interest Payment Date for the Series 2025 Bonds is to be paid to the registered owners (sometimes referred to herein as the “Holders”) of record in the registration records maintained by the Bond Trustee as of the close of business on the last day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day, or, in certain events, if payment of the Series 2025 Bonds is not deposited with the Bond Trustee on or before any such Interest Payment Date, to the Holders at the close of business on a Special Record Date established by the Bond Trustee, notice of which shall have been mailed to all Owners not less than 10 days prior to such date.

* Preliminary, subject to change.

Redemption Prior to Maturity

General Optional Redemption of the Series 2025 Bonds. The Series 2025 Bonds maturing on or after August 1, 20__ shall be subject to redemption, in whole at any time or in part on any date on or after August 1, 20__ (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option 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), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest to the date of redemption.

Extraordinary Redemption of the Series 2025 Bonds. The Series 2025 Bonds are also 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 Bond Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction;

(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 Bond Trustee;

(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.

(iv) to the extent required by the Master Indenture.

If the Series 2025 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 Bond Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Redemption of the Series 2025 Bonds Upon a Determination of Taxability. The Series 2025 Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability. Upon such occurrence, the Series 2025 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 Taxable Rate from the occurrence of the Event of Taxability to the redemption date. The Series 2025 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2025 Bonds Outstanding would have the result that interest payable on the Series 2025 Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2025 Bond. In such event, the Series 2025 Bonds shall be redeemed in such amount as is deemed necessary to obtain a Favorable Opinion of Bond Counsel.

Mandatory Sinking Fund Installment Redemption of the Series 2025 Bonds. (i) The Series 2025 Bonds maturing on August 1, 20__ 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment
Payment Date

Sinking Fund
Installment

† Final Maturity

(ii) The Series 2025 Bonds maturing on August 1, 20__ 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment
Payment Date

Sinking Fund
Installment

Sinking Fund Installment
Payment Date

Sinking Fund
Installment

† Final Maturity

The Series 2025 Bonds maturing on August 1, 20__ 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment
Payment Date

Sinking Fund
Installment

† Final Maturity

Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Series 2025 Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent

(i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture, or

(ii) excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility, in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2025 Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption Upon Failure to Operate the Facility for Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2025 Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (x) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, for purposes that do not conform with the Approved Project Operations, or (y) the Institution has committed a material violation of a material Legal Requirement, or (ii) the Institution shall fail to obtain or maintain the public liability insurance with respect to the Facility required under the Loan Agreement, and, in the case

of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2025 Bonds, together with interest accrued thereon to the date of redemption.

Notice of Redemption and Manner of Selection of Series 2025 Bonds

When redemption of any Series 2025 Bond or Series 2025 Bonds is requested or required pursuant to the Indenture, the Bond 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 2025 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 Bond Trustee) and specifying the principal amounts of the Series 2025 Bonds or portions thereof to be payable and, if less than all of the Series 2025 Bonds of any maturity are to be redeemed, the numbers of such Series 2025 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 2025 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 Bond 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 Series 2025 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 2025 Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to at least two (2) of the national information services that disseminate redemption notices.

In the event of redemption of less than all the Outstanding Series 2025 Bonds, the particular Series 2025 Bonds or portions thereof to be redeemed shall be selected by the Bond Trustee in such manner as the Bond Trustee in its discretion may deem fair, except that (i) Series 2025 Bonds to be redeemed from Series Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Bond Trustee shall select Series 2025 Bonds for redemption such that no Series 2025 Bond shall be of a denomination of less than the Authorized Denomination for such Series 2025 Bonds. In the event of redemption of less than all the Outstanding Series 2025 Bonds stated to mature on different dates, the principal amount of such Series 2025 Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2025 Bonds to be redeemed and by lot within a maturity. The portion of Series 2025 Bonds to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Series 2025 Bonds for redemption, the Bond Trustee shall treat each such Series 2025 Bond as representing that number of Series 2025 Bonds which is obtained by dividing the principal amount of such registered Series 2025 Bond by the minimum Authorized Denomination thereof then issuable rounded down to the integral multiple of such minimum Authorized Denomination.

Book-Entry Only System

General. Unless otherwise noted, the following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2025 Bonds, payment of interest and other payments on the Series 2025 Bonds to Direct Participants or Beneficial Owners (as such terms are defined below) of the Series 2025 Bonds, confirmation and transfer of beneficial ownership interests in the Series

2025 Bonds and by and between DTC, Direct Participants and Beneficial Owners of the Series 2025 Bonds is based solely on information furnished by DTC. Accordingly, the Issuer, the Institution, the Bond Trustee and the Underwriter do not and cannot make any independent representations concerning these matters.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond will be issued for each maturity of each separate Series of the Series 2025 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 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 2025 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 Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 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 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are

credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds of a series 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 applicable Bond Trustee and request that notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 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 Institution as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of the principal of, premium, if any, and interest on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Bond Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of, premium, if any, and interest on the Series 2025 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to Issuer or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Institution 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 are required to be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Institution believes to be reliable, but the Institution takes no responsibility for the accuracy thereof.

NONE OF THE INSTITUTION, THE ISSUER OR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DTC PARTICIPANTS, OR INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR THE REGISTERED OWNERS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS.

DEBT SERVICE REQUIREMENTS FOR THE SERIES 2025 BONDS

The following table sets forth, for each 12-month period ending June 30 of the years shown, the amounts, rounded to the nearest dollar, required to be made available in such period for the payment of the principal of and interest on the Series 2025 Bonds, after giving effect to the refunding of the Series 2013 Bonds. Totals may not foot due to rounding.

Year Ending June 30	Series 2025 Bonds		Total Debt Service
	Principal	Interest	
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
TOTAL			

SECURITY FOR THE SERIES 2025 BONDS

Limited Obligations

THE SERIES 2025 BONDS SHALL NEVER BE A DEBT OF THE STATE OF NEW YORK, THE TOWN OF RIVERHEAD OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE

STATE OF NEW YORK, NOR THE TOWN OF RIVERHEAD OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. NEITHER THE STATE OF NEW YORK, NOR THE TOWN OF RIVERHEAD OR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, THE TOWN OF RIVERHEAD OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON, THE SERIES 2025 BONDS. THE SERIES 2025 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE ISSUER PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE SERIES 2025 BONDS. THE SERIES 2025 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Assignment of Loan Agreement

Pursuant to the Indenture, the Issuer will pledge and assign all of its right, title and interest in and to the Loan Agreement to the Bond Trustee to secure the Series 2025 Bonds, including all loan payments required to be made thereunder by the Institution (except certain Issuer's Reserved Rights including rights to indemnity, payment of fees, and repayment of expenses and advances).

The Master Indenture

The Obligated Group. As of the date of this Official Statement, the Institution is the only member of the Obligated Group. Other persons may join the Obligated Group upon satisfaction of the conditions set forth in the Master Indenture. Any member of the Obligated Group may withdraw from the Obligated Group upon the satisfaction of certain financial and other conditions contained in the Master Indenture. A description of the Institution and certain summary financial information is contained in APPENDIX A – “THE INSTITUTION AND THE PROJECT FACILITY.” See also APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE MASTER INDENTURE – Parties Becoming Members of the Obligated Group” and – “Withdrawal from the Obligated Group.”

Series 2025 Obligation. The Obligated Group's obligation to pay debt service charges on the Series 2025 Bonds will be secured by the Series 2025 Obligation that will be issued to the Bond Trustee pursuant to the Master Indenture. The Series 2025 Obligation will be the joint and several obligation of the Institution and any other future members of the Obligated Group under the Master Indenture. All Obligations issued under the Master Indenture will be issued on a parity basis.

The Master Indenture permits the Obligated Group to issue additional Obligations. Additional Obligations may be issued to secure Additional Bonds or to evidence or secure other additional Indebtedness. The Obligated Group and any other future members of the Obligated Group will be jointly and severally liable for payment of all Indebtedness evidenced by any Obligations issued under the Master Indenture. See APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE MASTER INDENTURE – Amount of Obligations.”

Pledge of Pledged Assets. As security for the Obligations issued under the Master Indenture, the Obligated Group has granted the Master Trustee a security interest in the present and future accounts, general intangibles, and Gross Revenues to the extent owned by the Obligated Group. If an Event of Default shall have occurred and be continuing, each Member shall deliver or direct to be delivered to the Master Trustee all Gross Revenues thereafter received until such Event of Default has been cured, such Gross Revenues to be applied in accordance with the Master Indenture. See Appendix D – “FORMS OF

CERTAIN PRINCIPAL DOCUMENTS – THE MASTER INDENTURE – Security Interest in Pledged Assets; Deposit of Gross Revenues; Further Assurances; Payment of Principal and Interest; and Nature of Obligations.”

Financial Covenants under the Master Indenture

Liquidity Covenant. Each Member shall conduct its business so that as of the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, the Obligated Group shall have no less than 45 Days’ Cash on Hand. See APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE MASTER INDENTURE – Liquidity Covenant.”

Long-Term Debt Service Coverage Ratio. The Institution, and any future Member of the Obligated Group, covenants in the Master Indenture that it will maintain a Long-Term Debt Service Coverage Ratio equal to or greater than 1.10 to 1.00. Beginning with the Fiscal Year commencing June 30, 2025, 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 EMMA at the time of delivery of the annual audited financial statements. If the Long-Term Debt Service Coverage Ratio of any Member for such previous Fiscal Year shall be less than 1.10 to 1.00 but equal to or greater than 1.00 to 1.00 and for the same Fiscal Year the Obligated Group shall have less than 90 Days’ Cash on Hand, the Obligated Group shall, (i) within thirty (30) days of the date of such calculation, provide EMMA with a detailed written explanation from the Group Representative stating the reasons for the Member’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, and (ii) if requested by the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, retain a Consultant as set forth in the Master Indenture.

Pursuant to the Master Indenture, if (i) for any Fiscal Year the Long-Term Debt Service Coverage Ratio is less than 1.00 to 1.00 and Days Cash on Hand is less than 150, or (ii) for at least two consecutive Fiscal Years the Long-Term Debt Service Coverage Ratio is less than 1.00 to 1.00, the Master Trustee shall, if requested by the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations at any time while such failure to satisfy the Long-Term Debt Service Coverage Ratio shall be continuing, declare an Event of Default. See APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE MASTER INDENTURE – Long-Term Debt Service Coverage Ratio.”

Consultant. In the event that the Obligated Group is unable to comply with the above covenants as of the last day of any Fiscal Year, the Holders of not less than a majority of the Obligations then Outstanding may request that the Obligated Group promptly employ a Consultant to make recommendations no later than sixty (60) days following the date of engagement of such Consultant as to the methods of operation of the Obligated Group which will result in satisfying the ratios set forth above in such covenants. The Group Representative shall post a notice to EMMA of its intention to employ a consultant as Consultant and the name of such Consultant at least 15 days prior to such engagement. Copies of the recommendations of the Consultant shall be filed EMMA no later than sixty (60) days following the date of engagement of such Consultant. The Obligated Group shall, to the extent feasible, promptly upon its receipt of such recommendations and subject to the approval of such recommendations by the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding and the Master Trustee, and further subject to applicable requirements or restrictions imposed by law or regulation, revise its methods of operation and shall take such other action as shall be in conformity with such recommendations. With respect to the Liquidity Covenant, if the Obligated Group complies in all material respects with the reasonable recommendations of the Consultant in respect to said methods of operation, the Obligated Group will be deemed to have complied with the Liquidity Covenant notwithstanding that the Obligated Group’s Days’ Cash on Hand shall be less the Liquidity Requirement; provided that it shall

be an Event of Default hereunder if any such failure shall continue for two consecutive Fiscal Years. With respect to the Long-Term Debt Service Ratio, if in any Fiscal Year (i) the Obligated Group complies in all material respects with the reasonable recommendations of the Consultant in respect to said methods of operation, (ii) the Long-Term Debt Service Coverage Ratio for each Member is at least 1.00 to 1.00, and (iii) Days Cash on Hand is at least 45, the Obligated Group will be deemed to have complied with the covenants contained in paragraph (a) of this section notwithstanding that the Long-Term Debt Service Coverage Ratio shall be less the amount required under such paragraph; provided that it shall be an Event of Default under the Master Indenture if the Obligated Group shall fail to meet such conditions for two consecutive Fiscal Years. See APPENDIX D - "FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE MASTER INDENTURE – Long-Term Debt Service Coverage Ratio" and – Liquidity Covenant."

Mortgage and Security Agreement

As further security for the Obligations issued under the Master Indenture, the Obligated Group has granted to the Issuer a mortgage of and security interest in the Mortgaged Property, consisting generally of the Project Facility. The Project Facility and the Mortgaged Property do not include any interest in public education aid to the extent restricted by the Charter Schools Act (but only to the extent applicable). See APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE MORTGAGE." See also APPENDIX A - "THE INSTITUTION AND THE PROJECT FACILITY." The lien of the Mortgage is subject to Permitted Liens and any parity or subordinated lien permitted under the Master Indenture.

Pursuant to the Indenture and the Assignment of Mortgage, the Issuer will assign, transfer and set over all of its right, title and interest in and to the Mortgage to the Master Trustee.

Custody Agreement

Pursuant to the Custody Agreement, commencing upon the date of (i) any downward revision of any rating on the Series 2025 Bonds below an Investment Grade Rating, or the withdrawal of any such rating, shall have occurred or (ii) an Event of Default (as defined in the Loan Agreement) shall have occurred (the "Effective Date"), the Institution will cause payments of Education Aid due to the Institution from Riverhead Central School District (and such other Institution School Districts (as defined in the body of this Official Statement) as may be necessary to comprise no less than 60% of all Education Aid receivable by the Institution during any Fiscal Year) to pay over to the Custodian any and all amounts of Education Aid payable by the Riverhead Central School District (and such other Institution School Districts, as necessary) to the Institution on each Aid Payment Date, and the Custodian will in turn make transfers of certain moneys to the Bond Trustee for the deposit under the Indenture, all as set forth in the Indenture and subject to the terms and conditions of the Custody Agreement.

The Charter Schools Act prohibits a charter school from pledging or assigning Education Aid in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. The Custody Agreement provides that the Custodian shall act as an agent of the Institution and requires that, upon receipt of Education Aid, the Custodian shall immediately transfer to the Bond Trustee the amount of monies described in the then-applicable Custody Agreement Notice, which Custody Agreement Notices shall certify the amounts necessary to pay debt service on the Series 2025 Bonds and amounts required to be deposited in the Debt Service Reserve Fund.

Notwithstanding the foregoing, the obligation of the Institution to instruct the Institution School Districts directing each Institution School District to pay directly to the Custodian, when due, any and all amounts of Education Aid payable from time to time by such Institution School District to the Institution, shall only commence upon the Effective Date under the Custody Agreement.

Debt Service Reserve Fund

Under the Indenture, a Debt Service Reserve Fund (referred to generally herein as the “Debt Service Reserve Fund”) is to be maintained by the Bond Trustee for the further security for the Series 2025 Bonds. The Debt Service Reserve Fund Requirement will initially be funded by a deposit of \$ _____ from proceeds of the Series 2025 Bonds into the Debt Service Reserve Fund. Under the Master Indenture and the Indenture, the Institution is required to maintain sums equal to the Debt Service Reserve Fund Requirement in the Debt Service Reserve Fund over the term of the Series 2025 Bonds. Amounts on deposit in the Debt Service Reserve Fund are pledged to the payment of the principal of, and premium, if any, and interest on, the Series 2025 Bonds. Amounts in the Debt Service Reserve Fund may be invested in Qualified Investments, as described in APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE INDENTURE - Debt Service Reserve Fund.”

Additional Bonds and Additional Debt

The Institution may issue additional Indebtedness or request the Issuer to issue one or more Series of Additional Bonds under the Indenture, provided that all terms and conditions for the incurrence of such additional Indebtedness or Additional Bonds under the Master Indenture and the Indenture have been satisfied. See APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE INDENTURE – Additional Bonds” and APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – THE MASTER INDENTURE – Limitations on Incurrence of Indebtedness.”

Future Obligations issued under the Master Indenture shall be secured on a parity basis with the Series 2025 Obligation by the pledge of the Pledged Assets, and the Institution may grant liens on the Mortgaged Property on a parity basis with the Mortgage to the Master Trustee under the Master Indenture as additional security for future Obligations.

Defeasance

Upon certain terms and conditions specified in the Indenture, including the deposit of certain funds with the Bond Trustee, the Series 2025 Bonds will be deemed to be paid and the security provided in the Indenture for the Series 2025 Bonds may be discharged prior to the maturity or redemption thereof. See APPENDIX D - “FORMS OF CERTAIN PRINCIPAL DOCUMENTS - Defeasance.”

SOURCES OF REVENUE

Under the Charter Schools Act, the Institution is entitled to receive public education aid from the Institution School Districts for each student enrolled in the Institution. Such aid is payable on a per student basis by each of the Institution School Districts in which students of the Institution are resident. The amount of aid for each student is determined on the basis of the “expense per pupil” as calculated under the State’s Education Law for the respective Institution School District. The amount of aid to which the Institution is entitled for each student will vary among Institution School Districts based on the actual expense per pupil of the respective Institution School District and the actual FTE (full time equivalent) of the student.

The Charter Schools Act defines “expense per pupil” as the product of the approved operating expense for the applicable period, established by the State’s Education Department for the respective Institution School District and the sum of the total aidable pupil units in the respective Institution School District and weighted for pupils with disabilities receiving special services or programs from the charter school. The aid for weighted students with disabilities is called Public Excess Cost Aid and is included on the bi-monthly billings where applicable.

The Charter Schools Act also requires that each Institution School District pay to the Institution any State or federal aid that is attributable to students with disabilities receiving special education services from the Institution, based upon the enrollment of such students in the Institution's program and the special education services provided.

The Charter Schools Act provides that any aid payable to the Institution may be reduced pursuant to an agreement between the Institution and the Board of Regents. No such agreement is currently in effect. There can be no assurance that in connection with the Institution's application for renewal of its charter or otherwise, the Institution and the Board of Regents will not enter into such agreement in the future.

Each Institution School District is required to make payments to the Institution in six substantially equal installments on the first business day of the month of July, September, November, January, March and May in the amounts determined in accordance with the Charter Schools Act.

In the event an Institution School District fails to make any of the required payments to the Institution, including those for services provided to pupils with disabilities, the Institution will notify the State Education Department and the State's Education Department will calculate and certify the amount of any delinquent payment due and owing to the Institution to the State Comptroller. Upon such certification, the State Comptroller will deduct the certified amount from State funds otherwise due to such Institution School District and pay the amount withheld directly to the Institution.

See APPENDIX A – "THE INSTITUTION AND THE PROJECT FACILITY" herein for further information on the Institution's per pupil funding and APPENDIX F – "SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" for more information on sources of revenue.

Sources of Aid to Public Education in New York State

Local Aid. The major source of local revenue for education in most New York public school districts is the tax levied by the local board of education on taxable residential and commercial real property located within the boundaries of such school district. The Institution currently draws students from seventeen school districts within eastern Suffolk County. Approximately 67% of the students enrolled at the Institution for the 2023-24 school year resided in the Riverhead Central School District, 16% resided in the William Floyd School District, 11% resided in the Longwood Central School District, 2% in the South Country Central School District and the remaining 4% of students are distributed among thirteen other School Districts within eastern Suffolk County (collectively, these school districts are referred to herein as the "Institution School Districts"). See "CERTAIN BONDHOLDERS' RISKS - Legislative Risk and Local School Districts Risk" herein.

State Aid. State aid for public schools comes primarily from the State's general fund wherein the major revenue source is State income and sales taxes. The balance of State aid for public schools comes from a special revenue fund account supported by lottery receipts.

State aid is allocated among public school districts on the basis of a complex set of components and formulas. The various components and formulas provide for aid to be allocated on a per pupil basis as well as on the basis of percentages of the wealth of the State's school districts as measured by real property assessments and income levels of school district residents. The distribution of most State aid is based on wealth equalizing formulas which are intended to distribute State aid in inverse proportion to the wealth of school districts and their concomitant ability to raise local revenues through real property assessment and taxation.

Additionally, the School Tax Relief ("STAR") program provides to homeowners in the State a State-funded exemption from a portion of school taxes payable with respect to their primary residences.

School districts (or in the case of the City School Districts, the Cities) are reimbursed by the State for school taxes exempted pursuant to the STAR program.

The amount of State aid to school districts is dependent in part upon the financial condition of the State.

State aid to school districts within the State has increased every year since 2021. However, State aid to school districts experienced a brief decline during the year of 2020 to 2021.

Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State, including the Institution.

Federal Aid. The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

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

CERTAIN BONDHOLDERS' RISKS

No person should purchase any of the Series 2025 Bonds without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

Limited Obligations

The Series 2025 Bonds and the interest thereon are special limited obligations of the Issuer and will not constitute general obligations of the Issuer, the Town or the State. The Issuer is obligated to make payments on the Series 2025 Bonds only to the extent of payments made by the Institution under the Loan Agreement, or from any amounts received by the Bond Trustee from enforcement of the Master Indenture or from property, rights and interests held in the trust estate and pledged therefor pursuant to the Indenture. The Issuer has no taxing power. Neither the full faith and credit of the Issuer, the State, the Town nor any other political subdivision of the State is pledged to the payment of principal of or interest on the Series 2025 Bonds. The Institution's ability to repay the Series 2025 Bonds will depend, among other things, on the overall financial condition of the Institution, the ability of the Institution to continue to maintain its Charter, enrollment levels in the Institution, and the timing and amount of Per Pupil Aid received by the Institution from the Institution School Districts. No representation or assurance can be made that the revenues derived from the operation of the Institution, including, without limitation, public education aid and other Gross Revenues, will be sufficient to make the required payments under the Loan Agreement.

Existing and Prospective Operations

The Institution operates independently of State public schools and school districts, but, pursuant to the Charter Schools Act, is entitled to receive from the school districts representing Institution students, Per Pupil Aid for each student resident in the respective Institution School District who is enrolled in the Institution.

No assurances can be given that the revenues generated or to be generated by the Institution will be sufficient to provide for payment of all operating and other costs incurred by the Institution, including related debt service requirements on the Series 2025 Bonds and any other indebtedness of the Institution. The Institution is not expected to have any significant operations or assets other than the Facility and Per Pupil Aid from the Institution School Districts. Accordingly, if the Institution does not generate sufficient revenues based upon student enrollment, it is unlikely that the Institution will have other resources with which to make payments under the Loan Agreement necessary to pay in full when due all principal of, and premium, if any, and interest on, the Series 2025 Bonds. See "SOURCES OF REVENUE" herein.

The revenues and expenses associated with the existing and prospective operations of the Institution will be affected by future events and conditions relating generally to, among other things, demand in the Institution's service area for alternative education facilities, the ability of the Institution to continue to provide the kinds of facilities and services desired or required by students, economic developments in the affected service area, competition from existing or future educational facilities (including public schools), the fiscal condition of the respective Institution School Districts obligated to pay Per Pupil Aid to the Institution, the fiscal condition of the State, the ability of the Institution to maintain its Charter and the ability of the Institution under existing and future market conditions to maintain high enrollment rates. The Institution is subject to competition from other charter schools, public schools, private schools and parochial schools. There can be no assurance that additional competing charter schools will not be chartered by the State in the future.

The Institution's enrollment is limited by the Education Department to 1,244 students in grades kindergarten through twelfth for the last academic year of its current charter, ending in June 2027.

Legislative Risk and Local School Districts Risk

The State is not constitutionally obligated to continue to finance public education or continue to provide financial support at current levels to State public schools and school districts. Accordingly, no

assurance can be given that present State public education aid levels will be maintained in the future. Any change in the enabling legislation that created charter schools, failure by the school districts to appropriate sufficient funds to fund their respective operations or failure by the legislature of the State to appropriate funds sufficient to fund public education aid could have a material adverse effect on the ability of the Institution to make payments under the Loan Agreement coming due thereafter. Under the Charter Schools Act, the Institution is entitled to receive, from the Institution School Districts, public education aid for each student enrolled in the Institution. Such aid is payable on a per student basis by each of the Institution School Districts in which students of the Institution are resident. The amount of aid for each student is determined on the basis of the “expense per pupil” as calculated in the Education Law for the respective Institution School District. The amount of aid to which the Institution is entitled for each student will vary among the Institution School Districts based on the actual expense per pupil of the respective Institution School District.

The Institution receives payments of Per Pupil Aid from each of the Institution School Districts where students reside. At times, the Institution has experienced delays in payment from the Institution School Districts and there can therefore be no assurance that (i) the Institution School Districts will make timely aid payments, (ii) the level of aid from real property taxes and other individual Institution School District funds received by the Institution will continue or (iii) each Institution School District will have sufficient revenues to satisfy its obligations under the Charter Schools Act to pay to the Institution the public education aid required under the Charter Schools Act for students resident in the Institution School District and attendant at the Institution. Any shortfall in the public education aid payable by any Institution School District, or delay in such payment, may affect the Institution’s ability to pay its operating expenses and the payments under the Loan Agreement necessary to pay principal of, premium, if any, and interest on the Series 2025 Bonds. Under the Charter Schools Act, the Institution has the ability to request an intercept of State School Aid payable to an Institution School District in the event that an Institution School District is more than 30 days late in making its public education aid payments to the Institution. See “STATE CHARTER SCHOOL FUNDING” herein.

No Taxing Authority of Institution

The Institution has no taxing power. The Institution is completely dependent on the Institution School Districts for payment of public education aid to make loan payments under the Loan Agreement necessary to pay the principal of, premium, if any, and interest on, the Series 2025 Bonds. Any event that would delay, reduce or eliminate public education aid from the Institution School Districts, including, but not limited to, any decrease in the number of students enrolled at the Institution, State legislative action capping or reducing public education aid generally or in particular to charter schools, any reductions or delays in approving Institution School Districts’ budgets, could have a material adverse effect on the ability of the Institution to make loan payments under the Loan Agreement necessary to pay principal of, premium, if any, and interest on the Series 2025 Bonds. Under the Charter Schools Act, the Institution has the ability to request, subject to certification by the Commissioner, that the State Comptroller intercept from an Institution School District public education aid payable to the Institution in the event that such Institution School District is more than 30 days late in making such payments.

Fiscal Dependence of the Institution

The major source of local revenue for education in most State school districts is the tax levied by the local board of education on taxable residential and commercial real property located within the boundaries of such school district. See “SOURCES OF REVENUE” herein.

Delay in or Termination of Public Education Aid

Any event that would cause a delay, reduction or elimination of the public education aid monies from Institution School Districts would have a material adverse effect on the ability of the Institution to make loan payments under the Loan Agreement coming due thereafter. In the event of a failure by an Institution School District to make payments of public education aid required to be made to the Institution pursuant to the Charter Schools Act, at the request of the Institution, and subject to certification by the Commissioner, the State Comptroller is required to deduct from any State School Aid that becomes due to such Institution School District an amount equal to such unpaid amount and to pay over such amount to the Institution. The Institution has not caused such a deduction to be made in the past even though payments received from the South Country Central School District have been tardy. See “SOURCES OF REVENUE” herein.

Although State law prescribes a detailed process applicable to the adoption by the State of its annual budget, the State’s annual budgetary process has resulted in recent years in the adoption of annual State budgets later, and in some instances substantially later, than April 1, which is the start of the State’s fiscal year. No assurance can be given as to the date of adoption of future annual State budgets or as to the availability of State funds for public education purposes while an annual State budget remains pending. The Institution is not legally authorized to issue revenue anticipation notes secured by an assignment or pledge of public education aid to be received. Conflicts over public education aid, including Disability Aid, can create delays in funding. Because charter schools in the State are required to comply with the federal Individuals with Disabilities Education Act (“IDEA”), they are required to either arrange for students with disabilities to receive services from the local school district or provide special education services themselves, sometimes giving rise to disagreements over who is entitled to Disability Aid.

Factors Associated With Education

There are a number of factors affecting elementary and secondary school education in general, including at the Institution, which could have an adverse effect on the Institution’s financial position and its ability to make loan 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, the Every Student Succeeds Act (“ESSA”); laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities, including IDEA; any unionization of the Institution’s work force with consequent impact on wage scales and operating costs of the Institution; the ability to attract a sufficient number of students; change in existing statutes pertaining to the powers of the Institution; inability of the Institution to maintain its Charter; and legislation or regulations that may affect the continued existence of charter schools or availability, amount or timing of funding. The Institution cannot assess or predict the likelihood of any of these events occurring or the ultimate effect of these factors on its operations or its ability to make the loan payments.

Compliance with the No Child Left Behind Act of 2001 and the Federal 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, required 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 Institution is a “School identified for Local Support and Improvement” for the 2023-24 school year based on performance results from the 2023-24 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 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 Institution will remain a “School identified for Local Support and Improvement” in subsequent school years. Failure of the Institution to meet the requirements of ESSA, when implemented, may have a material adverse effect on the Institution and its ability to make payments due under the Loan Agreement.

Non-Renewal or Termination of Charter Agreement

The Institution is subject to the leadership and general supervision of the Board of Regents. The Board of Regents is the authorizing body of the Institution and has issued a Charter to the Institution incorporating the Institution as a charter school. The Board of Regents oversees and monitors the Institution’s Board of Trustees and their compliance with all applicable State and federal laws pertaining to charter schools. The Charter was most recently renewed for a term ending June 30, 2027, unless earlier terminated or renewed. There can be no assurance that the Charter will be further renewed. Additionally, the Charter may be terminated if: (i) the Institution’s outcome of student assessment measures falls below the level that would allow the State Commissioner of Education to revoke the registration of a public school and student achievement on such measures has not shown improvement over the preceding three years; (ii) there are serious violations of law; (iii) there are material and substantial violations of the Charter including fiscal mismanagement; (iv) the State Public Employment Relations Board makes a determination that the Institution demonstrates a practice and pattern of egregious and intentional violations of the State’s Civil Service Law involving interference with or discrimination against employee rights under the State’s Civil Service Law; or (v) repeated failure to comply with the requirement to meet or exceed enrollment and retention targets of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program pursuant to targets established by the Board of Regents or the board of trustees of the State University of New York, as applicable. See APPENDIX F – “SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Causes for

Revocation or Termination.” However, pursuant to the Charter Schools Act, if no basis for terminating the Charter is established other than as described in clause (v), and the Institution 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 enrollment in the Institution, and efforts to academically support such students enrolled in the Institution, then the Board of Regents may permit the Charter to remain in effect or be renewed. Charter schools may also be placed on probation. The Charter Schools Act provides that any individual or group may bring a complaint alleging a violation of the law or a school’s charter to the board of trustees of such school and, if unsatisfied with the outcome, may bring such complaint to the chartering entity and, if still dissatisfied, to the Board of Regents.

Competition for Students

The Institution competes for students with the Riverhead Central School District (within whose geographic boundaries the Institution is located) and with the surrounding public schools and school districts (including the Institution School Districts), as well as other charter, private and parochial schools within or near the Institution. The Institution’s students may reside anywhere within the State. As of May 22, 2025, for the 2024-25 school year, approximately 68% of the students attending the Institution are residents of the Riverhead Central School District, with the remaining students residents of the other Institution School Districts. There are presently two other charter schools in Suffolk County. In Fall 2022, the Academy Charter School Wyandanch opened in Suffolk County for grades kindergarten through second grade, serving approximately 175 students. Over the course of its charter term, the Academy Charter School Wyandanch will continue to expand grades and increase its enrollment, increasing competition for students for the Institution. South Shore Charter School was established in 2021 and currently serves 225 students grades kindergarten through first, with plans to expand to fifth grade by 2027, further increasing the Institution’s competition. Riverhead Charter School is located on the East End of Long Island and its student enrollment is drawn from a distinct set of sending districts. The other charter schools are located approximately 24 to 58 miles away from the School, making them inaccessible for most families in the area of the School due to transportation limitations. As a result, Riverhead Charter School does not anticipate any significant impact from these schools on its enrollment because public school districts are required to provide transportation to nonpublic schools within a 15-mile radius pursuant to New York State Education Law requirements.

As of the 2024-2025 school year, there are approximately 351 operating charter schools in the State of New York serving in excess of 180,000 students. See “APPENDIX A – THE INSTITUTION AND THE PROJECT FACILITY.”

Charter Schools Generally

The operations of the Institution relate primarily to the ownership and operation of a charter school located in Riverhead, New York. Such operations are dependent on sufficient demand for such facilities, adequate revenues from enrollment at the facilities and control of expenses. The operation of a charter school is highly regulated through the charter authorizing body and the New York State Education Department (the “Education Department”). A charter school may not charge tuition to a student attending the charter school. Recent legislation provides for a new student enrollment preference based upon a student residing in the school district in which the charter school is located. The failure of the Institution to meet the requirements of the regulations, termination, revocation or nonrenewal of the Institution’s Charter by the Board of Regents, or the inability to secure a Charter from another authorizing body would have a material adverse effect on the ability of the Institution to make loan payments under the Loan Agreement. See “CERTAIN BONDHOLDERS’ RISKS - Non-Renewal or Termination of Charter Agreement.”

Future Need for Facility

Changes in economic, social or other conditions could affect demographics of Suffolk County (the “County”), the Institution and the other Institution School Districts, and reduce the Institution’s ability, need or willingness to utilize the Facility for the operation of a charter school. The Institution is not legally prohibited from acquiring or constructing of additional facilities at any time. Changes in future needs may have an adverse effect upon the ability of the Institution to make loan payments under the Loan Agreement.

Limitation of Pledge of Gross Revenues by Institution

The Institution may not legally assign or pledge any interest in public education aid payable to the Institution pursuant to the Charter Schools Act to secure its obligations under the Loan Agreement or to provide security with respect to the Series 2025 Bonds. Upon the Effective Date under the Custody Agreement, the Institution will (i) direct the Institution School Districts to pay or cause to be paid directly to the Custodian all payments of Education Aid received by the Institution and (ii) provide an irrevocable direction to the Custodian to apply such amounts as directed by the Bond Trustee to make deposits in the Bond Fund and the Debt Service Reserve Fund, as further provided in and subject to the limitations in the Custody Agreement. Such directions shall expressly provide that they do not constitute a pledge or assignment of any interest of the Institution in public education aid payable to the Institution. The obligation of the Institution to instruct the Institution School Districts directing each Institution School District to pay directly to the Custodian, when due, any and all amounts of Education Aid payable from time to time by such Institution School District to the Institution, shall only commence on the happening of certain events defined as the Effective Date under the Custody Agreement.

Remedies may be Unenforceable

Remedies provided for in the Loan Agreement, the Indenture, the Master Indenture and the Mortgage may be unenforceable as a result of the application of principles of equity or of State and federal laws relating to bankruptcy, other forms of debtor relief, and creditors’ rights generally. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and sale or leasing with respect to the Facility. The enforcement of any remedies provided in the Loan Agreement, the Indenture, the Master Indenture and the Mortgage could prove both expensive and time consuming.

Inability to Liquidate or Delay in Liquidating the Facility

An event of default may give the Master Trustee the right to possession of, and the right to sell, the Mortgaged Property pursuant to a foreclosure sale under the Mortgage. The Mortgaged Property is intended to be used solely for educational purposes of the Institution. Because of such use, a potential purchaser of the Series 2025 Bonds should not anticipate that a sale of the Mortgaged Property could be accomplished rapidly, or at all. Any sale of the Mortgaged Property may require compliance with the laws of the State applicable thereto. Such compliance may be difficult, time-consuming and expensive. Any delays in the ability of the Master Trustee to foreclose on the Mortgage will result in delays in the payment of the Series 2025 Bonds.

The Mortgaged Property is specifically constructed for use as school facilities and may not be readily adaptable to other uses. As a result, in the event of a sale of the Mortgaged Property, the number of uses which could be made of the property, and the number of entities which would be interested in purchasing the Mortgaged Property, could be limited, and the sale price would thus be adversely affected. The location of the Mortgaged Property may also limit the number of potential purchasers. The ability of the Master Trustee to sell the Mortgaged Property to third parties, thereby liquidating the investment, would be limited as a result of the nature of the Mortgaged Property. For these reasons no assurance can be made

that the amount realized upon any sale of the Mortgaged Property will be fully sufficient to pay and discharge the Series 2025 Bonds. In particular, there can be no representation that the cost of the property included in the Mortgaged Property constitutes a realizable amount upon any forced sale thereof. In the event the Master Trustee takes possession of the Mortgaged Property, the Mortgaged Property may be subject to real property taxation.

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

Tax-Exempt Status

Under present Federal and State law, regulations and rulings, the income of organizations described in section 501(c)(3) of the Code, such as the Institution, is exempt from Federal and State income tax, except for any unrelated business income. Failure of the Institution to maintain its status as an organization described in section 501(c)(3) of the Code or changes in the Code or any other such laws, or the regulations, rulings or interpretations thereof could adversely affect the Institution. Such failure would adversely affect the exclusion of interest on the Series 2025 Bonds from gross income for federal income taxation purposes.

Moreover, the ongoing tax-exempt status of interest on the Series 2025 Bonds is conditioned, under relevant provisions of the Code, on compliance by the Institution with various requirements set forth, *inter alia*, in sections 145 and 148 of the Code, requiring, among other things, that the Facility be owned throughout the term of the Series 2025 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 2025 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 educational purposes of the Institution, as an organization described in section 501(c)(3) of the Code, and that certain investment earnings in respect of the Series 2025 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 the Code and applicable regulations, rulings and decisions. Failure to comply with such requirements could result in the inclusion of interest on the Series 2025 Bonds in gross income of the owners thereof, for federal income taxation purposes, retroactive to the date of issuance of the Series 2025 Bonds.

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

Collateral Security

The Series 2025 Obligation is secured by (a) a lien on Pledged Assets pursuant to the Master Indenture (subject to the prohibition on liens on public education aid under the Charter Schools Act and subject to any parity or subordinated lien permitted under the Master Indenture), and (b) a mortgage lien on and security interest in the Mortgaged Property (subject to Permitted Liens and any parity or subordinated lien permitted under the Master Indenture), each of which has been assigned by the Issuer to the Master Trustee. Upon an Event of Default, no assurances can be given that the Master Trustee would be able to lease or sell the Mortgaged Property to third parties, or that the amount the Master Trustee would be able to receive upon foreclosure would be sufficient to pay all principal of, and premium, if any, and interest on the Series 2025 Bonds (whether or not any other parity obligations then exist).

The pledge of and security interest in the Pledged Assets and the Mortgaged Property created pursuant to the Master Indenture and the Mortgage may be limited by the following: (i) statutory liens; (ii) rights arising in favor of the United States of America or any agency thereof; (iii) present or future prohibitions against assignment contained in any federal statutes or regulations; (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (v) federal bankruptcy or state insolvency laws affecting assignments of revenues earned after any effective institution of bankruptcy or insolvency proceedings by or against the Institution; (vi) rights of third parties in any revenues, including revenues converted to cash, not in possession of the Master Trustee; (vii) Permitted Liens; (viii) any parity or subordinated lien permitted under the Master Indenture, and (ix) the requirement that appropriate continuation statements be filed in accordance with the State Uniform Commercial Code.

The Charter Schools Act prohibits the pledge or assignment by the Institution of monies provided or to be provided as public education aid by Institution School Districts pursuant to the Charter Schools Act in connection with acquisition, construction, or renovation of a charter school facility such as the Facility. Accordingly, the Institution has not pledged, assigned, or granted a security interest in, the public education aid it receives from Institution School Districts pursuant to the Charter Schools Act, to the Issuer, the Custodian, the Bond Trustee or the Master Trustee, as security for the Series 2025 Bonds or for the Institution's obligations under the Loan Agreement or the Master Indenture.

The Institution will be permitted to, in the future, grant certain security interests in its property (other than Pledged Assets, public education aid and the Mortgaged Property) and, on a parity or subordinate basis with the Liens securing the Series 2025 Bonds, on Pledged Assets, public education aid and on the Mortgaged Property, to secure other Long-Term Indebtedness. The Master Indenture provides that the lien on Pledged Assets to secure the Series 2025 Bonds will not include a lien on public education aid to the extent prohibited under the Charter Schools Act and will restrict the Institution from granting a lien on public education aid for working capital and other purposes (except to the extent public education aid is included in Pledged Assets). See APPENDIX D - "FORMS OF CERTAIN PRINCIPAL DOCUMENTS."

Potential Environmental Risks

There are potential risks relating to environmental liability associated with the ownership or operation of, or secured lending with respect to, any real property. If hazardous substances are found to be located on real property, owners or operators of, or secured lenders regarding, such property may be held liable for costs and other liabilities relating to such hazardous substances on a strict liability basis. In the event of repossession, purchase or participation in the management of the Facility by the Bond Trustee or the Bondholders, the Bond Trustee and/or the Bondholders may be held liable for costs and other liabilities relating to hazardous substances, if any, on the site of the Facility on a strict liability basis and such costs might exceed the value of such property.

Prepayment Risk

Under the Indenture, the Institution has the option to prepay the Series 2025 Bonds in whole or in part. The Series 2025 Bonds are also subject to mandatory redemption, in whole, in the event of a Determination of Taxability. In addition, the Series 2025 Bonds are subject to mandatory and extraordinary redemption as described in "THE SERIES 2025 BONDS – Redemption Prior to Maturity." Any such optional, mandatory or extraordinary redemption will result in a call of the Series 2025 Bonds in Authorized Denominations selected by lot or other method of random selection as the Bond Trustee may determine at a price equal to their principal amount, plus interest accrued to the redemption date.

Damage or Destruction

Although the Institution will be required to obtain certain insurance, as set forth in the Loan Agreement, there can be no assurance that the Facility will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the Institution cannot generate revenues, will not exceed the coverage of such insurance policies.

Effect of Bankruptcy on Security for the Series 2025 Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders' rights to the property granted as security for the Series 2025 Bonds and their claim or claims to moneys owed them as unsecured claimants, if any. Furthermore, if the security for the Series 2025 Bonds is inadequate for payment in full of the Series 2025 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Bond Trustee to seek payment from other property of the Institution, if any. See "CERTAIN BONDHOLDERS' RISKS - Remedies may be Unenforceable."

A bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Institution or Issuer, as applicable, and their respective property and as an automatic stay of any act or proceeding to enforce a lien against such property. Moreover, following such a filing, the Pledged Assets and Mortgaged Property acquired after the filing (and under some conditions prior to the filing) would not be subject to the liens and security interests created under the Master Indenture and the Mortgage. In addition, the bankruptcy court has the power to issue any order, process or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code; such court order could require that the property of the Institution or the Issuer, as applicable, including the Mortgaged Property and the Pledged Assets and proceeds thereof, be used for the benefit of the Institution or the Issuer, as applicable, despite the lien and security interest of the Master Trustee therein.

Federal bankruptcy law also permits adoption of a reorganization plan even though it has not been accepted by the holders of a majority in aggregate principal amount of the outstanding Series 2025 Bonds if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if a bankruptcy court concludes that the Bondholders have "adequate protection," it may (i) substitute other security subject to the lien of the Bondholders and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Institution after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Indenture, the Loan Agreement, the Master Indenture and Mortgage that make bankruptcy and related actions by the Institution or the Issuer an Event of Default thereunder.

Lack of Secondary Market

Although the Underwriter intends to engage in secondary market trading of the Series 2025 Bonds (subject to applicable state securities laws), the Underwriter is not obligated to repurchase any of the Series 2025 Bonds at the request of the owners thereof and cannot assure that there will be a continuing secondary market in the Series 2025 Bonds. In the secondary market for securities similar to the Series 2025 Bonds, the difference between the bid and asked price may be greater than the bid and asked spread for more traditional types of municipal securities. It is not expected that an active trading market for the Series 2025 Bonds will ever develop.

Opposition of Teacher Unions and School Districts to Charter Schools

Some teacher unions and school districts in the United States have opposed the enactment of charter school legislation and have indicated opposition to for-profit management of public schools. School

districts, including school districts in the State, have challenged the authorization of charter schools. On April 19, 2001, the New York Appellate Division, Third Department, issued a decision, *Roosevelt v. Board of Trustees*, holding that school districts may challenge Board of Regents determinations constituting the basis of approvals of charter issuance through proceedings under Article 78 of the State's Civil Practice Law and Rules. In addition, State law provides for additional procedural requirements for the issuance, revision and renewal of charters, including, a requirement of school district public hearings on charters newly proposed, revised or renewed. Moreover, the Charter Schools Act permits the school district in which a charter school is located to visit, examine and inspect the charter school for purposes of ensuring that the charter school is in compliance with all applicable laws, regulations and charter provisions, and such school district may forward any evidence of non-compliance to the Board of Regents and chartering entity.

Collective Bargaining

The Charter Schools Act provides that employees of a new charter school with enrollment exceeding 250 students on the first day of instruction or with average daily student enrollments exceeding 250 students within the first two instructional years is automatically certified as a separate collective bargaining unit of the same organization that represents teaching staff of the school district in which the charter school is located. Currently, the teachers employed by the Institution are represented by a collective bargaining unit.

Cybersecurity

The Institution relies on information technology systems to conduct its operations. The Institution is privy to personal, private or sensitive information that it processes on its information technology systems. Because of this, the Institution is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on its information technology systems and digital networks. Entities and bad actors may attempt to gain unauthorized access to the Institution's information technology systems for the purposes of misappropriating assets or information or causing operational disruption or damage. No assurances can be given that the Institution's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Institution.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Institution:

- (a) Establishment of mandatory governmental wage, rent or price controls;
- (b) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in operating revenues;
- (c) Unionization, employee strikes and other adverse labor actions that could result in a substantial increase in expenditures without a corresponding increase in revenues;
- (d) Increased costs of attracting and retaining or decreased availability of a sufficient number of teachers and other professionals;
- (e) The occurrence of natural disasters, including floods, hurricanes, tornadoes, earthquakes and epidemics, or the occurrence of criminal or terrorist acts or other calamities could damage the facilities, interrupt utility service and interrupt the operations of the Institution with a resulting decline in revenues

and any failure of the insurance carried by the Institution to cover any losses resulting from the occurrence of any such event; and

(f) Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Institution.

MARKET FACTORS

The financial condition of the Institution as well as the market for the Series 2025 Bonds could be affected by a variety of factors, some of which are beyond the Institution's control. There can be no assurances that adverse events in the State, the County, the Town or the Institution School Districts will not occur that might affect the market price of, and the market for, the Series 2025 Bonds. If a significant default or other financial crisis should occur in the affairs of the State, the County, the Town, the Institution School Districts or of any of their agencies or political subdivisions, it could impair the acceptability of obligations payable by borrowers within their respective boundaries, and both the ability of the Institution to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Series 2025 Bonds, could be adversely affected.

The Institution depends in significant part on financial assistance from the State. Accordingly, in this year or future years, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes or if the State experiences delays in the adoption of the State budget, the State may have to delay payments of State School Aid to State municipalities and school districts, until sufficient State funds are available to make such payments. The Institution may be adversely affected by such delay. In the past, delays in adoption of the State budget have resulted in delays in the payment of State School Aid to State municipalities and school districts.

State School Aid requires appropriations by the State's Legislature. There can be no assurance that the State's Legislature will continue appropriations of State School Aid at the levels of past years. Also, State School Aid formulas may be changed by act of the State's Legislature. No assurance can be given that the State's Legislature will not modify or eliminate State School Aid as it currently exists.

ENFORCEABILITY OF OBLIGATIONS

General

While the Series 2025 Bonds are secured pursuant to the Loan Agreement, the Indenture, the Master Indenture, the Series 2025 Obligation 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, the Master Indenture, the Series 2025 Obligation and the Mortgage. These and other remedies are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional, statutory and judicial law, the remedies specified by the Indenture, the Loan Agreement, the Master Indenture, the Series 2025 Obligation 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 2025 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 2025 Bonds outstanding from time to time constitutes a realizable amount upon any foreclosure or forced sale of the Facility.

Certain Provisions of New York Law Applicable to Charter Schools and Certain Provisions of the Charter

The Education Law requires that, in the event that the Board of Regents has revoked the charter of any charter school or dissolved such charter school, or in the event that a provisional charter has expired, the board of trustees of the charter school 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 charter school. The State Supreme Court is required to direct the sale of sufficient assets of such a charter school to pay any outstanding debts and, if the charter school'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 a charter school are empowered to continue in office after charter revocation or dissolution for the purpose of settlement of the charter school's affairs. The court may direct any surplus monies, after payment of such a charter school's debts and liquidation expenses, be applied to any educational, religious, benevolent, charitable or other purposes that the charter school's board of trustees may indicate in the petition. The Charter Schools Act requires that the applications to establish a charter school or to renew a charter 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 Institution Board shall, after providing for the payment of all the debts of the Institution upon dissolution, dispose of its remaining assets to another charter school that is federally tax-exempt and located within the school district in which the Institution is located, or to the school district in which the Institution is located. In such event, the Charter further requires the Institution to follow any procedures required by the Board of Regents to ensure an orderly dissolution process in addition to complying with the applicable provisions of the Education Law. See "ENFORCEABILITY OF OBLIGATIONS - Application of Principles of Equity and Exercise of Judicial Discretion in Cases Bearing Upon Public Interests."

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. State 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 certain 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 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. Judicial foreclosure in the State is a lengthy process, as judicial intervention is required at all stages, including, but not limited to: (i) the appointment of a referee to compute the amount due; (ii) the appointment of a receiver

to operate the property during the pendency of the action; (iii) the confirmation of the referee's oath and report; (iv) the issuance of the judgment of foreclosure and sale; (v) the confirmation of the sale; and (vi) 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 Institution, 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: (i) substitute other security for the property presently pledged; and (ii) subordinate the lien of the mortgagee or a trustee to (a) claims by persons supplying goods and services to the mortgagor after commencement of such bankruptcy proceedings, (b) the administrative expenses of the bankruptcy proceedings and (c) 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. See "SECURITY FOR THE SERIES 2025 BONDS – Mortgage and Security Agreement" and "CERTAIN BONDHOLDERS' RISKS - Non-Renewal or Termination of Charter Agreement" and "- Inability to Liquidate or Delay in Liquidating the Project Facility" and APPENDIX A – "THE INSTITUTION AND THE PROJECT FACILITY."

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025 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 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2025 Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Regulatory Agreement, the Issuer and the Institution have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2025 Bonds from gross income for federal income tax purposes 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. Bond Counsel will also rely 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. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Issuer and the Institution described above, interest on the Series 2025 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 2025 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 interest on the Series 2025 Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision of the State of New York. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the

Series 2025 Bonds nor as to the taxability of the Series 2025 Bonds or the income therefrom under the laws of any state other than State.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2025 Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2025 Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2025 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2025 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 2025 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 2025 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 2025 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2025 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 2025 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 C. 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 2025 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 2025 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2025 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 2025 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 2025 Bonds may occur. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2025 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2025 Bonds may affect the tax status of interest on the Series 2025 Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2025 Bonds, or the interest thereon, if any action is taken with respect to the Series 2025 Bonds or the proceeds thereof upon the advice or approval of other counsel.

Series 2025 Bonds

Tax Exemption

The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025 Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2025 Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. Each of the Issuer and the Institution has covenanted not to take any action or omit to take any action that, if taken or omitted, respectively, would adversely affect the exclusion of the interest on the Series 2025 Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Nixon Peabody LLP, Melville, New York, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Series 2025 and, assuming compliance with the covenants mentioned herein, interest on the Series 2025 Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the Series 2025 Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, interest on the Series 2025 Bonds is not treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Series 2025 Bonds owned by a corporation may affect the computation of the alternative minimum

taxable income of that corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed. In the further opinion of Bond Counsel, under existing law, interest on the Series 2025 Bonds is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York, assuming continuing compliance of the Issuer and the Institution with the requirements of the Code necessary to the exclusion pursuant to section 103(a) of the Code of interest on the Series 2025 Bonds from the adjusted gross income of the owners thereof for federal income tax purposes.

Pursuant to the Indenture and the Loan Agreement, and in the Certificate Pertaining to Arbitrage and Certain Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986 and the Borrower Tax Certificate, to be delivered by the Issuer and the Institution in connection with the issuance of the Series 2025 Bonds, each of the Issuer and the Institution will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion of interest on the Series 2025 Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinion described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of each such representation and the present and future compliance by the Issuer and by each Project Participant with each of its covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal, state or local tax consequence of the receipt of interest on, or the ownership or disposition of, the Series 2025 Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the Series 2025 Bonds, or the interest thereon, if any action is taken with respect to the Series 2025 Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any event after the date of issuance of the Series 2025 Bonds may affect the tax status of interest on the Series 2025 Bonds or the tax consequences of the ownership of the Series 2025 Bonds.

The opinion of Bond Counsel is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer and the Institution described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series 2025 Bonds is commenced, under current procedures the Service is likely to treat the Issuer as the "taxpayer", and the bond owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2025 Bonds, the Issuer may have different or conflicting interests from those of the bond owners. Public awareness of any future audit of the Series 2025 Bonds could adversely affect the value and liquidity of the Series 2025 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Series 2025 Bonds from gross income taxation, under section 103(a) of the Code and applicable tax laws of the State of New York. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

A copy of the form of opinion of Bond Counsel relating to the Series 2025 Bonds is included in APPENDIX C.

Federal Tax Accounting Treatment of Bond Premium and Original Issue Discount on Series 2025 Bonds.

To the extent that a purchaser of a Series 2025 Bond acquires that Series 2025 Bond at a price in excess of its “stated redemption price at maturity” (within the meaning of section 1273(a)(2) of the Code), such excess will constitute “bond premium” under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner’s basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Series 2025 Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Series 2025 Bond to the owner.

The excess, if any, of the stated redemption price at maturity of Series 2025 Bonds of a maturity over the initial offering price to the public of the Series 2025 Bonds of that maturity is “original issue discount”. Original issue discount accruing on a Series 2025 Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that Series 2025 Bond. Original issue discount on any Series 2025 Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the Series 2025 Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a Series 2025 Bond accruing during each period is added to the adjusted basis of such Series 2025 Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Series 2025 Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of Series 2025 Bonds who purchase such Series 2025 Bonds other than at the initial offering price and pursuant to the initial offering.

Persons considering the purchase of Series 2025 Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such Series 2025 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Series 2025 Bonds.

Other Tax Consequences.

Although interest on the Series 2025 Bonds may be exempt from personal income taxes imposed by the State of New York or its political subdivisions, and excluded from the gross income of the owners thereof for federal income tax purposes, an owner’s federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Series 2025 Bonds. The nature and extent of these other tax consequences will depend upon the tax status of the owner and upon the owner’s other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Series 2025 Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2025 Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Series 2025 Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2025 Bonds, (iii) interest on the Series 2025 Bonds earned by

certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Series 2025 Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Series 2025 Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the Series 2025 Bonds, may disqualify the recipient thereof from obtaining the earned income credit.

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. Although information reporting does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes payment of interest on the bonds to be subject to backup withholding. Interest on the Series 2025 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series 2025 Bonds and will be allowed as a refund or credit against such owner’s federal income tax liability (or the federal income tax liability of the beneficial owner of the Series 2025 Bonds, if other than the registered owner) to the extent permitted by law. Bond Counsel will express no opinion regarding any of the tax consequences discussed above.

LEGAL MATTERS

The Series 2025 Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriter, subject to the approving opinion of Nixon Peabody LLP, Melville, New York, Bond Counsel, and certain other conditions. In connection with the issuance of the Series 2025 Bonds, certain legal matters of the Institution will be passed upon by its counsel, Keane & Beane, P.C., Melville, New York, certain legal matters for the Issuer will be passed upon by its counsel, Nixon Peabody LLP, Melville, New York and certain legal matters for the Underwriter will be passed upon by its counsel, Hawkins Delafield & Wood LLP, New York, New York.

LITIGATION

The Issuer

There is not now pending or, to the knowledge of the Issuer, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2025 Bonds or questioning or affecting the validity of the Series 2025 Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization nor existence of the Issuer nor the title of any of the present members or other officials of the Issuer to their respective offices is being contested. There is no litigation pending or, to the Issuer’s knowledge, threatened that in any manner questions the right of the Issuer to enter into the any of the Bond Documents or to secure the Series 2025 Bonds in the manner provided in the Indenture or the Act.

The Institution

There is not now pending or, to the knowledge of the Institution, threatened any litigation restraining or enjoining the execution or delivery by the Institution of any of the Bond Documents, or questioning or affecting the validity of the Bond Documents, or the proceedings or authority under which

the Bond Documents are to be executed and delivered by the Institution. Neither the creation, organization nor existence of the Institution nor the title of any of the present members of the Board of Trustees of the Institution to their respective offices is being contested. There is no litigation pending or, to the Institution's knowledge, threatened that in any manner questions the right of the Institution to enter into any of the Bond Documents.

UNDERWRITING

Pursuant to the terms of a Bond Purchase Agreement to be entered into by the Issuer, the Institution and Raymond James & Associates, Inc. (the "Underwriter"), the Underwriter will agree to purchase the Series 2025 Bonds from the Issuer upon the terms and conditions therein set forth, but all of the Series 2025 Bonds offered hereby must be purchased by the Underwriter if any are so purchased. The Bond Purchase Agreement also provides that the Institution will indemnify the Issuer and the Underwriter against losses, claims and liabilities arising out of any materially incorrect statement or information contained in or material information omitted from this Official Statement. The initial public offering prices set forth on the inside front cover page of this Official Statement may be changed by the Underwriter from time to time without any requirement of prior notice. The Underwriter reserves the right to sell Bonds to certain dealers and other at prices lower than those offered to the public.

The Series 2025 Bonds are offered, subject to prior sale, when, as and if issued by the Issuer and accepted by the Underwriter, subject to the approval as to validity and certain other matters by Bond Counsel, the approval of certain matters by counsel to the Institution, and certain other conditions.

The aggregate purchase price payable by the Underwriter for the Series 2025 Bonds is \$ _____. Such purchase price represents the par amount of the Series 2025 Bonds (\$ _____), less underwriter's discount of \$ _____, and [plus/less] a [net] original issue [premium/discount] of \$ _____.

Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to maintain a secondary market for the Series 2025 Bonds. The Underwriter is not, however, obligated to repurchase any Series 2025 Bonds at the request of the Holder thereof.

CONTINUING DISCLOSURE

The substantial form of the Continuing Disclosure Agreement to be entered into between the Institution and U.S. Bank Trust Company, National Association (the "Dissemination Agent") is attached hereto as APPENDIX E to this Official Statement (the "Continuing Disclosure Agreement"). Pursuant to the Continuing Disclosure Agreement, the Institution will covenant and agree to provide (a) annual financial information to the Dissemination Agent on or before December 31 after the end of each Fiscal Year of the Institution (or, should there be a change in the Institution's Fiscal Year, not later than the last day of the sixth month after the end of the Institution's Fiscal Year), commencing with the Fiscal Year ended June 30, 2025 and (b) quarterly financial information to the Dissemination Agent on or before February 15, May 15, August 15 and November 15 of each fiscal quarter of the Institution, commencing on November 15, 2025. Annual financial information shall include (i) the annual financial statements of the Institution, as audited by a firm of independent certified public accountants, (ii) information and calculations in reasonable detail, certified by the President or the chief financial officer of the Institution, demonstrating whether or not the Institution has complied with certain financial and operating covenants contained in the Loan Agreement for its most recently ended Fiscal Year, (iii) enrollment, wait list and other key statistical and demographic information as delineated in Exhibit A to the Continuing Disclosure Agreement for the Institution and (iv) certain information regarding amendments to the Continuing Disclosure Agreement. Quarterly financial

information shall include unaudited quarterly financial statements of the Institution. See APPENDIX E – “PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The Institution is subject to a continuing disclosure undertaking in connection with the Series 2013 Bonds. The Institution failed to file its 2020 annual financial information, its five-year comprehensive capital report, its 2021, 2022, 2023, 2024 and 2025 adopted operating budgets and an “Authorizer Notice” received in connection with the renewal of its charter on May 17, 2022. On May 2, 2025, the Institution filed the aforementioned information on EMMA. In addition, the Institution was late in filing its quarterly financial information for the 4th quarter of 2020, 4th quarter of 2022, 1st quarter of 2023, 1st quarter of 2024 and 1st quarter of 2025, in addition to its 2022 audited financial statements and annual financial information. In all instances noted in this section, the Institution did not post failure to timely file notices.

SECURITIES LAWS CONSIDERATIONS FOR RESIDENTS OF CERTAIN STATES

The offering of the Series 2025 Bonds is to be undertaken only in those jurisdictions in which such offering may be lawfully made in accordance with the relevant provisions of all applicable state and federal securities laws.

CERTAIN RELATIONSHIPS AMONG FINANCING PARTICIPANTS

U.S. Bank Trust Company, National Association is acting as Trustee pursuant to the Indenture and Dissemination Agent under the Continuing Disclosure Agreement. U.S. Bank Trust Company, National Association is also acting as Custodian pursuant to the Custody Agreement and, in such capacity, will act as the Institution’s agent to receive all public education aid from the Institution and make payments as required pursuant thereto. U.S. Bank Trust Company, National Association is also acting as Master Trustee under the Master Indenture.

RATING

Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) has given the Series 2025 Bonds a rating of “BBB-” (stable outlook) based upon the Institution’s financial condition. Such rating reflects only the view of S&P, and any desired explanation of the significance of such rating should be obtained from S&P. There is no assurance that such rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. The Underwriter has undertaken no responsibility to bring to the attention of the holders of the Series 2025 Bonds any proposed revision or withdrawal of the rating on the Series 2025 Bonds or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Series 2025 Bonds. Such rating should not be taken as a recommendation to buy or hold the Series 2025 Bonds.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the Institution in connection with the sale of the Series 2025 Bonds.

In preparing the Official Statement, the Municipal Advisor has relied upon the Institution, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Institution to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in

the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series 2025 Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from the Institution's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9817.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Issuer and the original purchasers or holders of any of the Series 2025 Bonds.

Capital Markets Advisors, LLC may place of copy of this Official Statement on its website at: www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of the Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Issuer nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omission on such website. Further, Capital Markets Advisors, LLC and the Issuer disclaim any duty or obligation either to update or maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Issuer also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This official statement has been prepared only in connection with the sale of the Series 2025 Bonds by the Issuer and may not be reproduced or used in whole or in part for any other purpose.

FINANCIAL STATEMENTS

The financial statements of the Institution for the Fiscal Year ended June 30, 2024, which are included as APPENDIX B to this Official Statement, have been audited by Cerini & Associates, LLP, independent certified public accountants, to the extent and for the period indicated in their report thereon which also appears in APPENDIX B. Such financial statements have been included in reliance upon the report of Cerini & Associates, LLP.

MISCELLANEOUS

The Institution has furnished all information in this Official Statement and the Appendices attached to this Official Statement relating to the Institution, the Project Facility, and the Estimated Sources and Application of Funds, including all information set forth in Appendices A and B hereto. Bond Counsel has furnished the Appendices C and D attached to this Official Statement.

All statements in this Official Statement involving matters of opinion or belief, whether or not expressly so stated, are intended as such and not as representations of fact.

The Issuer has consented to the use of this Official Statement, but has not participated in the preparation of this Official Statement and has made no independent investigation with respect to the information contained in this Official Statement and, accordingly, the Issuer assumes no responsibility for the sufficiency, accuracy or completeness of such information, other than information set forth under "THE ISSUER" and "LITIGATION - The Issuer" herein. The Institution has authorized the distribution of this Official Statement.

RIVERHEAD CHARTER SCHOOL

By: _____
Chair, Board of Trustees

**RIVERHEAD IDA ECONOMIC JOB
DEVELOPMENT CORPORATION**

By: _____
Chairman

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APPENDIX A

THE INSTITUTION AND THE PROJECT FACILITY

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APPENDIX A

THE INSTITUTION AND THE PROJECT FACILITY

General

Riverhead Charter School (the “School” or “RCS”) is a New York charter school established pursuant to its charter and the New York Charter Schools Act of 1998 (as amended) (the “Charter Schools Act”, as further described herein). The School was incorporated on February 1, 2001 for the purpose of operating a charter school and is an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Riverhead, located on Eastern Long Island, offers a private school environment in a public setting, and a longer school day with a focus toward more individualized instruction. Enrichment programs are provided for students needing a more challenging academic program. In addition, approximately 11 percent of the students enrolled in the school are identified as students with a disability and 41 percent are identified as English Language Learners.

The School is authorized by the New York State Board of Regents, and began operating in the Fall of 2001 initially under the management of Edison Schools, Inc. (“Edison Schools”). In its first year, Riverhead served approximately 250 students in grades K-5. The charter was amended and renewed as follows:

- In 2003, added grade 6.
- In 2005, renewed through 2008.
- In 2008, renewed through 2009.
- In 2009, renewed through 2014 and enrollment increased to 400.
- In 2013, added grades 7 and 8.
- In 2014, renewed through 2017 and enrollment increased to 414.
- In 2017, renewed through 2022 and enrollment increased to 700.
- In 2018, added grades 9 and 10.
- In 2020, enrollment increased to 850.
- In 2022, renewed through 2027, added grades 11 and 12, and enrollment increased to 1,244.

Actual enrollment for the 2023-2024 academic year was 908 students in grades K-12. The School enrolled 972 students in grades K-12 for the 2024-2025 academic year, projects enrollment of 1,045 students in grades K-12 for the 2025-2026 academic year, and expects to grow its enrollment to 1,244 by 2027. See “Enrollment and Waiting List” herein.

Mission and Teaching Methodologies

The mission statement of Riverhead Charter School is as follows:

Our mission is to inspire today’s learners to become tomorrow’s leaders by setting high academic standards, promoting solution-oriented thinking, and embracing the cultural diversity of our community.

Key elements of the School’s curriculum design include:

- Focus on quality of instruction based on individual student needs;
- High expectations;
- A uniquely affirming and supportive school culture;
- Deep linkages to the surrounding community;
- Integration of technology within classrooms; and

- Continuous development of staff.

The School has adopted a comprehensive curriculum to support Common Core and Next Generation standards across grade levels. K-6 English Language Arts (“ELA”) instruction currently utilizes *Into Reading*, published by HMH. For grades 7-12, ELA instruction is based on a variety of resources, including fiction and non-fiction novel studies, short story anthologies, poetry, and plays.

In mathematics, the curriculum is tiered by grade levels:

- K-3 currently uses *Primary Math International*, published by Japan Math, Inc.
- Grades 4-7 currently uses *Dimensions Math*, published by Singapore Math, Inc.
- Grades 8-12 is differentiated based on specific math topics.

The School uses a variety of teaching methodologies tailored to meet diverse student learning styles. These include project-based learning, individualized instruction, cooperative learning, direct instruction and small group instruction. The choice of methodology depends on the subject matter, ensuring a comprehensive approach to support each student’s educational needs that fosters intellectual growth, interdisciplinary thinking, and holistic development. The School’s curriculum and extracurricular activities are designed to empower students to become lifelong learners, critical thinkers, and global citizens. Key features of the School’s educational program include:

Interdisciplinary Thinking and Critical Communication:

- RCS encourages students to explore connections across different subjects and foster critical thinking skills through thought-provoking questions and engaging discussions.
- The School’s curriculum emphasizes the development of effective communication abilities, including written, verbal, and digital communication, to ensure students can express their ideas clearly and persuasively.

Solid Foundation in STEM Fields:

- RCS offers rigorous coursework in Science, Technology, Engineering, and Mathematics (“STEM”) and provide hands-on experiences, labs, and projects to allow students to apply STEM concepts practically.

Global Perspective and Cultural Understanding:

- The School’s curriculum integrates global perspectives and explores diverse cultures, histories, and worldviews.
- RCS organizes cultural exchange programs, guest lectures, and virtual interactions with students from other countries to promote cultural understanding and appreciation.

Curriculum Alignment and Project-Based Learning:

- RCS ensures alignment with New York State Learning Standards and Common Core requirements and implements project-based learning (PBL) to engage students in real-world projects and collaborative learning experiences.

College Based Programming:

- RCS provides students with various college coursework, while maintaining the rigor of traditional high school programming. This includes partnerships with Suffolk County Community College's Early College Program and Arizona State University's Associates degree Dual Enrollment Pathway.

Extracurricular Enrichment:

- The School's extracurricular offerings extend beyond academics to include clubs, sports, and creative activities.
- Arts, music, physical education, and foreign languages are integrated to enhance students' holistic development.

Individualized Support and Interventions:

- RCS provides individualized support through after-school programs, wellness support, and Response to Intervention (RTI) strategies to address diverse student needs.
- Specialized reading and math support programs help struggling students catch up and succeed academically.

Middle and High School Clubs:

- The School's diverse club offerings cater to various interests, including academic, arts, music, and special interest clubs, providing opportunities for skill development and creative expression.

Inclusive Curriculum:

- RCS integrates literature and history from diverse perspectives and highlights underrepresented voices and narratives to promote inclusivity and diversity in its curriculum.

Guest Speakers and Broadening Horizons:

- RCS invites guest speakers from different fields, professions, and cultural backgrounds to enrich students' understanding of the world and broaden their horizons.

Parent Involvement and Community Building:

- RCS maintains open communication with parents through regular updates, conferences, and newsletters and encourage their participation in decision-making committees and school events.
- Social events strengthen the sense of community and collaboration among students, parents, and staff members.

In addition, the School sets organizational goals to assist staff in meeting student academic expectations. Employees of the School are continually evaluated and coached. Professional development

for staff is supported and encouraged. Performance evaluations are completed with the goal of improving the performance of students, staff, teachers, and the School as a whole. Mentorships are fostered for new teachers. The performance appraisal system is intended to yield information that leads to individual improvement and professional development.

These features, along with dedicated teachers, supportive staff, and state-of-the-art technology, endeavor to create a dynamic learning environment where every student can thrive and reach their full potential.

Description of School Facilities

The School owns approximately six acres of land located at 3685 Middle Country Road, Calverton, New York. This property serves as the location for educational (grades K-8) and administrative services, housed within three buildings spanning approximately 58,000 square feet, including:

- Building 1: 22 classrooms for grades K-6, as well as a kitchen, cafeteria/gym (with stage) and multiple specialized breakout rooms and faculty space.
- Building 2: 7 classrooms for grades 7 and 8.
- Building 3: administrative offices for the Superintendent, the CFO, and operations staff.



Riverhead Charter School Grades K-6; built in 2015.



Riverhead Charter Middle School grades 7-8; renovated in 2018.

In May 2021, RCS entered into a 10-year lease for premises located at 5117A Sound Avenue in Riverhead, New York (the “High School”) to house and operate its high school grades 9-12 (see “Outstanding Debt and Financial Obligations” herein). In 2022, the School embarked on a renovation project, transforming the historic building known as 1916 Old Northville School House into a modern educational facility. The High School spans 11,236 square feet and has a capacity for 375 students. Renovations to the High School facility feature:

- **Classrooms:** Eight spacious classrooms cater to diverse needs. Each classroom is aptly named after distinguished colleges across the nation.
- **Versatile Layouts:** The classrooms offer versatile layouts, with some capable of being subdivided. This flexibility facilitates personalized instruction and dynamic learning experiences.
- **Interactive Spaces:** Enhanced with mobile and height-adjustable work surfaces, as well as interactive teaching and media walls, the instructional spaces foster collaborative engagement.
- **Comfort and Well-Being:** Cutting-edge lighting and HVAC systems ensure optimal comfort and well-being for all occupants.
- **Student common area, conference room, reception area and meeting space, faculty area.**
- **Preserving Heritage:** The project meticulously preserves the essence of the classic shingle-style architecture while seamlessly integrating modern advancements.



Riverhead Charter High School; renovated in 2022.

RCS has obtained permit approval from the Town of Riverhead (the “Town”) to install three 960-square-foot temporary trailers on a 3.9-acre parcel at its 5117 Sound Ave. property. The two classroom trailers would each house 24 ninth-grade students while the single administration and faculty trailer would provide office space for four to six school staffers. The estimated total cost of the acquisition and installation of the trailers is approximately \$200,000 and is expected to be paid in full from the School’s available funds.

Expansion Plans

In October 2024, RCS unveiled plans to build a middle school, high school, athletic fields and track on the corner of Middle Country Road and Fresh Pond Avenue in Calverton, approximately 1.7 miles from RCS’s campus at 3685 Middle Country Road. The new campus would hold up to 700 students and 55 faculty/staff, according to RCS officials. The property expected to be acquired is an approximately 14.573 acre portion of a large, 111-acre parcel, which is already zoned for school use and must be subdivided for the project. The School is in contract to purchase the land on which the new campus is to be built in Calverton for approximately \$4 to \$4.4 million based on the final size of the subdivided parcel. The School expects to use available cash to complete the purchase of the property during the summer of 2025 once the terms and conditions of the subdivision and contract are satisfied.

Following the closing of the property, the School expects to prepare an application for site plan approval with the Town supported by plans and specifications to be completed for the facilities to be built on the subdivided parcel. The School expects to receive all necessary such approvals from the Town and interested governmental agencies approximately no earlier than one year after the plans are submitted. Construction of the new facilities is estimated to cost approximately \$25 million based on preliminary

budget estimates of the approximately 45,000 square foot school facility including a track and field. The School anticipates that the construction of the new facilities, as well as associated costs, would be financed in whole or in large part through the issuance of bonds to be issued after the school has received all the requisite approvals, estimated by school officials to be in 2027. The School projects that approximately 363 students will be enrolled in the charter high school by the 2029-30 academic year.

Recent Accomplishments/Awards/Recognition

Over its 23-year history, RCS has demonstrated significant annual yearly progress and high academic achievement in all grades. The School is noted for regularly exceeding both the district of location (Riverhead Central School District) and the New York State average on grade 3-8 exams in ELA, math and science. See “Academic Performance” herein. In its most recent site visit report conducted by the New York State Education Department (the “NYSED”) Charter School Office (the “CSO”) in December 2021, the School was also noted for student retention rates higher than the district of location.

Governance and Management

The Board of Trustees of the School (the “Board”) offers a diverse range of expertise to the leadership and governance of the School. The School’s By-laws dictate the number of Trustees comprising the Board shall be no less than five or more than nine. Trustees are elected to three-year terms. All Officers shall be elected to one-year terms by the Board at the annual meeting. Office positions include: President, Vice President, Secretary and Treasurer. The Board may designate from among its members an Executive Committee and other standing or special committees, each consisting of at least three Trustees. Standing committees currently include: Finance and Audit Committee; Personnel Committee, Compliance Committee, and Building Committee. The annual meeting of the Board is held on the third Wednesday in May. Monthly meetings are held on the third Wednesday of each month. The Board President may call additional meetings as needed.

Membership of the Board is as follows:

Name	Position	Current Term
David Edwards	President	2024-2027
Aimee Lomonaco	Vice President	2024-2027
Maria Cintron	Treasurer	2024-2027
Zenobia Hartfield	Trustee	2023-2026
Natasha Jefferies	Secretary	2024-2027

David Edwards, Board President

David Edwards joined the Board in 2017 and is the current Board President of RCS. With 10 years of experience in a variety of human resources and recruiting roles, David is currently the Director of People and Culture leading human resources for RALLY, an advocacy organization with a mission to drive progress around complex political, cultural and social challenges. Mr. Edwards oversees recruitment, selection, onboarding, RALLY’s mentorship program, and staff culture. His knowledge and practice of founding and building human resource practices at numerous companies engaged in rapid growth helps David support RALLY in its current phase of expansion. Beyond David’s expertise related to staff and program development, he also has experience in messaging, branding, and content creation for urban education organizations. David holds a BA from Williams College.

Aimee LoMonaco, Board Vice President

Aimee L. LoMonaco MA, RN, NE-BC joined the Board in 2013 as a Parent Representative and has held several titles over her 10-year tenure of service, including Trustee, President, and currently as Vice President. Ms. LoMonaco serves on the Fundraising Committee, the Building Committee and the Finance Committee. In her professional role, Ms. LoMonaco is a Registered Professional Nurse and Certified Nurse Executive at Northwell Health, currently the Director of Human Resources at Peconic Bay Medical Center. She has held several progressive clinical leadership roles within Northwell Health that support clinical quality and excellence, patient-centered care, and strategic planning. In her current role, she is responsible for workforce recruitment and retention, performance management, labor relations, and the training and development of leaders within the organization. Aimee has advanced training in emergency management and incident command response and supports operations during planned and unplanned incidents impacting normal facility operations. She received her graduate degree from Columbia University Teachers College as a Nurse Executive of Administration, with her studies focused on organizational leadership and development.

In her current role, she actively supports senior leadership as an operating partner in the desired acquisition and development of expanded campus facilities to support the School's growth. Additionally, she is an active fundraising committee member, partnering with staff and community members to host events throughout the school year, such as the annual gala event supporting academic scholarships.

Maria Cintron, Board Treasurer

Maria Cintron is the Treasurer of the Board. Ms. Cintron has served on the board since 2021 putting to use her background in accounting and supervisory work. Ms. Cintron is the parent of an RCS student and has volunteered in the school community for many years. Ms. Cintron serves on the Finance and Audit Committees.

Natasha Jeffries, Board Secretary

Natasha Jeffries has been a Board member since 2017 and serves on the Policy Committee and Health Committee. Ms. Jeffries is an educator and currently serves as the Community Placement Coordinator and Transition Coordinator at the Southampton School District. With a background in Special Education, Ms. Jeffries has spent her tenure at the Southampton School District advocating for students and families, helping them find their voices. Ms. Jeffries spearheads the Community as a Classroom program, a groundbreaking initiative to prepare students for life after graduation. This program focuses on postsecondary preparation, emphasizing the development of soft skills essential for success in work-related aspects and college readiness. As the program's coordinator, Ms. Jeffries leverages her knowledge to provide students with diverse learning opportunities within the community. The program integrates classroom learning with community internships, benefiting general education students and those with disabilities. High school juniors and seniors who participate earn a Career Development and Occupational Studies (CDOS) commencement credential. This credential can serve as an additional pathway to obtaining a regents or local diploma, affirming their career readiness as recognized by the New York State Education Department. Ms. Jeffries utilizes her advertising skills and community connections to secure valuable internship opportunities for students. She works closely with students, their families, high school counselors, and social workers to match students with available internships.

Zenobia Hartfield

Zenobia Hartfield, an attorney admitted to the New York State Bar, specializes in contract law. She earned her Bachelor of Arts from Howard University, a Juris Doctor degree from the Fordham University

School of Law, and a Master of Administrative Sciences from Fairleigh Dickinson University. Ms. Hartfield has been an integral part of the Board since 2013, having formerly served as Board President. Ms. Hartfield is a member of the School's Policy Committee.

Administration

Dr. Raymond Ankrum, Superintendent

Dr. Ankrum joined the School in 2012 after having previously held leadership positions at several charter schools including Democracy Prep Public Charter School, Harlem Village Academy and Paulo Friere Charter School. Dr. Ankrum holds an Ed.M. from Teachers College, Columbia University, Masters of Teaching from Morgan State University, and BA and Masters from State University at Stony Brook.

Nicola Graham, Chief Finance and Operations Officer

Ms. Graham has been with RCS since 2015 and has a background as an auditor of schools, towns, libraries, water authorities, and fire departments on Long Island. Ms. Graham is a seasoned accounting professional equipped with a Bachelor of Science in Accounting from New York Institute of Technology and a Master's Degree in Educational Leadership and Administration from LIU Post.

Charter

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

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

An application for a charter school shall not be approved unless the authorizer finds that:

1. The charter school meets the requirements set out in the Act and all other applicable laws, rules and regulations;
2. The applicant can demonstrate that ability to operate the school in an educationally and fiscally sound manner; and
3. Granting the application is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of the Act; and
4. In a school district where the total enrollment of resident students attending charter schools in the base year is greater than five percent of the total public-school enrollment of the school district in the base year (a) granting the application would have a significant

educational benefit to the students expected to attend the proposed charter school or (b) the school district in which the charter school will be located consents to such application.

Under the terms of the New York State Education Law, charters may be granted by a community-based authorizer and renewed, upon application for a term of up to 5 years. RCS received its original charter and authorization from the New York State Board of Regents (the “Board of Regents”) in 2001 and currently operates under its sixth charter renewal for the term July 1, 2022 through June 30, 2027. See “Authorization and Renewal” herein. The School’s charter remains in effect and the School is deemed a Charter School in Good Standing as defined by the State’s Accountability Measures. The School reports annually on student performance to its authorizer, and to the New York State Education Department, maintaining accountability for achieving measurable student success.

Authorization and Renewal

The School’s authorization and subsequent renewals have been granted through the New York State Education Department on behalf of the Board of Regents. The Board of Regents is obligated by law to conduct ongoing performance reviews of each charter school it authorizes and decides whether to renew a school’s charter and for how long. In 2012, the Board of Regents adopted a Charter School Renewal Policy, which guides the work of the CSO in overseeing the performance of the Board of Regents’ authorized charter schools. The review criteria for the CSO and the Board of Regents are outlined under NYSED’s 2015 and 2019 Performance Framework and based on 10 Performance Framework benchmarks in three key areas of charter school performance:

- The school’s academic success and ability to operate in an educationally sound manner;
- The school’s organizational viability and its ability to operate in a fiscally sound manner; and
- The school’s faithfulness to the terms of its charter and adherence to applicable laws and regulations.

Schools requesting a charter renewal submit an application to CSO which then reviews the application and conducts a site visit and issues a report summarizing its findings. The school must hold a public hearing at which anyone may speak in favor of or in opposition to renewal. Following the renewal site visit, and upon receipt of the CSO’s final draft renewal report, the school may choose to provide the CSO with factual corrections. Once finalized, the school then has an opportunity to provide evaluative comments that become part of the school record and are posted on the CSO website, along with the final renewal site visit report. Other interested parties and members of the public are given the opportunity to submit written comments to the CSO regarding renewal of the school’s charter.

Data collected by the CSO through the renewal process includes but is not limited to: the school’s application for charter renewal; site visit reports; annual reports; student achievement and enrollment data; and financial data. The CSO prepares a renewal recommendation for the Board of Regents, which votes to grant, modify or deny a school’s application for charter renewal. The Board of Regents also has the discretion to set forth the terms and conditions for a school’s charter renewal period.

The School’s most recent charter renewal was granted following a renewal site visit and report (the “Report”) by the CSO conducted in December 2021. The CSO team conducted interviews with the Board, School leadership team and the student support team. In cooperation with school leadership, the CSO also administered anonymous online surveys to parents. The CSO team reviewed various documents and data provided by the School and conducted classroom observations. The Report found that RCS “Meets” eight of the ten benchmarks and “Approaches” two of the ten benchmarks. The Report designates RCS as a

school “In Good Standing” under New York State criteria as defined by the Elementary and Secondary Education Act.

Teachers and Staff

The table below reflects the most recent and projected staff employment. Effective as of the 2020-2021 school year, the School entered into a Collective Bargaining Agreement with its teachers through the Riverhead Charter School Employees Association, currently affiliated with the New York State Teachers Union. This agreement is set to expire on June 30, 2026.

The School’s actual and projected teacher and staff headcounts are reflected in the table below:

Teacher and Staff Headcounts

Staff Function	FY 2024 Actual	FY 2025 Actual	FY 2026 Projected	FY 2027 Projected
Teacher	80	85	90	95
Permanent Substitute Teacher	1	2	2	2
Teacher’s Aide	2	2	2	2
Curriculum Director/Assistant Principal	6	7	7	7
Deans/Managers	5	5	5	5
Principal	4	4	4	4
Director of Academics	1	1	1	1
Superintendent	1	1	1	1
CFO	1	1	1	1
Support Staff	19	20	20	20
Total Staff	120	128	133	138

Source: RCS Records

Employee Benefits

The School’s full-time employees are entitled to health and certain other benefits as part of their compensation. The School provides medical, vision, and dental coverage, with the cost shared between the employer and full-time eligible employees. Full-time employees contribute twenty-five percent of the total premium paid by the School. In addition, the School provides supplemental life insurance at no cost to employee. RCS does not provide any post-employment benefits to its employees who resign or retire from employment. RCS contributes to the New York State Teachers’ Retirement System and the New York State and Local Employees’ Retirement System to fund pension benefits pursuant to a defined benefit plan.

Parental Involvement

The Parent University Council at RCS is open to all parents and actively engages them in various aspects of school life. The School prioritizes open communication with parents through regular updates, conferences, and newsletters, ensuring they are well-informed about school activities and developments.

Moreover, the School encourages parent participation in decision-making committees and school events, recognizing their valuable insights and contributions to the School's educational community. By involving parents in decision-making processes, RCS ensures that their voices are heard and respected.

Additionally, the School organizes social events to strengthen the sense of community and collaboration among parents, students, and staff. These events provide opportunities for families to connect, build relationships, and support one another, further enhancing the overall school experience.

Transportation

The School does not arrange or provide transportation for students. Parents and caregivers are responsible for drop-off and pick-up of students.

Academic Performance

The following table indicates the percentage of students in each grade who were proficient in English Language Arts, Math and Science, according to state assessments for academic years 2017-18 through 2023-24. RCS has consistently met state requirements for proficiency in English Language Arts, Math, and Science for all grades and testing years described below. Note, students were not required to take state assessments for the 2019-2020 school year due to COVID-19. For the 2020-2021 school year, ELA and Math assessments were conducted both remotely and in-person based on previously administered test questions and additional guidance due to continued COVID-19-related remote learning. Test participation during the 2020-2021 school year was down significantly from previous years and consequently, the New York State Education Department deemed that test results for the 2020-2021 school year are not representative of the State's student population and should not be compared to that of previous years, statewide or among subgroups of students.

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All Students Grade-Level Proficiency																
		ELA					Math					Science				
		Riverhead CS	Riverhead CSD	Differential o District	NYS	Differential to NYS	Riverhead CS	Riverhead CSD	Differential o District	NYS	Differential to NYS	Riverhead CS	Riverhead CSD	Differential o District	NYS	Differential to NYS
Grade 3	2017-2018	73%	26%	47%	51%	22%	89%	28%	61%	54%	35%					
	2018-2019	84%	33%	51%	52%	32%	73%	26%	47%	55%	18%					
	2021-2022	47%	29%	18%	46%	1%	61%	23%	38%	48%	13%					
	2022-2023	62%	24%	38%	45%	17%	76%	27%	49%	54%	22%					
	2023-2024	54%	27%	27%	43%	11%	85%	36%	49%	54%	31%					
Grade 4	2017-2018	43%	35%	8%	47%	-4%	52%	28%	24%	48%	4%	95%	79%	16%	88%	7%
	2018-2019	64%	29%	35%	48%	16%	67%	23%	44%	50%	17%	98%	71%	27%	86%	12%
	2021-2022	54%	28%	26%	42%	12%	47%	21%	26%	43%	4%	92%	67%	25%	80%	12%
	2022-2023	56%	30%	26%	49%	7%	51%	29%	22%	54%	-3%					
	2023-2024	52%	30%	22%	47%	5%	66%	35%	31%	58%	8%	98%	71%	27%	86%	12%
Grade 5	2017-2018	19%	15%	4%	37%	-18%	33%	24%	9%	44%	-11%					
	2018-2019	35%	15%	20%	38%	-3%	45%	21%	24%	46%	-1%					
	2021-2022	50%	21%	29%	38%	12%	51%	15%	36%	37%	14%					
	2022-2023	36%	32%	4%	45%	-9%	41%	24%	17%	50%	-9%					
	2023-2024	51%	26%	25%	44%	7%	53%	26%	27%	49%	4%	15%	19%	-4%	35%	-20%
Grade 6	2017-2018	39%	28%	11%	49%	-10%	45%	34%	11%	44%	1%					
	2018-2019	71%	21%	50%	47%	24%	47%	28%	19%	47%	0%					
	2021-2022	79%	37%	42%	57%	22%	54%	22%	32%	38%	16%					
	2022-2023	66%	33%	33%	46%	20%	60%	33%	27%	48%	12%					
	2023-2024	57%	26%	31%	44%	13%	55%	26%	29%	51%	4%					
Grade 7	2017-2018	41%	13%	28%	40%	1%	53%	22%	31%	41%	12%					
	2018-2019	59%	13%	46%	40%	19%	68%	27%	41%	43%	25%					
	2021-2022	67%		67%	48%	19%	54%	42%	12%	36%	18%					
	2022-2023	81%	25%	56%	48%	33%	60%	42%	18%	52%	8%					
	2023-2024	84%	26%	58%	50%	34%	95%	44%	51%	57%	38%					
Grade 8	2017-2018	31%	14%	17%	48%	-17%	36%	0%	36%	30%	6%	N/A	44%	N/A	58%	N/A
	2018-2019	87%	18%	69%	48%	39%	66%	0%	66%	33%	33%	N/A	42%	N/A	55%	N/A
	2021-2022	59%	34%	25%	47%	12%	22%	31%	-9%	24%	-2%	68%	52%	16%	62%	6%
	2022-2023	56%	29%	27%	55%	1%	88%	38%	50%	57%	31%	38%	20%	18%	47%	-9%
	2023-2024	88%	28%	60%	52%	36%	92%	41%	51%	57%	35%	70%	5%	65%	53%	17%

Source: New York State Education Department - New York State Report Card for each respective year

Service Area and Competing Schools

For the 2024-2025 school year, the largest number of students currently enrolled are residents in the Riverhead Central School District. The table below presents the number of full time equivalent students, basic tuition (per pupil aid) and SPED tuition (special education aid) by sending school district for the 2023-2024 school year. Totals may not foot due to rounding.

Institution School Districts

District	Basic FTE	Basic Tuition (\$)	SPED Tuition (\$)	Total Revenue (\$)	% Revenue By District	% FTE By District
Brentwood UFSD	2.000	34,672	--	34,672	0.2%	0.2%
Center Moriches UFSD	5.000	86,040	--	86,040	0.5%	0.6%
Central Islip UFSD	2.000	46,628	--	46,628	0.3%	0.2%
East Moriches UFSD	3.000	53,868	--	53,868	0.3%	0.3%
East Quogue UFSD	0.150	3,454	--	3,454	0.0%	0.0%
Eastport-South Manor CSD	4.200	59,611	--	59,611	0.3%	0.5%
Greenport UFSD	1.000	21,466	--	21,466	0.1%	0.1%
Hampton Bays UFSD	4.000	73,695	--	73,695	0.4%	0.4%
Kinds Park CSD	0.475	7,274	--	7,274	0.0%	0.1%
Longwood CSD	99.250	1,648,840	72,571	1,721,411	9.9%	11.0%
Middle Country CSD	3.175	49,936	--	49,936	0.3%	0.4%
Miller Place UFSD	6.000	85,680	--	85,680	0.5%	0.7%
Patchogue-Medford UFSD	5.750	89,309	--	89,309	0.5%	0.6%
Riverhead CSD	602.926	12,123,033	149,500	12,272,533	70.8%	67.1%
Rocky Point UFSD	0.350	7,490	--	7,490	0.0%	0.0%
South Country CSD	19.475	364,475	7,164	371,639	2.1%	2.2%
William Floyd CSD	140.4	2,302,818	54,637	2,357,455	13.6%	15.6%
Total	899.151	17,058,289	283,872	17,342,161	100%	100%

Source: RCS and NYSED

The table below presents the number of full time equivalent students and total revenues for Riverhead Central School District for the 2019-20 through 2023-2024 academic years.

Riverhead CSD FTE's and Total Revenues

Academic Year	FTE	Total Revenue (\$)
2019-2020	388.250	7,067,513
2020-2021	452.225	8,039,204
2021-2022	471.800	8,653,284
2022-2023	536.907	10,159,358
2023-2024	602.825	12,121,002

Source: RCS Records

There are presently two other charter schools located in Suffolk County. In Fall 2022, the Academy Charter School Wyandanch opened in Suffolk County for grades kindergarten through second grade, serving approximately 175 students. Over the course of its charter term, the Academy Charter School Wyandanch is expected to continue to expand grades and increase its enrollment, increasing competition

for students for the Institution. South Shore Charter School was established in 2021 and currently serves 225 students grades kindergarten through first, with plans to expand to fifth grade by 2027, further increasing the Institution's competition. Riverhead Charter School is located on the East End of Long Island and its student enrollment is drawn from a distinct set of sending districts. The other charter schools are located approximately 24 to 58 miles away from the School, making them inaccessible for most families in the area of the School due to transportation limitations. As a result, Riverhead Charter School does not anticipate any significant impact from these schools on its enrollment because public school districts are required to provide transportation to nonpublic schools within a 15-mile radius pursuant to New York State Education Law requirements.

Enrollment

Application Process and Enrollment

Enrollment in the School is open to any child who is qualified under the laws of New York, which provide that admission of students cannot be limited on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry. The School must demonstrate good faith efforts to attract and retain a comparable or greater enrollment of students with disabilities and students with limited English proficiency when compared to the enrollment figures for such students in the school district in which the School is located. New York law requires that charter schools enroll each eligible student who submits a timely application by April 1 each year, unless the number of applications exceeds the capacity of the grade level or building. In such cases, students must be accepted from among the applicants by a random selection process, provided that an enrollment preference will be given to pupils returning to the charter school, children of current employees and Board members, pupils residing in the school district in which the charter school is located, and siblings of pupils already enrolled in the charter school.

The following table sets forth data provided by the School regarding its historical and projected enrollment. Information through 2024-25 is actual data as of June 30th of each school year. For 2025-26 and thereafter, data presented is projected by the School.

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Historical and Future Projected Enrollment by Grade Level

Grade	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
K	106	82	86	100	100	100	100
1	80	103	90	99	100	100	100
2	80	82	104	100	99	100	100
3	93	80	89	100	100	99	100
4	74	82	85	100	100	100	99
5	79	73	92	100	100	100	100
6	67	74	74	100	100	100	100
7	45	64	64	91	100	100	100
8	44	44	44	82	91	100	100
9	24	29	29	72	82	91	100
10		17	17	45	72	82	91
11				37	45	72	82
12				21	37	45	72
Total:	692	730	774	1,047	1,126	1,189	1,244

Source: RCS Records

Waiting List

Students who aren't offered enrollment are placed on a waiting list. The waiting list is purged each year and does not carry over to the following school year. The following table shows historical waiting list data for the past 5 academic years and actual waiting list data as of April 18, 2025 for the 2025-2026 academic year.

Historical Wait List Data

School Year	Students on Wait List
2020-2021	99
2021-2022	143
2022-2023	174
2023-2024	250
2024-2025	207
2025-2026	155*

*As of April 18, 2025 after the lottery drawing; the School is still accepting applications for the 2025-2026 school year.

Student Attendance and Retention Rates

The School tracks attendance and retention of existing students. The following table shows (i) the annual attendance rate, and (ii) the number of students enrolled in the listed school year who returned at the beginning of the following school year for the past 5 academic years.

Student Retention Data

School Year	Attendance	Retention
2020-2021	93.9%	89%
2021-2022	93.3%	95%
2022-2023	93.0%	96%
2023-2024	92.0%	98%
2024-2025*	92.0%	99%

**As of May 29, 2025*

Source: RCS Records

Student Demographic Information

The following table presents key demographic statistics tracked by the School for the past 4 academic years:

RCS Demographic Information

	2020-2021	2021-2022	2022-2023	2023-2024
American Indian/ Alaska Native	0.29%	0.31%	0.12%	0.33%
Asian	1.59%	1.37%	0.97%	0.77%
Black/ African American	20.00%	17.56%	15.94%	16.85%
Hispanic	64.78%	69.01%	65.69%	71.48%
Multiracial	1.59%	1.53%	8.39%	1.43%
Native Hawaiian/ Other Pacific Islander	0.00%	0.00%	0.00%	0.11%
White	11.74%	10.23%	8.88%	9.03%
ELL	32.90%	36.02%	34.67%	41.74%
Eligible for Free/Reduced Lunch	72.00%	74.00%	68.00%	70.00%

Source: RCS Records

Budgeting of Funds

Annual Financial Audit and Review

RCS employs accounting firm Corporate Accounting Solutions, Inc., to support ongoing financial reporting, review quarterly reports and assist in year-end review and update of financial accounts. RCS is required to have an annual audit by an outside firm and has used the auditing services of Cerini & Associates, LLP since 2002. Financial audits are conducted in accordance with generally accepted auditing

standards. Upon completion, audits are reviewed by the Chief Finance and Operations Officer, the Superintendent, and the Finance and Audit Committee of the Board before submitting to the full Board of Trustees for review.

COVID-19 Stimulus and Uses

On August 5, 2021 the U.S. Department of Education announced the approval of New York's American Rescue Plan Elementary and Secondary School Relief (ARP ESSER) plan and provided for a total of \$8.9 billion in funding designed to safely reopen and sustain the safe operation of schools in addition to expanding opportunities for students most impacted by the COVID-19 pandemic. The School was granted an award of \$727,591 under ARP ESSER 3, all of which has been applied to permitted expenditures related to salaries, services, supplies and materials.

On December 27, 2020 the Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSA Act) was signed into law. The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus, under which New York State has received:

- \$4 billion in Elementary and Secondary School Emergency Relief (ESSER 2) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that COVID-19 has had on elementary and secondary schools; and
- \$322.9 million in Governor's Emergency Education Relief (GEER 2) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19, of which \$250.1 million is for an Emergency Assistance to Non-Public Schools (EANS) grant program.

The School was granted an award of \$323,736 under the CRRSA Act, for funds to prevent, prepare for and respond to COVID-19. \$300,694 of the allocation was utilized during the Fiscal Year ended June 30, 2023. The balance was utilized by September 30, 2023, as required.

Cybersecurity

The School employs a dedicated information technology specialist to provide network monitoring, information security, information backup and help desk services, as well as staff education. Protocols for physical security and access are in place including multi-factor authentication. System files are backed up daily and located off-site. The School has a disaster recovery plan, which is reviewed periodically.

Insurance

RCS maintains the following insurance coverage:

- Commercial general liability insurance with limits of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate;
- Automobile liability insurance of one million dollars (\$1,000,000);
- Employee dishonesty insurance with limits of one million dollars (\$1,000,000);
- Educators' legal liability insurance with limits of one million dollars (\$1,000,000) each claim and one million dollars (\$1,000,000) aggregate; and
- Umbrella liability coverage of at least \$10,000,000 in excess of the primary commercial general, automobile and employers' general liability insurance.

Outstanding Debt and Financial Obligations

In August 2013, the School issued, through the Riverhead IDA Economic Job Development Corporation, its \$16,105,000 Educational Revenue Bonds, Series 2013A, the and its \$5,000,000 Educational Revenue Bonds, Series 2013B (Federally Taxable Qualified School Construction Bonds), (collectively, the “2013 Bonds”) to (i) finance the construction of an approximately 50,000 square foot two-story building and related infrastructure improvements located on the School’s property at 3685 Middle County Road in Calverton New York; (ii) prepay a promissory note issued to Edison Schools; (iii) fund a debt service reserve fund; (iv) fund capitalized interest; and (v) pay costs of issuance associated with the 2013 Bonds. Upon issuance of the Series 2025 Bonds, the full balance of the 2013 bonds will be refunded and the School will have no other debt outstanding.

In May 2021, the School entered into a 10-year lease agreement for premises located at 5117A Sound Avenue in Riverhead for the High School. An amendment of the lease was executed in February 2023, which expanded allocable space under the lease and increased the annual rent payment to \$300,000 through the end of the lease in June 2031.

No Litigation

RCS is subject to certain litigation in the normal course of business. The School’s counsel does not believe that the outcome of such litigation will materially impact its operations or financial position. No amounts have been reflected in the audited financial statements for any potential negative results of such lawsuits.

Financial Information

The following tables set forth selected financial information for the School derived from the audited financial statements of the School for each of the five years ended June 30, 2024, 2023, 2022, 2021 and 2020. The data below should be read in conjunction with the financial statements and related notes to the financial statements of the School for the years ended June 30, 2024 and 2023, contained in Appendix B of the Official Statement.

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RIVERHEAD CHARTER SCHOOL
Statement of Activities-Without Donor Restrictions

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenue and Support:					
Tuition and program service income	\$ 10,962,524	\$ 11,989,934	\$ 13,759,515	\$ 15,819,730	\$ 18,239,584
Government grants	159,016	278,170	455,674	739,973	475,411
Investment income	85,641	48,726	8,516	49,109	412,233
Other income	78,552	45,293	49,655	120,655	85,891
Net assets released from restriction	-	-	-	75,271	100,638
Total Support and Revenue:	<u>11,285,733</u>	<u>12,362,123</u>	<u>14,273,360</u>	<u>16,804,738</u>	<u>19,313,757</u>
Expenses:					
Program services	8,788,762	9,103,125	12,173,212	14,000,648	15,608,769
Management and general	819,668	1,015,914	1,247,624	1,658,542	1,961,392
Total Expenses:	<u>9,608,430</u>	<u>10,119,039</u>	<u>13,420,836</u>	<u>15,659,190</u>	<u>17,570,161</u>
Other Changes in Net Asset:					
Loss on non-refundable deposit	-	-	-	(146,839)	-
Change in Net Assets:	1,677,303	2,243,084	852,524	998,709	1,743,596
Net assets, beginning of year	10,218,977	11,896,280	14,139,364	14,991,888	15,990,597
Net assets, end of year	<u>11,896,280</u>	<u>14,139,364</u>	<u>14,991,888</u>	<u>15,990,597</u>	<u>17,734,193</u>

Source: Riverhead Charter School Audited Financial Statements

RIVERHEAD CHARTER SCHOOL
Balance Sheet

	2020	2021	2022	2023	2024
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 10,968,981	13,400,225	11,145,909	10,592,376	13,773,298
Investments	-	-	-	-	-
Prepaid Expenses	1,719,975	765,732	121,113	78,239	33,392
Accounts Receivable	131,842	195,397	2,106,068	2,460,379	2,603,054
Grants Receivable	250	56,016	354,368	581,391	412,210
Total Current Assets:	12,821,048	14,417,370	13,727,458	13,712,385	16,821,954
Property and Equipment, net	16,818,014	16,241,118	17,095,167	18,456,135	17,871,908
Security Deposit	-	239,900	259,900	39,900	77,275
Restricted Cash	3,370,671	4,135,889	4,901,141	4,730,771	3,839,185
Operating Lease Right of Use Asset	-	-	1,491,048	2,090,864	1,859,909
Total Assets:	33,009,733	35,034,277	37,474,714	39,030,055	40,470,231
Liabilities and Net Assets					
Current portion of bonds payable, net	293,857	293,857	309,076	319,075	349,075
Current portion of capital lease payable	4,480	-	-	-	-
Interest payable	577,508	568,715	559,565	550,046	540,035
Grant advances	-	-	64,747	-	9,277
Accounts payable and accrued expenses	1,243,905	1,322,793	1,560,702	1,976,725	2,339,132
Current portion of operating lease liability	-	-	156,261	230,380	240,477
Total Current Liabilities:	2,119,750	2,185,365	2,650,351	3,076,226	3,477,996
Bonds Payable, net	18,945,149	18,646,074	18,321,779	17,992,704	17,628,629
Lease Liability, net	-	-	1,334,787	1,869,890	1,629,413
Total Liabilities:	21,064,899	20,831,439	22,306,917	22,938,820	22,736,038
Net Assets:					
Without Donor restrictions	11,896,280	14,139,364	14,991,888	15,990,597	17,734,193
With Donor Restrictions	48,554	63,474	175,909	100,638	-
Total Net Assets:	11,944,834	14,202,838	15,167,797	16,091,235	17,734,193
Total Liabilities and Net Assets:	33,009,733	35,034,277	37,474,714	39,030,055	40,470,231

Source: Riverhead Charter School Audited Financial Statements

The School is providing the following projected revenues and expenditures table for illustrative purposes only. These projections have been prepared by the School based on the School's operating history and its assumptions about future State funding levels and future operations of the School, including student enrollment and expenses. The School's projections have not been independently verified by any party other than the School. The School's projections have not been prepared in accordance with generally accepted accounting principles (GAAP). No feasibility studies have been conducted with respect to operations of the School pertinent to the Series 2025 Bonds. The Underwriter has not independently verified the School's projections, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. See "CERTAIN BONDHOLDERS' RISKS" and information concerning forward-looking statements in this Official Statement.

Projected Revenues and Expenditures for Charter Period July 1, 2024 through June 30, 2029

Riverhead Charter School						
Projected Budgets	Period no. Start date End date	1 1 Jul 24 30 Jun 25	2 1 Jul 25 30 Jun 26	3 1 Jul 26 30 Jun 27	4 1 Jul 27 30 Jun 28	5 1 Jul 28 30 Jun 29
1 Summary						
Beginning cash balance		14,471,137	16,568,332	14,714,358	18,982,273	24,790,609
Total revenue		21,963,071	23,977,868	27,147,211	29,392,581	30,075,814
Total expenses		20,273,162	21,898,553	23,345,743	24,078,263	25,335,482
Net income (before cash flow adjustments)		1,689,908	2,079,314	3,801,468	5,314,317	4,740,332
Cash flow adjustments		407,287	(3,933,289)	466,446	494,019	518,720
Net income (after cash flow adjustments)		2,097,195	(1,853,974)	4,267,914	5,808,336	5,259,052
Ending cash balance		16,568,332	14,714,358	18,982,273	24,790,609	30,049,661
Days Cash on Hand		310.1	254.7	308.0	390.3	449.6
Debt service coverage ratio		2.27x	2.86x	4.62x	5.95x	4.13x
Revenue per pupil		22,596	22,945	23,223	23,627	24,177
Expenses per pupil		20,857	20,956	19,971	19,356	20,366
2 Enrollment						
2.1 Total enrollment		972	1,045	1,169	1,244	1,244
Riverhead UFSD		653.250	702.375	784.000	834.375	834.375
William Floyd UFSD		151.500	162.875	183.125	194.875	194.875
Longwood CSD		106.500	114.500	129.000	137.250	137.250
South Country CSD		21.250	22.875	25.625	27.250	27.250
Miller Place UFSD		6.500	7.000	7.750	8.250	8.250
Patchogue-Medford UFSD		6.250	6.750	7.500	8.000	8.000
Center Moriches UFSD		5.500	5.875	6.750	7.125	7.125
Hampton Bays UFSD		4.250	4.625	5.125	5.500	5.500
Eastport-South Manor CSD		4.000	4.250	4.750	5.000	5.000
Middle Country CSD		3.500	3.750	4.000	4.325	4.325
East Moriches UFSD		3.250	3.500	3.875	4.125	4.125
Brentwood UFSD		2.000	2.125	2.375	2.500	2.500
Central Islip UFSD		2.000	2.125	2.375	2.500	2.500
Greenport UFSD		1.000	1.125	1.250	1.375	1.375
King Park CSD		0.500	0.500	0.625	0.650	0.650
Rocky Point UFSD		0.500	0.500	0.625	0.650	0.650
East Quogue UFSD		0.250	0.250	0.250	0.250	0.250
Total enrollment		972	1,045	1,169	1,244	1,244

3 Revenue

3.1 Revenues from State sources

Per pupil revenue					
Riverhead UFSD	14,197,557	15,579,324	17,737,638	19,254,896	19,639,994
William Floyd UFSD	2,578,379	2,827,409	3,242,515	3,519,579	3,589,970
Longwood CSD	1,831,055	2,007,970	2,307,500	2,504,174	2,554,258
South Country CSD	398,693	437,764	500,200	542,558	553,409
Miller Place UFSD	92,060	101,124	114,198	123,997	126,477
Patchogue-Medford UFSD	101,406	111,709	126,604	137,745	140,500
Center Moriches UFSD	98,390	107,200	125,629	135,261	137,966
Hampton Bays UFSD	81,209	90,142	101,885	111,527	113,757
Eastport-South Manor CSD	60,052	65,081	74,193	79,660	81,253
Middle Country CSD	55,647	60,814	66,165	72,972	74,431
East Moriches UFSD	59,186	65,013	73,419	79,718	81,313
Brentwood UFSD	37,310	40,435	46,096	49,492	50,482
Central Islip UFSD	47,546	51,528	58,742	63,070	64,332
Greenport UFSD	21,953	25,191	28,550	32,033	32,674
King Park CSD	7,657	7,810	9,958	10,563	10,775
Rocky Point UFSD	7,748	7,902	10,076	10,688	10,902
East Quogue UFSD	5,935	6,053	6,175	6,298	6,424
Total per pupil revenue (average districts per pupil funding)	19,681,779	21,592,470	24,629,540	26,734,231	27,268,915
Special education	212,242	216,487	220,817	225,233	229,738
Grants	-	-	-	-	-
Other	-	-	-	-	-
Total revenue from State sources	19,894,021	21,808,957	24,850,357	26,959,463	27,498,653

3.2 Revenues from federal funding

IDEA special needs	-	-	-	-	-
Title I	107,111	109,253	111,438	113,667	115,940
Title funding- other	35,704	36,418	37,146	37,889	38,647
School food service (free lunch)	1,091,269	1,200,510	1,320,685	1,452,889	1,598,328
CARES/ARP funding	-	-	-	-	-
Grants	36,018	36,738	37,473	38,223	38,987
Total revenue from federal funding	1,270,102	1,382,920	1,506,742	1,642,668	1,791,902

3.3 Revenues from local and other sources

Contributions and donations	1,500	1,500	1,500	1,500	1,500
Fundraising	23,500	23,500	23,500	23,500	23,500
Erate reimbursement	22,442	22,891	23,349	23,816	24,292
Earnings on investments	-	-	-	-	-
Interest income	500,000	507,500	515,113	522,839	530,682
Food service (income from meals)	74,448	75,240	84,168	89,568	89,568
Textbook	-	-	-	-	-
Other	177,058	155,360	142,483	129,226	115,718
Total revenue from local and other sources	798,948	785,991	790,112	790,449	785,259

3.4 Total revenue	21,963,071	23,977,868	27,147,211	29,392,581	30,075,814

4 Expenses

4.1 Personnel

Administrative staff					
Executive management	246,183	253,568	261,176	269,011	277,081
Instructional management	535,000	551,050	567,582	584,609	602,147
Deans, directors and coordinators	1,666,186	1,806,496	1,953,726	2,012,338	2,072,708
CFO/ director of finance	189,280	194,958	200,807	206,831	213,036
Operation/ business manager	67,600	69,628	71,717	73,868	76,084
Other administrative staff	506,738	738,566	877,757	904,090	931,212
Total administrative staff	3,210,987	3,614,267	3,932,764	4,050,747	4,172,269
Instructional staff					
Teachers - regular	3,016,022	3,349,046	3,665,112	3,775,066	3,888,318
Teachers - SPED	-	-	-	-	-
Substitute teachers	91,020	93,751	96,563	99,460	102,444
Teaching assistants	-	-	-	-	-
Specialty teachers	2,495,459	2,709,259	2,790,537	2,874,253	2,960,481
Aides	163,790	168,704	173,765	178,978	184,347
Therapists and counselors	316,159	488,466	503,120	518,213	533,760
Other	-	-	-	-	-
Total instructional staff	6,082,450	6,809,225	7,229,097	7,445,970	7,669,349

Non-instructional staff

Nurse	-	-	-	-	-
Librarian	-	-	-	-	-
Custodian	223,011	229,701	295,740	304,613	313,751
Security	-	-	-	-	-
Other	121,000	135,000	135,000	135,000	135,000
Total non-instructional staff	344,011	364,701	430,740	439,612	448,751

Subtotal personnel expense	9,637,448	10,788,193	11,592,601	11,936,329	12,290,369

Payroll taxes and benefits

Payroll taxes	960,029	1,038,833	1,114,955	1,193,002	1,276,512
Fringe / employee benefits	1,242,840	1,375,495	1,478,057	1,521,882	1,567,022
Retirement / pension	698,630	725,178	752,735	781,339	811,029
Total payroll taxes and benefits	2,901,499	3,139,506	3,345,746	3,496,222	3,654,563

Total personnel expense	12,538,947	13,927,699	14,938,347	15,432,551	15,944,932

4.2 Contracted services

Accounting/ audit	91,170	95,729	100,515	105,541	110,818
Legal	147,406	154,776	162,515	170,641	179,173
Management company fee	-	-	-	-	-
Nurse services	-	-	-	-	-
Food service / school lunch	1,091,269	1,200,396	1,320,435	1,346,844	1,373,781
Payroll services	69,696	76,666	84,332	86,019	87,739
Special education services	-	-	-	-	-
Titlement services (i.e. Title I)	4,410	4,631	4,862	5,105	5,360
Related service provider costs not reimbursed by the district of residence	-	-	-	-	-
Other purchased / professional / consulting	727,495	749,320	771,799	794,953	818,802
Total contracted services	2,131,446	2,281,517	2,444,459	2,509,103	2,575,673

4.3 School operations

Board expenses	-	-	-	-	-
Board development	35,148	35,148	35,148	35,148	35,148
Classroom / teaching supplies and materials	283,451	297,624	312,505	328,130	344,536
Special education supplies and materials	-	-	-	-	-
Textbooks / workbooks	80,495	88,825	99,365	105,740	105,740
Supplies and materials - other	22,335	33,452	45,124	57,381	70,250
Equipment / furniture	30,864	33,364	35,864	38,364	40,864
Telephone	95,248	98,105	101,049	104,080	107,202
Technology	196,125	217,009	238,519	260,675	283,495
Student testing and assessment	-	-	-	-	-
Field trips	39,680	42,180	44,680	47,180	49,680
Transportation (student)	450,000	495,000	544,500	555,390	566,498
Student services - other	10,000	10,300	10,609	10,927	11,255
Office expense	65,899	69,194	72,654	76,286	80,101
Staff development	35,672	36,385	37,113	37,855	38,613
Staff recruitment	9,260	9,445	9,634	9,827	10,023
Student recruitment / marketing	62,000	64,300	66,686	69,160	71,726
School meals / lunch	-	-	-	-	-
Travel (staff)	23,000	24,150	25,358	26,625	27,957
Fundraising	25,000	26,250	27,563	28,941	30,388
Other	223,405	227,873	232,431	237,079	241,821
Total school operations	1,687,582	1,808,604	1,938,800	2,028,788	2,115,295

4.4 Facility operation and maintenance

Insurance	255,770	294,136	338,256	348,403	358,856
Janitorial	175,105	201,371	231,576	238,524	245,679
Building and land rent / lease	354,000	354,000	354,000	354,000	354,000
Repairs and maintenance	564,001	676,801	812,161	836,526	861,622
Equipment / furniture	104,375	125,250	150,300	154,809	159,453
Security	-	-	-	-	-
Utilities	406,836	447,520	492,272	507,040	522,251
Total facility operation and maintenance	1,860,087	2,099,077	2,378,565	2,439,302	2,501,861

4.5 Depreciation and amortization

Elementary school and middle school renovation	772,287	810,901	851,446	894,019	938,720
Total depreciation and amortization	772,287	810,901	851,446	894,019	938,720

4.6 Debt service (Interest on Bonds)

Debt service - interest (2013 Bonds)	1,282,814	970,755	794,125	774,500	754,000
Debt service - interest (Anticipated 2027 New Money Bonds)	-	-	-	-	505,000
Total debt service	1,282,814	970,755	794,125	774,500	1,259,000

4.7 Funds in dissolution escrow and reserves / contingency

-	-	-	-	-	-

4.8 Total expenses

20,273,162	21,898,553	23,345,743	24,078,263	25,335,482

5 Cashflow adjustments

5.1 Operating activities

Add back depreciation	772,287	810,901	851,446	894,019	938,720
Other	-	-	-	-	-
Total operating activities	772,287	810,901	851,446	894,019	938,720

5.2 Investment activities

Subtract property and equipment expenditures	-	-	-	-	-
Purchase of Land for New Facility	-	(4,364,190)	-	-	-
Other	-	-	-	-	-
Total investment activities	-	(4,364,190)	-	-	-

5.3 Financing activities

Add back debt service	-	-	-	-	-
Other (Principal on Bonds)	(365,000)	(380,000)	(385,000)	(400,000)	(420,000)
Total financing activities	(365,000)	(380,000)	(385,000)	(400,000)	(420,000)

5.4 Total cashflow adjustments

407,287	(3,933,289)	466,446	494,019	518,720

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APPENDIX B

2024 AUDITED FINANCIAL STATEMENTS

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RIVERHEAD
Charter School

RIVERHEAD CHARTER SCHOOL, INC.

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS*

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023



Connected
to your business
goals
success

RIVERHEAD CHARTER SCHOOL, INC.

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
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Independent Auditors' Report

To the Board of Directors of
Riverhead Charter School, Inc.
3685 Middle Country Road
Calverton, New York 11933

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Riverhead Charter School, Inc. (the "School"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Auditors' 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 GAAS 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 GAAS 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2024 on our consideration of Riverhead Charter School, Inc.'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 Riverhead Charter School, Inc.'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 Riverhead Charter School, Inc.'s internal control over financial reporting and compliance.

Cerini & Associates LLP

Bohemia, New York
August 15, 2024

RIVERHEAD CHARTER SCHOOL, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 13,773,298	\$ 10,592,376
Accounts receivable.....	2,603,054	2,460,379
Grants receivable.....	412,210	581,391
Prepaid expenses.....	33,392	78,239
TOTAL CURRENT ASSETS	16,821,954	13,712,385
Restricted cash	3,839,185	4,730,771
Security deposit.....	77,275	39,900
Property and equipment, net	17,871,908	18,456,135
Operating lease right of use asset.....	1,859,909	2,090,864
TOTAL ASSETS	<u><u>\$ 40,470,231</u></u>	<u><u>\$ 39,030,055</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of bonds payable, net of unamortized bond issuance costs	\$ 349,075	\$ 319,075
Interest payable.....	540,035	550,046
Current portion of operating lease liability.....	240,477	230,380
Accounts payable and accrued expenses	2,339,132	1,976,725
Grant advances.....	9,277	-
TOTAL CURRENT LIABILITIES	3,477,996	3,076,226
Bonds payable, net of current portion and unamortized bond issuance costs.....	17,628,629	17,992,704
Operating lease liability, net of current portion.....	1,629,413	1,869,890
TOTAL LIABILITIES	22,736,038	22,938,820
Net Assets:		
Without donor restrictions.....	17,734,193	15,990,597
With donor restrictions	-	100,638
TOTAL NET ASSETS	17,734,193	16,091,235
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 40,470,231</u></u>	<u><u>\$ 39,030,055</u></u>

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

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Tuition and program service income.....	\$ 18,239,584	\$ -	\$ 18,239,584
Government grants	475,411	-	475,411
Investment income	412,233	-	412,233
Other income.....	85,891	-	85,891
Net assets released from restriction	100,638	(100,638)	-
TOTAL SUPPORT AND REVENUE	19,313,757	(100,638)	19,213,119
EXPENSES:			
Program services.....	15,608,769	-	15,608,769
Management and general.....	1,961,392	-	1,961,392
TOTAL EXPENSES	17,570,161	-	17,570,161
CHANGE IN NET ASSETS	1,743,596	(100,638)	1,642,958
Net assets, beginning of year.....	15,990,597	100,638	16,091,235
Net assets, end of year.....	\$ 17,734,193	\$ -	\$ 17,734,193

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

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restricted	With Donor Restricted	Total
REVENUE AND SUPPORT:			
Tuition and Program service income	\$ 15,819,730	\$ -	\$ 15,819,730
Government grants	739,973	-	739,973
Investment income	49,109	-	49,109
Other income.....	120,655	-	120,655
Net assets released from restriction	75,271	(75,271)	-
TOTAL SUPPORT AND REVENUE	16,804,738	(75,271)	16,729,467
EXPENSES:			
Program services.....	14,000,648	-	14,000,648
Management and general.....	1,658,542	-	1,658,542
TOTAL EXPENSES	15,659,190	-	15,659,190
OTHER CHANGES IN NET ASSETS:			
Loss on non-refundable deposit.....	(146,839)	-	(146,839)
CHANGE IN NET ASSETS	998,709	(75,271)	923,438
Net assets, beginning of year.....	14,991,888	175,909	15,167,797
Net assets, end of year.....	\$ 15,990,597	\$ 100,638	\$ 16,091,235

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

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services				Management and General	Total
	No. of Positions	Regular Education	Special Education	Total		
Personnel services costs						
Administrative staff personnel.....	28	\$ 1,330,790	\$ 145,192	\$ 1,475,982	\$ 1,041,409	\$ 2,517,391
Instructional personnel.....	110	5,589,268	168,769	5,758,037		5,758,037
Non-instructional personnel.....	5	204,093	6,163	210,256		210,256
Total salaries and staff.....	143	7,124,151	320,124	7,444,275	1,041,409	8,485,684
Fringe benefits and payroll taxes		2,158,430	96,989	2,255,419	315,520	2,570,939
Interest expense, net of subsidized interest		1,110,847	33,542	1,144,389	80,481	1,224,870
Student meals.....		952,049	28,747	980,796	-	980,796
Depreciation and amortization.....		777,666	23,482	801,148	56,342	857,490
Contracted services.....		599,142	18,091	617,233	227,246	844,479
Repairs and maintenance.....		543,073	16,398	559,471	39,345	598,816
Supplies.....		469,804	14,186	483,990	67,707	551,697
Occupancy.....		466,471	14,085	480,556	33,796	514,352
Travel and transportation.....		353,152	10,664	363,816	50,896	414,712
Miscellaneous.....		203,971	6,159	210,130	29,396	239,526
Insurance.....		110,889	3,348	114,237	8,034	122,271
Telephone and communications.....		85,960	2,596	88,556	6,228	94,784
Advertising.....		23,339	705	24,044	1,691	25,735
Conferences.....		13,902	420	14,322	2,003	16,325
Equipment.....		13,466	407	13,873	976	14,849
Core curriculum.....		9,913	299	10,212	-	10,212
Recruitment.....		2,235	67	2,302	322	2,624
		<u>\$ 15,018,460</u>	<u>\$ 590,309</u>	<u>\$ 15,608,769</u>	<u>\$ 1,961,392</u>	<u>\$ 17,570,161</u>

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

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Management and General	Total
	No. of Positions	Regular Education	Special Education		
Personnel services costs					
Administrative staff personnel.....	27	\$ 1,185,159	\$ 109,690	\$ 933,146	\$ 2,227,995
Instructional personnel.....	126	5,126,941	156,612	-	5,283,553
Non-instructional personnel.....	4	145,540	6,140	21,516	173,196
Total salaries and staff.....	157	6,457,640	272,442	954,662	7,684,744
Fringe benefits and payroll taxes		2,022,590	85,331	299,009	2,406,930
Interest expense, net of subsidized interest		1,060,132	32,384	76,833	1,169,349
Student meals.....		796,506	24,331	-	820,837
Depreciation and amortization.....		692,027	21,139	50,154	763,320
Contracted services.....		470,467	14,371	68,774	553,612
Repairs and maintenance.....		468,163	14,301	33,930	516,394
Supplies.....		540,834	16,521	79,060	636,415
Occupancy.....		387,481	11,836	28,082	427,399
Travel and transportation.....		199,895	6,106	29,221	235,222
Miscellaneous.....		137,753	4,208	20,137	162,098
Insurance.....		139,604	4,264	10,118	153,986
Telephone and communications.....		69,770	2,131	5,056	76,957
Advertising.....		9,544	292	692	10,528
Conferences.....		9,141	279	1,337	10,757
Equipment.....		10,414	318	755	11,487
Core curriculum.....		12,949	396	-	13,345
Recruitment.....		4,937	151	722	5,810
		<u>\$ 13,489,847</u>	<u>\$ 510,801</u>	<u>\$ 1,658,542</u>	<u>\$ 15,659,190</u>

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

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets.....	\$ 1,642,958	\$ 923,438
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities:</u>		
Depreciation and amortization.....	857,490	763,320
Amortization of bond issuance costs.....	15,925	15,924
Noncash operating lease expense.....	575	9,406
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	(142,675)	(354,311)
Grants receivable.....	169,181	(227,023)
Prepaid expenses.....	44,847	42,874
Interest payable.....	(10,011)	(9,519)
Accounts payable and accrued expenses.....	362,407	416,023
Grant advances.....	9,277	(64,747)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,949,974	1,515,385
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets.....	(273,263)	(2,124,288)
Security deposit (payment)/refund.....	(37,375)	220,000
NET CASH USED IN INVESTING ACTIVITIES	(310,638)	(1,904,288)
NET CASH USED IN FINANCING ACTIVITIES:		
Repayment of bonds payable.....	(350,000)	(335,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,289,336	(723,903)
Cash, cash equivalents, and restricted cash, beginning of year.....	15,323,147	16,047,050
Cash, cash equivalents, and restricted cash, end of year.....	<u>\$ 17,612,483</u>	<u>\$ 15,323,147</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 1,535,836</u>	<u>\$ 1,337,927</u>
PRESENTATION OF CASH ON THE STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents.....	\$ 13,773,298	\$ 10,592,376
Restricted cash	<u>3,839,185</u>	<u>4,730,771</u>
Cash and cash equivalents, end of year	<u>\$ 17,612,483</u>	<u>\$ 15,323,147</u>

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

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Riverhead Charter School, Inc. (hereinafter the "School") is presented to assist in understanding the School's financial statements. These financial statements and notes are representations of the School's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization: The School is a not-for-profit organization that was incorporated under Article 56 of the Education Law on February 1, 2001 pursuant to a five-year provisional charter granted by the New York State Education Department ("NYSED"). The School's main objective is to offer students a true choice in public education, which promotes love of learning and local exploration. The School's goal is to provide a rigorous community of learning, which is inviting and stimulating to staff and parents, as well as students. The School intends to reverse the current spiral of student failure and meet or exceed State and federal standards, to nurture the individual gifts of every student, and to prepare them for a rewarding community life. Through fiscal 2013, the School was approved to provide education to children in kindergarten through sixth grade. Effective September 2013, the School received approval to expand its program to seventh grade, and effective September 2014, to eighth grade. On March 2, 2017, the School received approval to expand its maximum enrollment to 787 students and renovated its old school and administrative buildings to accommodate the extra classes. Effective September 2020, the School received approval to expand its program to ninth and tenth grades. Effective September 2022, the School received approval to expand its program to eleventh grade and moved the high school classes to a newly renovated high school building. Effective September 2023, the School received approval to expand its program to twelfth grade. The School's charter has been renewed by the Education Department of the State of New York through June 30, 2027.

Income Tax Status: The School is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). The School is also exempt from certain State and local taxes. The School evaluated for uncertain tax positions and has determined that there were no uncertain tax positions for 2024 and 2023. The School files a Form 990 and is exempt from filing a New York state return. The 990 is subject to review and examination by federal taxing authorities.

Recent Accounting Pronouncements: Effective for the year ended June 30, 2024, the School adopted Accounting Standards Codification ("ASC") 326, *Measurement of Credit Losses on Financial Instruments*, for all assets held at amortized cost basis. Under this accounting standard, the pronouncement requires the School to record an estimate of all expected future credit losses. The allowance for credit losses will be a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. The adoption of the standard did not have an impact on the financial statements for the years ended June 30, 2024 and 2023.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue is recorded as earned and expenses are recorded when incurred.

Revenue Recognition and Receivables: Tuition revenue is recognized ratably across the period in which the related educational instruction is provided.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School recognizes revenue from government grants and state aid as revenue when eligible costs are incurred, or services are provided. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue and refundable advances are recorded when cash advances exceed support and revenue earned.

Performance obligations for all of the School's services are provided and consumed at a point in time, or over one year, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

Contributions and grants made to the School are recognized as revenue upon the receipt of cash or other assets or of unconditional pledges. Contributions are recorded as either with or without restriction depending on whether or not they are received with donor stipulations or time considerations as to their use. Furthermore, contributions received with restrictions are evaluated for donor intent as to whether such contributions must be maintained in perpetuity by the School or they can be expended at a future time or for a specific purpose stipulated by the donor. Contributions received whose restrictions expire within the same fiscal year are recorded as without restriction. Conditional contributions are recorded when the conditions have been met and, if received in advance, are recognized in the statements of financial position as funds received in advance. When a restriction expires (that is, when a stipulated time restriction expires or purpose restriction is satisfied), net assets are reclassified from assets with donor restrictions to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Deferred Revenue: The School recognizes, as deferred revenue, any amounts received in advance for the following year's tuition.

Cash Equivalents: For the purposes of the financial statements, cash equivalents represent money market funds with financial institutions.

Advertising: The School uses advertising to promote its program activities among the public it serves. The production costs of advertising are expensed as incurred.

Use of Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Accounts Payable and Accrued Expenses: As of June 30, 2024 and 2023, accounts payable and accrued expenses on the statements of financial position include accrued salaries of \$994,984 and \$907,676, contributions due to retirement plans of \$978,219 and \$880,004, accrued payroll taxes and other payroll liabilities of \$85,990 and \$81,417, and other amounts of \$279,939 and \$107,628, respectively.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, specifically for not-for-profit organizations. The School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of the School and/or the passage of time. When a restriction expires, these net assets are reclassified annually to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donated Services: The School benefits from volunteer services in program and administrative duties from Board members and other volunteers. Even though these donated services are valuable to the School, and help to advance its mission, no amounts have been reflected in the financial statements for these contributed services inasmuch as such services do not meet the criteria for recognition in the financial statements under accounting principles generally accepted in the United States of America, nor do they create or enhance non-financial assets.

Expense Allocation: Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based upon management estimates. The most significant expense allocations used in the preparation of these financial statements are as follows:

Salaries	Level of effort
Payroll taxes and fringes	Based upon salaries
Occupancy related costs/interest	Square footage used
Contracted services	Level of effort

Leased Employees: The School has a contract with PrestigePEO ("Prestige"), a professional employer organization for leased employees. Prestige provides comprehensive human resource services to the School and is responsible for personnel, administrative, and benefits management functions, as well as payroll processing. Since Prestige is the employer of record for all employees assigned to the School, they are included in the Prestige quarterly Internal Revenue Service ("IRS") Form 941, New York State Form NYS-45, and statutory New York State disability and workers compensation filings.

Property and Equipment: Property and equipment are stated at original cost. Those assets acquired by gift are carried at fair market value established at the date of acquisition.

Maintenance and repairs are charged to expense and betterments are capitalized. Depreciation expense is computed using the straight-line method over each asset's estimated useful life as follows:

Building	25 - 39 years
Building improvements	10 - 25 years
Equipment	3.5 - 5 years

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Issuance Costs: Bond issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the bond. Bond issuance costs are amortized on the straight-line basis over the term of the bond and are included in interest expense in the statements of functional expenses.

Subsequent Events: The School has evaluated events and transactions that occurred between July 1, 2024 and August 15, 2024 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 - CONCENTRATIONS AND COMMITMENTS

The School maintains cash balances at banks which may, at times, exceed the \$250,000 Federal Deposit Insurance Corporation ("FDIC") limit. Due to recent bank failures and other uncertainties affecting the banking sector, there may be greater financial and liquidity risk for uninsured deposits held at financial institutions. Although the FDIC has taken significant steps to protect uninsured deposits impacted by these bank failures, there are no assurances surrounding any potential future failures and their impacts on uninsured deposits in terms of both guarantees and the ability to access funds timely. This includes both operating cash and restricted cash.

Restricted cash consisted of the following as of June 30,:

	2024	2023
Debt service reserve fund	\$ 2,020,979	\$ 2,020,878
Excess bond funds	1,123,945	2,016,976
Custody account	493,398	492,058
Charter dissolution account	100,863	100,859
Repair and replacement fund	100,000	100,000
Total restricted cash	<u>\$ 3,839,185</u>	<u>\$ 4,730,771</u>

During fiscal 2024, approximately 90% of the School's total support and revenue was comprised of tuition income from several Eastern Suffolk County school districts, the largest of which were: Riverhead Central School District (64%), William Floyd School District (12%), Longwood Central School District (9%), South Country Central School District (2%), and other school districts (3%). The remaining 10% was primarily comprised of revenue related to the School's Student Meal Program (5%), state and federal grants (2%), and other income (3%).

During fiscal 2023, approximately 88% of the School's total support and revenue was comprised of tuition income from several Eastern Suffolk County school districts, the largest of which were: Riverhead Central School District (61%), William Floyd School District (12%), Longwood Central School District (8%), South Country Central School District (3%), and other school districts (4%). The remaining 12% was primarily comprised of revenue related to the School's Student Meal Program (6%), state and federal grants (5%), and other income (1%).

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - CONCENTRATIONS AND COMMITMENTS (continued)

The School has entered into a collective bargaining agreement with its teachers and teacher assistants through the Teachers' Association. The current agreement expires on June 30, 2026 and provides for raises of 3% each year.

During December 2022, the School entered into an employment agreement (the "Agreement") with its Superintendent covering the period from July 1, 2022 through June 30, 2027. The Agreement calls for a 5% increase in the Superintendent's base salary for the year ended June 30, 2023, with annual increases of 3% for each year thereafter through the expiration of the Agreement. The Agreement is terminable by the School with 45 days written notice or with no notice for cause, as outlined in the Agreement. The Superintendent can terminate the Agreement at the end of a school year with at least six months written notice.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at June 30:

	2024	2023
Land	\$ 794,457	\$ 794,457
Building	19,302,821	19,302,821
Building improvements.....	4,383,967	4,383,967
Equipment.....	1,230,627	957,364
Total cost.....	25,711,872	25,438,609
Less accumulated depreciation and amortization.....	(7,839,964)	(6,982,474)
Net property and equipment.....	<u>\$ 17,871,908</u>	<u>\$ 18,456,135</u>

NOTE 4 - OPERATING LEASE

During May 2021, the School entered into a 120-month lease for space in Riverhead, New York. Monthly payments were to be \$15,000 for the term of the lease. An amendment to the lease was agreed upon during February 2023, which expanded the space under lease. The amended terms call for monthly payments of \$23,000 from February 2023 through July 2023 and monthly payments of \$25,000 from August 2023 through June 2031, the end of the lease. During the years ended June 30, 2024 and 2023, lease expense relating to the lease was recorded in the amount of \$298,574 and \$229,406 within the occupancy line on the statements of functional expenses, respectively. During the years ended June 30, 2024 and 2023, there were lease payments relating to the lease in the amount of \$298,000 and \$220,000, respectively. The components of lease expense in accordance with ASC 842 are as follows for the years ended June 30,:

	2024	2023
Amortization of ROU Asset	\$ 230,954	\$ 183,303
Lease Liability Accretion	67,620	46,103
Total Lease Expense	<u>\$ 298,574</u>	<u>\$ 229,406</u>

RIVERHEAD CHARTER SCHOOL, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 4 - OPERATING LEASE (continued)

The approximate future minimum annual lease obligations for the lease is as follows for the years ending June 30,:

2025	\$	300,000
2026		300,000
2027		300,000
2028		300,000
2029		300,000
Thereafter.....		600,000
Total.....		2,100,000
Less: Present value discount		(230,110)
Present Value.....	\$	1,869,890

Short-term lease liabilities	\$	240,477
Long-term lease liabilities.....		1,629,413
Total lease liabilities	\$	1,869,890

Months remaining	84
Percentage of total	100%
Discount rate at commencement	3.43%
Weighted average remaining lease term.....	84
Weighted average discount rate.....	3.43%

NOTE 5 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following as of June 30,:

	2024	2023
Tuition receivable from school districts	\$ 2,180,219	\$ 2,116,721
NYSED	197,032	190,835
Subsidized interest receivable	225,803	152,823
Total accounts receivable, net.....	<u>\$ 2,603,054</u>	<u>\$ 2,460,379</u>

The School uses the allowance method to determine uncollectible accounts and grants receivable. The allowance for doubtful accounts is based primarily on the School's collection efforts and management's analysis of specific outstanding balances. The School does not impose interest or finance charges on overdue receivable balances. Collectability is assessed on an individual account basis, and uncollectible accounts are written off against the allowance after approval by the School Board. As of June 30, 2024, the allowance for doubtful accounts was \$108,350, relating to accounts receivable from NYSED. As of June 30 2023, there was no allowance for doubtful accounts.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 6 - GRANTOR RESTRICTIONS

Financial awards from governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the School for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NYSED requires all charter schools to maintain \$100,000 in a separate account to cover the cost of a potential closure should the School's charter not be renewed. This amount has to be maintained even when the Charter is renewed and has accordingly been included, along with accumulated interest, in restricted cash on the School's statements of financial position as of June 30, 2024 and 2023. There was no interest earned on the account during the years ended June 30, 2024 and 2023. See Note 2 for more information.

NOTE 7 - BONDS PAYABLE

On August 22, 2013, the School issued education revenue bonds through the Riverhead IDA Economic Job Development Corporation in the amount of \$21,105,000 to fund the construction of a 50,000 square foot two-story building and related infrastructure to be used as a school building to replace modular buildings located on the School's six-acre campus.

The bonds are comprised of \$16,105,000 of Series A tax-exempt bonds ("Series A Bonds") with maturities ranging from August 1, 2015 through August 1, 2048, bearing interest between 3.00% and 7.04% and \$5,000,000 of Series B federally taxable qualified school construction bonds ("Series B Bonds") that bear interest at 7.65% and mature on August 1, 2034. Interest on the bonds are payable semi-annually on February 1st and August 1st of each year, commencing February 1, 2014. In addition, the School is required to meet certain financial and reporting covenants, which includes a deadline for filing the School's audited financial statements within 45 days of the end of its fiscal year.

Pursuant to the bond agreement, the proceeds of the loan were utilized as follows:

	Series A Tax-Exempt	Series B Taxable	Total
Financing building construction.....	\$ 9,200,000	\$ 4,900,000	\$ 14,100,000
Repayment of Edison debt	3,195,164	-	3,195,164
Debt service reserve fund	1,502,925	500,000	2,002,925
Fund capital interest through February 15, 2015	1,545,978	-	1,545,978
Original issue discount	182,411	-	182,411
Issuance costs	627,630	145,492	773,122
Total	16,254,108	5,545,492	21,799,600
Paid directly by the School	(149,108)	(545,492)	(694,600)
Funded through bond issuance	<u>\$ 16,105,000</u>	<u>\$ 5,000,000</u>	<u>\$ 21,105,000</u>

Any excess bond funds at the completion of the projects will be used for the early retirement of debt as determined by the Trustee. As of June 30, 2024 and 2023, there were \$1,123,945 and \$2,016,976 of excess bond funds available, respectively.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 - BONDS PAYABLE (continued)

The bonds are secured by all of the assets of the School and provide for a lien on gross revenue, a mortgage on the property, and a guarantee by the School. The debt service reserve fund outlined above, must be maintained by the School with the Custodian until all obligations have been repaid. The Series B Bonds provide for direct interest subsidy payments from the US Treasury at the lesser of the tax credit rate at the time of issuance or the 7.65% issuance rate. The bond provided for interest only payments until 2016, at which time the principal began being repaid over the life of the bond based upon specific payment amounts as outlined in the bond agreement.

The bond retirements pursuant to the bond agreement are as follows for the years ending June 30:

	<u>Gross</u>	<u>Amortization</u>	<u>Net</u>
2025.....	\$ 365,000	\$ (15,924)	\$ 349,076
2026.....	380,000	(15,924)	364,076
2027.....	395,000	(15,924)	379,076
2028.....	410,000	(15,924)	394,076
2029.....	425,000	(15,924)	409,076
Thereafter	16,370,000	(287,676)	16,082,324
Total before debt issuance costs.....	18,345,000	<u>\$ (367,296)</u>	<u>\$ 17,977,704</u>
Less: unamortized debt issuance costs.....	(367,296)		
Total	<u>\$ 17,977,704</u>		

The School can redeem the Series A Bonds at any time subsequent to August 1, 2023 without penalty. The maturities of the outstanding debt at that time are \$1,630,000 at August 1, 2033, \$7,295,000 at August 1, 2043, and \$6,330,000 at August 1, 2048. Early redemption of the Series B Bonds can occur subsequent to August 1, 2018 at a premium commencing at 103.5% at August 1, 2018, decreasing to no premium at August 1, 2023. The School must maintain certain financial ratios pursuant to the bond agreement.

Interest expense incurred for the year ended June 30, 2024 and 2023 on the Series 2013 Bonds totaled \$1,314,011 and \$1,337,927, respectively. As of June 30, 2024 and 2023, the School reported interest earned on Federal Subsidy interest income of \$156,761 and \$168,578, respectively. Federal Subsidy interest was offset against interest expense on the statements of functional expenses for both the years ended June 30, 2024 and 2023.

Additionally, the IDA requires the School to maintain a Repair and Replacement Fund of \$100,000 in a separate account for as long as the bonds are outstanding. The Repair and Replacement Fund will only be used to pay capital related expenses incurred for maintenance and betterment of the project. Withdrawals from the fund require approval of the Trustee and must meet certain criteria as outlined in the loan agreement. As of June 30, 2024 and 2023, no funds had been drawn against this fund.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

The School's net assets with donor restrictions are used to fund the School's National School Lunch Program. There were no remaining net assets with donor restrictions as of June 30, 2024. There were \$100,638 of net assets with donor restrictions remaining as of June 30, 2023.

NOTE 9 – RETIREMENT PLANS

The School participates in the New York State Teachers' Retirement System ("TRS") and New York State and Local Employees' Retirement System ("ERS"), collectively (the "Systems"), which are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, as well as vesting of retirement, death, and disability benefits. TRS is administered by the New York State Teachers' Retirement Board and provides 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. ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees.

No employee contribution is required for those employees whose service began prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3% (ERS) or 3.5% (TRS) of compensation throughout their active membership in the Systems. Participants whose service began on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation.

For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the School to the pension accumulation fund. The contribution rates for ERS vary depending on the participant's tier. The ERS average contribution rate was 13.1% and 11.6% as of June 30, 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023, required contributions for ERS were \$114,472 and \$80,705, respectively. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board at an actuarially determined rate. The rate is 9.76% and 10.29% of the annual covered payroll as of June 30, 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023, the required contributions for TRS totaled \$610,469 and \$605,241, respectively. Accrued employer contributions due to TRS of \$935,547 and \$849,477 are included in accounts payable and accrued expenses on the statements of financial position as of June 30, 2024 and 2023, respectively. Accrued employer contributions due to ERS of \$42,672 and \$30,527 are included in accounts payable and accrued expenses on the statements of financial position as of June 30, 2024 and 2023, respectively.

RIVERHEAD CHARTER SCHOOL, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the School's financial assets as of June 30,:

	2024	2023
Cash and cash equivalents.....	\$ 13,773,298	\$ 10,592,376
Accounts receivable, net.....	2,603,054	2,460,379
Grants receivable.....	412,210	581,391
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 16,788,562</u>	<u>\$ 13,634,146</u>

The School's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$4,100,000 net of non-cash expenses).

**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**



Independent Auditor's Report

To the Board of Directors
Riverhead Charter School, Inc.
3685 Middle Country Road
Calverton, New York 11933

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverhead Charter School, Inc. (hereinafter the "School"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2024.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Cerini & Associates LLP

Bohemia, New York

August 15, 2024

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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[OPINION OF BOND COUNSEL]

July [], 2025

Riverhead IDA Economic Job Development Corporation
Riverhead, New York

Re: \$[]
Riverhead IDA Economic Job Development Corporation
Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School
Project), Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to the Riverhead IDA Economic Job Development Corporation (Riverhead, New York) (the “**Issuer**”), in connection with the issuance on the date hereof by the Issuer of its Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 in the aggregate principal amount of \$[] (the “**Bonds**”). The Bonds are authorized to be issued pursuant to:

- (i) Section 1411 of the New York Not-for-Profit Corporation Law (the “**Act**”),
- (ii) the Bond Resolution duly adopted by the Issuer on December 18, 2023 (the “**Resolution**”), and
- (iii) the Indenture of Trust, dated as of July 1, 2025 (the “**Indenture**”), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee for the benefit of the Owners of the Bonds (the “**Trustee**”).

The Bonds are being issued to (i) refinance the costs of the acquisition, construction, renovation and equipping of a certain Facility (as defined in the Indenture referenced below), [(ii) fund a debt service reserve fund, if required,] and (iii) pay for certain costs and expenses associated with the issuance of the Bonds (collectively, the “**Project**”).

The Issuer will loan the proceeds of the Bonds to Riverhead Charter School (the “**Institution**”), a not-for-profit education corporation chartered and existing under the laws of the State of New York and a Section 501(c)(3) organization exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “**Code**”), pursuant to the terms of a Loan Agreement, dated as of July 1, 2025 (the “**Loan Agreement**”), between the Issuer and the Institution. The Issuer has assigned to the Trustee as security for the Bonds, for the benefit of the Owners of the Bonds, substantially

all its rights under the Loan Agreement pursuant to the Indenture. The Issuer and the Institution have entered into a Tax Regulatory Agreement dated the date hereof (the “**Tax Regulatory Agreement**”), in which the Issuer and the Institution have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Code. Raymond James & Associates, Inc. (the “**Underwriter**”), has agreed to purchase the Bonds pursuant to the terms of a Bond Purchase Agreement, dated [], 2025] (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter and the Institution.

The Institution, as the initial sole Member of the Obligated Group (as defined in the hereinafter defined Master Indenture), has agreed to secure the payment obligations of the Institution under the Loan Agreement and the Bonds by the issuance of the Institution’s Obligation No. 1 – 2024, dated July [], 2025 (the “**Series 2025 Obligation**”), pursuant to the terms of the Master Trust Indenture, dated as of July 1, 2025 (the “**Master Trust Indenture**”), by and between the Institution and U.S. Bank Trust Company, National Association, as master trustee (the “**Master Trustee**”), as amended and supplemented from time to time, including as amended and supplemented by (i) the First Supplemental Master Trust Indenture, dated as of July 1, 2025 (the “**Supplement No. 1**”, collectively with the Master Trust Indenture, the “**Master Indenture**”), which Series 2025 Obligation will be assigned by the Issuer to the Trustee pursuant to the Indenture as security for the Bonds.

The Series 2025 Obligation will be secured by (i) a Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of July 1, 2025 (the “**Mortgage**”), from the Institution to the Issuer, which Mortgage shall be assigned by the Issuer to the Master Trustee pursuant to an Assignment of Mortgage, Assignment of Leases and Rents and Security Agreement, dated July [], 2025 (the “**Assignment**”), from the Issuer to the Master Trustee, and (ii) a pledge of Pledged Assets (as defined in the Master Indenture) of the Obligated Group Members under the Master Indenture.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in Schedule A of the Indenture.

The Bonds are dated the date hereof, and bear interest from the date thereof pursuant to the terms of the Bonds. The 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 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 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; and (d) 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; and (d) the Closing Certificate of the Issuer, dated the date hereof. Copies of the aforementioned documents are included in the Record of Proceedings or on file with Bond Counsel.

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 Bonds in order for the interest on the Bonds to remain excluded from gross income for Federal income tax purposes.

In addition, in rendering the opinions set forth below, we have relied upon the opinions of counsel to the Issuer, Nixon Peabody LLP, Melville, New York, counsel to the Institution, Beane & Keane P.C., White Plains, New York, and counsel to the Trustee, Paparone Law PLLC, New York, New York, all of even date herewith. Copies of the aforementioned opinions are contained in the Record of Proceedings.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing corporate entity constituting a local development corporation of the State of New York.
2. The Issuer is duly authorized to issue, execute, sell and deliver the Bonds, for the purpose of paying the costs described above.
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.
4. The Indenture, the Tax Regulatory Agreement, the Loan Agreement, the Assignment and the Bond Purchase Agreement (collectively, the “**Issuer Documents**”) have been duly authorized, executed and delivered by the Issuer.
5. Assuming the due authorization, execution and delivery of the Issuer Documents by the other parties thereto, the Issuer Documents are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

6. The 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 Bonds do not constitute a debt of the State of New York or the Town of Riverhead, New York and neither the State of New York nor the Town of Riverhead, New York will be liable thereon.

8. The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the 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 Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. Pursuant to the Indenture, the Loan Agreement, the Assignment and the Tax Regulatory Agreement, the Issuer and the Institution have covenanted to maintain the exclusion from gross income of the interest on the 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 refinanced with proceeds of the 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 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 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 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.

Except as stated in paragraphs 8 and 9, 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 Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any

action is taken with respect to the 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 Bonds, the Indenture, the Loan Agreement, the Assignment, the Tax Regulatory Agreement 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 Bonds, the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Official Statement, the Continuing Disclosure Agreement or the Project and make no representation that we have independently verified the accuracy, completeness, sufficiency or fairness of any such documents, information or financial data. In addition, we express no opinion herein with respect to the accuracy, completeness, sufficiency or fairness of the Official Statement with respect to the Bonds.

We express no opinion with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of State Securities laws or the availability of exemptions therefrom.

We express no opinion as to the sufficiency of the description of the Project contained in the Loan Agreement or the Mortgage or as to the adequacy, perfection or priority of any security interest in any collateral securing the 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 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 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 D

FORMS OF CERTAIN PRINCIPAL DOCUMENTS

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RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
Riverhead, New York

AND

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

INDENTURE OF TRUST

Dated as of July 1, 2025

Relating to:

\$[_____]

Riverhead IDA Economic Job Development Corporation
Tax-Exempt Educational Revenue Refunding Bonds
(Riverhead Charter School Project), Series 2025

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of the date set forth on the cover page hereof (this “**Indenture**”), by and between the RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION, a not-for-profit corporation constituting a local development corporation duly incorporated and existing under the laws of the State of New York and having an office at 4 West Second Street, Riverhead, New York 11933 (the “**Issuer**”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out under the laws of the State of New York having a corporate trust office at 100 Wall Street, Suite 600, New York, New York 10005, as trustee (the “**Trustee**”) for the holders of the Issuer’s Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025, issued in the principal amount of \$[] (the “**Series 2025 Bonds**”), and any additional bonds (the “**Additional Bonds**”, collectively with the Series 2025 Bonds, the “**Bonds**”) issued by the Issuer hereunder (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in Section 1.01 of this Indenture).

WITNESSETH:

WHEREAS, the Issuer was created pursuant to and in accordance with the provisions of Section 1411 of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation, for the exclusively charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, and carrying on scientific research for the purpose of aiding the Town of Riverhead (the “**Town**”) by attracting new industry to the Town and by encouraging the development of, or retention of, industries in the Town, thereby increasing economic activity in the Town, lessening the burdens of government, and acting in the public interest; and

WHEREAS, the Issuer has been requested by representatives of Riverhead Charter School, a duly organized and validly existing charter school formed under the New York State Education Law (the “**Institution**”) and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), to issue the Series 2025 Bonds for the purpose of providing funds to finance and refinance the costs of the Project (as defined below), which will consist of financing or refinancing (a) approximately \$14,630,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013A (Tax-Exempt Bonds) that were issued in the original aggregate principal amount of \$16,105,000 (the “**Series 2013A Bonds**”), and approximately \$2,845,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013B (Federally Taxable Qualified School Construction Bonds) that were issued in the original aggregate principal amount of \$5,000,000 (the “**Series 2013B Bonds**” and collectively with the Series 2013A Bonds, the “**Series 2013 Bonds**”) the proceeds of which Series 2013 Bonds financed the acquisition and construction by the Institution of an approximately 50,000 square foot, two-story building and related infrastructure improvements, including a parking area and driveways (collectively, the “**2013 Facility**”), which 2013 Facility replaced an existing modular building and is located adjacent to the Institution’s two remaining buildings containing approximately 8,200 square feet of space (the

“Existing Facility”, and with the 2013 Facility, hereinafter referred to as the **“Facility”**), located on approximately six acres of Institution-owned land at 3685 Middle Country Road, Calverton, Suffolk County, New York 11933 (the **“Land”**), together with related machinery, equipment and furniture (the **“Equipment”**) (the Facility, the Land and the Equipment being hereinafter collectively referred to as the **“Project Facility”**); (ii) refinancing of certain existing indebtedness of the Institution previously incurred in connection with the Existing Facility; (iii) funding the Series 2013A Account of the Debt Service Reserve Fund; (iv) funding capitalized interest on the Series 2013A Bonds; and (v) paying the costs of issuing the Series 2013 Bonds (collectively, the **“Refunded Project”**), (b) funding a debt service reserve fund and/or a working capital reserve, if required; and (c) paying for certain costs and expenses associated with the issuance of the Series 2025 Bonds (collectively (a) through (c), the **“Project”**). The Project Facility includes general education classrooms, art room, science room, music room, cafeteria/gym with stage, kitchen, library, faculty room, administrative offices, parking lots and related facilities. The Facility will continue to be owned and/or operated by the Institution as a charter school for children in grades kindergarten through grade 8; and

WHEREAS, the Institution entered into negotiations with officials of the Issuer for the financing and refinancing of the Project and Project Facility; 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, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance and refinance 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 Series 2025 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

WHEREAS, to provide funds for 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 Series 2025 Bonds, the Issuer has authorized the issuance of the Series 2025 Bonds pursuant to the Bond Resolution and this Indenture; and

WHEREAS, the Institution has agreed to secure the payment obligations of the Institution under the Loan Agreement and the Series 2025 Bonds by the issuance of the Institution’s Obligation No. 1 - 2025, dated the Closing Date (the **“Series 2025 Obligation”**), pursuant to the terms of the Master Trust Indenture, dated as of July 1, 2025 (the **“Master Trust Indenture”**), by and between the Institution and U.S. Bank Trust Company, National Association, as master trustee (the **“Master Trustee”**), as amended and supplemented, including as amended and supplemented by the First Supplemental Master Trust Indenture, dated as of July 1, 2025 (the **“Supplement No. 1”**); collectively with the Master Trust Indenture, the **“Master Indenture”**), which Series 2025 Obligation, with the Loan Agreement, will each be assigned by the Issuer to the Trustee pursuant to this Indenture as security for the Series 2025 Bonds; and

WHEREAS, the Series 2025 Obligation and all Obligations (except as set forth in the Master Indenture) issued pursuant to the Master Indenture will be secured by the Mortgage from the Institution to the Issuer, which Mortgage shall be assigned by the Issuer to the Master Trustee pursuant to the Assignment of Mortgage, from the Issuer to the Master Trustee, and a pledge of Pledged Assets of the Obligated Group Members under the Master Indenture; and

WHEREAS, in connection with the issuance of the Series 2025 Bonds, the Institution, U.S. Bank Trust Company, National Association (the “**Custodian**”) and the Trustee will execute and deliver a custody agreement dated as of July 1, 2025 (the “**Custody Agreement**”). The Custody Agreement will initially be dormant until the Effective Date (defined therein). Pursuant to the Custody Agreement, upon the happening of certain events, the Institution will cause payments of Education Aid due to the Institution from School Districts 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 subject to the terms and conditions of the Custody Agreement; and

WHEREAS, the Series 2025 Bonds will be issued and sold by Raymond James & Associates, Inc., acting as underwriter (the “**Underwriter**”), pursuant to a bond purchase agreement dated [_____, 2025] (the “**Bond Purchase Agreement**”) by and among the Underwriter, the Issuer and the Institution. The Underwriter will utilize a preliminary official statement (the “**Preliminary Official Statement**”) and a final official statement (the “**Final Official Statement**”) in connection with the underwriting of the Series 2025 Bonds; and

WHEREAS, to assure compliance with the continuing disclosure requirements imposed by the Securities and Exchange Commission, the Institution and the Trustee will execute and deliver to the Underwriter a continuing disclosure undertaking dated as of July [___], 2025 (the “**Continuing Disclosure Agreement**”); and

WHEREAS, the Series 2025 Bonds will be issued as “book-entry-only” obligations to be held by The Depository Trust Company, as depository (the “**Depository**”) for the Series 2025 Bonds; and

WHEREAS, the Trustee has the power to enter into this Indenture and to execute the trusts hereby created and in evidence thereof has joined in the execution hereof; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Series 2025 Bonds as herein provided have been in all respects approved and duly and validly authorized by the Bond Resolution; and

WHEREAS, the Issuer deems it appropriate and necessary that the proceeds of the sale of the Series 2025 Bonds shall be deposited with the Trustee, and that, upon satisfaction of the requirements set forth herein and in the Loan Agreement, the Trustee shall disburse such proceeds to pay the Project Costs (as hereinafter defined); and

WHEREAS, the Bonds shall be payable solely from the Trust Revenues (as hereinafter defined), which include, without limitation, loan repayments made by the Institution under the Loan Agreement; and

WHEREAS, the Issuer, by the terms of this Indenture and as security for the Bonds, intends to grant to the Trustee a first priority security interest in the Trust Revenues; and

WHEREAS, the Series 2025 Bonds and the Trustee's certificate of authentication to be endorsed on the Series 2025 Bonds are to be in substantially the form thereof attached hereto as Exhibit B and made a part hereof, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Series 2025 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge of and Lien (as hereinafter defined) on the Trust Revenues herein pledged to the payment of the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the execution and issuance of the Series 2025 Bonds, subject to the terms hereof, have in all respects been duly authorized;

GRANTING CLAUSES

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby unto the Trustee and its successors and assigns, for the benefit of the holders and all future holders of the Bonds, GRANT A SECURITY INTEREST IN, PLEDGE AND ASSIGN the following (hereinafter referred to as the "**Trust Estate**"):

I

All right, title and interest of the Issuer in and to the Trust Revenues;

II

Any and all moneys and securities from time to time held by the Trustee under the terms of this Indenture, except (A) moneys deposited with or paid to the Trustee for the redemption of the Bonds, notice of which has been duly given, and (B) moneys on deposit in the Rebate Fund (as hereinafter defined);

III

Any and all contract rights of the Issuer under the Security Documents;

IV

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for

additional security hereunder, by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee;

This Indenture is also intended to constitute a security agreement under the Uniform Commercial Code of the State so that the Trustee shall have and may enforce a security interest, to secure payment of all sums due or to become due under the Bonds and this Indenture, in so much of the property described in Granting Clauses I through IV above as may be made subject to such a security interest, including the moneys held by the Trustee hereunder, such security interest to attach at the earliest moment permitted by law and also to include and attach to all additions and accessions thereto, all substitutions and replacements therefor and all proceeds and products thereof and proceeds of proceeds, and all other contract rights and general intangibles of the Issuer (except the Issuer's Reserved Rights, as hereinafter defined) obtained in connection with or relating to the Facility, as well as any and all items of property in the foregoing classifications which are hereafter acquired;

SUBJECT, HOWEVER, to Permitted Encumbrances (as hereinafter defined);

EXCEPTING THEREFROM, the Issuer's Reserved Rights (as hereinafter defined);

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby pledged and assigned, or agreed or intended so to be, unto the Trustee and its successors in said trust and to it and its assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to the Lien or otherwise of any of the Bonds over any other Bonds;

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall well and truly pay, or cause to be paid, to the holders and owners of the Bonds the principal of, premium, if any, and interest due or to become due on the Bonds at the times and in the manner provided herein and in the Bonds, or shall provide for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon as permitted by and in the manner provided in Article X hereof, and shall well and truly cause to be kept, performed and observed all of its covenants contained in this Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payment, these presents and the Lien upon the property described in Granting Clauses I through IV above and the pledge of the Trust Revenues and rights hereby granted shall cease, terminate and be void, and thereupon the Trustee shall execute and deliver to the Person (as hereinafter defined) or Persons designated in Article X such instruments in writing as shall be requisite to satisfy the Lien hereof upon the property described in Granting Clauses I through IV above, and convey to the Person or Persons designated in Article X the moneys and other property, if any, then held by the Trustee, except moneys held by the Trustee for the payment of interest on, premium, if any, and principal of the Bonds and except as expressly provided in this Indenture; otherwise this Indenture shall remain in full force and effect, upon the trusts and subject to the covenants and conditions hereinafter set forth.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and the Lien on all of the property described in Granting Clauses I through IV above and all Trust Revenues, including without limitation the revenues, receipts and other moneys hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer hereby agrees and covenants with the Trustee and with the respective holders and owners, from time to time, of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 Definitions. For all purposes of this Indenture, capitalized terms used herein and not otherwise defined shall have the meaning set forth on the Schedule of Definitions attached hereto as Schedule A and incorporated herein.

Section 1.02 Rules of Construction. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Closing Date.

(a) 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.

(b) 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.

(c) 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.

(d) Unless the content indicates otherwise, references to designated “Exhibits”, “Articles”, “Sections”, “Subsections”, “clauses” and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

(e) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(f) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(g) 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).

(h) 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 Bonds may be authenticated and issued under the provisions of this Indenture except in accordance with this Article II. Except as provided in Section 2.07 and Section 3.07 hereof, the total aggregate principal amount of the Series 2025 Bonds that may be issued and authenticated hereunder is expressly limited to \$[_____].

(b) The proceeds of the Bonds deposited as provided in Section 4.01, and certain of the loan payments, receipts and revenues derived from or in connection with the Facility, including moneys which are required to be set apart, transferred and pledged to the Earnings Fund, to the Bond Fund, to the Debt Service Reserve Fund, to the Renewal Fund, or to certain special funds, including the investments, if any, thereof (subject to disbursements from such Funds in accordance with the provisions of the Indenture) are pledged by the Indenture for the payment of the principal or Redemption Price, if any, of, Series Sinking Fund Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders, and while held by the Trustee constitute part of the Trust Estate and be subject to the lien of the Indenture. The Rebate Fund (including amounts on deposit therein) shall not be subject to any assignment, pledge, lien or security interest in favor of the Trustee or any Bondholder or any other Person. The Bonds shall be the special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal or Redemption Price, if any, of the Bonds, Series 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. Further, the Institution has granted a lien and security interest in the Pledged Assets of the Obligated Group Members under the Master Indenture. Pursuant to the Custody Agreement, upon the happening of certain events, 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 the Indenture. In addition, the Institution has granted mortgage liens on and security interests in its fee interest in the Facility to the Issuer, as initial mortgagee, pursuant to the Mortgage, and the Issuer has assigned its right, title and interest in the Mortgage to the Master Trustee pursuant to the Assignment of Mortgage.

(c) In no event shall any obligations of the Issuer under the Indenture or the Bonds or under the Loan Agreement or under any other Security Document or related document for the payment of money create a debt of the State or the Town and neither the State nor the Town shall be liable on any obligation so incurred, but any such obligation shall be a special limited revenue obligation of the Issuer secured and payable solely as provided in the Indenture.

Section 2.02 Issuance and Terms of the Series 2025 Bonds.

(a) Specific Details of the Series 2025 Bonds. The Series 2025 Bonds shall be issued in the aggregate principal amount of \$[] and shall be designated “Riverhead IDA Economic Job Development Corporation Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025”. The Series 2025 Bonds shall be prefixed “R” and numbered from one upward. The Series 2025 Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations.

(1) The Series 2025 Bonds shall be dated their date of delivery and shall bear interest from their dated date, or from the most recent Series 2025 Interest Payment Date to which interest has been paid. Interest on the Series 2025 Bonds shall be payable on each Series 2025 Interest Payment Date, which dates shall comprise the 1st days of February and August of each year, commencing on February 1, 2026. The Series 2025 Bonds shall mature on August 1st of the years and shall bear interest (on the basis of a 360-day year composed of twelve 30-day months) at the rates per annum as set forth in the table below:

Series 2025 Serial Bonds

Year	Principal Amount	Interest Rate

Series 2025 Term Bonds

Year	Principal Amount	Interest Rate

(2) The Series 2025 Bonds are subject to scheduled mandatory sinking fund redemption prior to maturity as provided in Section 2.03 hereof.

(b) Reserved.

(c) Payment of Principal and Redemption Price of and Interest on Series 2025 Bonds. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Series 2025 Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Series 2025 Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, upon presentation and surrender of such Series 2025 Bonds, at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Series 2025 Bond on any applicable Series Interest Payment Date shall be paid by the Trustee to the registered owner of such Series 2025 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 Series Interest Payment Date, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Series 2025 Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Series 2025 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 a Series Interest Payment Date in respect, but no later than a Regular Record Date for any interest payment.

Interest on any Series 2025 Bond that is due and payable but not paid on the date due (“**Defaulted Interest**”) shall cease to be payable to the owner of such Series 2025 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 Series 2025 Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Series 2025 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 a Series 2025 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 Series 2025 Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Series 2025 Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2025 Bond and each such Series 2025 Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 2.03 Redemption of Series 2025 Bonds.

(a) General Optional Redemption of the Series 2025 Bonds. The Series 2025 Bonds maturing on or after August 1, 20[] shall be subject to redemption, in whole at any time or in part on any date on or after August 1, 20[] (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option 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), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest to the date of redemption.

(b) Extraordinary Redemption of the Series 2025 Bonds. The Series 2025 Bonds are also 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 one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption if one or more of the following events shall have occurred:

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

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

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

(iv) to the extent required by Section 3.04 of the Master Indenture.

If the Series 2025 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 Redemption of the Series 2025 Bonds Upon a Determination of Taxability. Upon the occurrence of a Determination of Taxability, the Series 2025 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 Taxable Rate from the occurrence of the Event of Taxability to the date of redemption. The Series 2025 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2025 Bonds Outstanding would have the result that interest payable on the Series 2025 Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2025 Bond. In such event, the Series 2025 Bonds shall be redeemed in such amount as is deemed necessary to obtain a Favorable Opinion of Bond Counsel.

Certain Defined Terms:

“Event of Taxability” means the date specified in a Determination of Taxability as the date interest paid or payable on any Series 2025 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.

“Taxable Rate” means [_____ percent (___%)] per annum.

(d) Mandatory Sinking Fund Installment Redemption. (i) The Series 2025 Bonds maturing on August 1, 20[] 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f):

Sinking Fund Installment Payment Date	Sinking Fund Installment

*	\$

*Final Maturity

(ii) The Series 2025 Bonds maturing on August 1, 20[] 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f)

Sinking Fund Installment Payment Date	Sinking Fund Installment

*	\$

*Final Maturity

(iii) The Series 2025 Bonds maturing on August 1, 20[] 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f)

Sinking Fund Installment Payment Date	Sinking Fund Installment

*	\$

*Final Maturity

(iv) Reserved.

(e) Mandatory Redemption from Excess Proceeds and Certain Other Amounts.

The Series 2025 Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture, or

(ii) excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2025 Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

(f) Mandatory Redemption Upon Failure to Operate the Facility for Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2025 Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (x) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, for purposes that do not conform with the Approved Project Operations, or (y) the Institution has committed a material violation of a material Legal Requirement, or (ii) the Institution shall fail to obtain or maintain the public liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2025 Bonds, together with interest accrued thereon to the date of redemption.

(g) Redemption of Series 2025 Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:

(1) Redemption shall be made pursuant to the general optional redemption provisions of Section 2.03(a) at such times as are permitted under such Section and in such principal amounts, as the Institution shall request in a written notice to the Trustee in accordance with Section 4.3(b) of the Loan Agreement.

(2) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(d) 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 5.06(d) and (f).

(3) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(e) 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.

(4) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(f) on the date specified therein in the event redemption is required under such circumstances, without the necessity of any instructions or further act of the Institution.

Section 2.04 Delivery of Series 2025 Bonds. Subject to Section 2.09 hereof, the Series 2025 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 Series 2025 Bonds including the interest, if any, accrued on the Series 2025 Bonds to the Closing Date, the Series 2025 Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the Secretary, Assistant Secretary or any other Authorized Representative of the Issuer, of the Bond Resolution;

(b) an original executed counterpart of all Security Documents;

(c) a written opinion by Nixon Peabody LLP, Bond Counsel, to the effect that, among other things, the issuance of the Series 2025 Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled, and under existing law, the interest on the Series 2025 Bonds is excluded from gross income for Federal income tax purposes and exempt from personal income taxes imposed by the State and any political subdivision thereof, except under certain conditions to be more fully expressed in such opinion;

(d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Series 2025 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;

(e) A certified copy of the resolution duly adopted by the governing body of the Institution authorizing the execution and delivery of the Institution Documents;

(f) An opinion of counsel for the Institution, in form reasonably satisfactory to the Issuer, Nationally Recognized Bond Counsel, the Trustee and the Underwriter, stating that, among other things, in the opinion of counsel for the Institution, each of the Institution Documents have been duly authorized by and lawfully executed and delivered on behalf of the Institution, are in full force and effect and are valid and binding upon the Institution, in accordance with their terms, except to the extent limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights and that the Institution is an organization described in Section 501(c)(3)

of the Code and which is exempt from federal income taxation pursuant to Section 501(a) of the Code;

(g) An opinion of counsel for the Issuer stating that, among other things, in the opinion of such counsel, each of the documents to which the Issuer is a party has been duly authorized by and lawfully executed and delivered on behalf of the Issuer, is in full force and effect and is valid and binding upon the Issuer in accordance with its terms; and

(h) A rating letter from each Rating Agency, if any, issuing a rating on the applicable Series of Bonds.

Section 2.05 Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman or Vice Chairman of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.06 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in the Form of Series 2025 Bond in Exhibit B, 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 Mortgage, the Loan Agreement, the Promissory Note, and the other Security Documents are each in effect, and the Institution has met the requirements set forth in the Loan Agreement and Master Trust Indenture, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds to redeem the Series 2025 Bonds, and paying a portion of the costs of issuance of the Series of Bonds, (iii) 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, (iv) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, (v) providing funds to finance the acquisition, construction, improvement, renovation, or equipping of other

facilities of the Institution other than the Facility, or (vi) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable 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.

(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 delivery to the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary or any other Authorized Representative of the Issuer, authorizing the issuance of such Series of Additional Bonds and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Loan Agreement and the Mortgage, the Facility referred to therein and the premises subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Series 2025 Bonds and any Series of Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not adversely affect any existing exclusion pursuant to section 103(a) of the Code of interest on the bonds of any Series from the gross income of the owners thereof for federal income tax purposes;

(4) a certificate of an Authorized Representative of the Institution to the effect that the Institution is not in default under the Loan Agreement or this Indenture, is not aware of any Events of Default under the Loan Agreement or this Indenture and that such Series of Additional Bonds may be issued under Section 7.32 of the Loan Agreement;

(5) an original, executed counterpart of the amendment to each Security Document; and

(6) subject to Section 2.09 hereof, a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for delivery the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any.

(c) Upon the request of the Institution, one or more Series of Additional Bonds may be authenticated and made available for delivery upon original issuance to refund (“**Refunding Bonds**”) all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this Section 2.07 of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.

(1) A Series of Refunding Bonds may be authenticated and made available for delivery only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:

(A) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(B) Either:

(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article X, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article X.

(2) The Institution shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

(d) Each Series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with the Series 2025 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 Loan Agreement, the Promissory Note, the Mortgage and the Custody Agreement, 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 Series 2025 Bonds shall be DTC (the “**Securities Depository**”) and the Series 2025 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Series 2025 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 each Series 2025 Interest Payment Date for the respective Series at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee. It is anticipated that during the term of the Series 2025 Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal of, Sinking Fund Installments for, redemption premium, if any, and interest on, the Series 2025 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 Series 2025 Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for the single maturity thereof. Upon initial issuance, the ownership of such Series 2025 Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Series 2025 Bonds registered in its name for the purposes of payment of

the principal, Sinking Fund Installments, Redemption Price of or interest on the Series 2025 Bonds, selecting the Series 2025 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Series 2025 Bonds, obtaining any consent or other action to be taken by Holders of the Series 2025 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 the Series 2025 Bonds shall be made and given to DTC as provided in the Depository Letter (as defined in the recitals to this Indenture). Neither the Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2025 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 Series 2025 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 Series 2025 Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal of, Sinking Fund Installments, redemption premium, if any, and interest on the Series 2025 Bonds only to or “upon the order of” (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to the principal of, Sinking Fund Installments, redemption premium, if any, and interest on the Series 2025 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 Series 2025 Bond certificate evidencing the obligation of the Issuer to make payments of principal of, Sinking Fund Installments, redemption premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2025 Bond certificates, the Issuer may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Series 2025 Bond certificates. In such event, the Trustee shall issue, transfer and exchange Series 2025 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 Series 2025 Bonds at any time by giving written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Series 2025 Bond certificates as described in this Indenture. In the event Series 2025 Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, Sinking Fund Installments, redemption premium, if any, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Institution) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the

Series 2025 Bonds to any DTC Participant having Series 2025 Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2025 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 SERIES 2025 BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2025 BONDS.

(f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE SERIES 2025 BONDHOLDERS OR REGISTERED HOLDERS OF THE SERIES 2025 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS.

(g) For so long as the Holder of all of the Series 2025 Bonds shall be DTC, and all Series 2025 Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Series 2025 Bonds for purchase or upon redemption or retirement in whole and (ii) unless all Series 2025 Bonds are being redeemed or retired in whole, Series 2025 Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments, Purchase Price or Redemption Price except upon final maturity or redemption in whole.

(h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Series 2025 Bond or Bonds for

cancellation shall cause the delivery of a Series 2025 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. Except as may be otherwise provided under the Supplemental Indenture pursuant to which a Series of Additional Bonds is issued, the following provisions apply to the Bonds of each Series. The Bonds of a Series shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges) and will bear interest from their date at the applicable rate or rates until the entire principal amount of that Series has been paid. Bonds of the Series authenticated prior to the first Series Interest Payment Date thereof shall bear interest from their date of original issuance. Bonds issued in exchange for or upon the registration of transfer of Bonds of such Series on or after the first Series Interest Payment Date of such Series shall bear interest from and including the Series Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be Series Interest Payment Date to which interest on the Bonds of that Series has been paid in full or duly provided for, in which case they shall bear interest from and including such Series Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds of that Series are in default, Bonds of that Series issued in exchange for or upon the registration of transfer of such defaulted Bonds shall bear interest from the date to which interest has been paid in full on the defaulted Bonds, or if no interest has been paid on the defaulted Bonds, the date of the first delivery of fully executed and authenticated Bonds of such Series 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 Series 2025 Bonds shall be in substantially the form set forth in Exhibit B, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 3.03 Legends. Each Bond shall contain a statement to the effect that “THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE TOWN OF RIVERHEAD, AND NEITHER THE STATE OF NEW YORK NOR THE TOWN OF RIVERHEAD SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION OTHER THAN THOSE PLEDGED THEREFOR.” The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

Section 3.04 Medium of Payment. The principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender

for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

Section 3.05 Bond Details. Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such 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.

Section 3.06 Interchangeability, Transfer and Registry.

(a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

(b) Any Bond of a Series, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered owner or his duly authorized attorney-in-fact, with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds of a Series during the period between a Record Date and the following Series Interest Payment Date in respect thereof or during the period of fifteen (15) days next preceding any day for the selection of Bonds of such Series to be redeemed, or (ii) transfer or exchange any Bonds of that Series selected, called or being called for redemption in whole or in part.

(c) The Issuer, the Bond Registrar, the Trustee, and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee, nor any Paying Agent shall be affected by any notice to the contrary.

(d) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses

and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the 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 of a Series has become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.08 Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

Section 3.09 Reserved.

Section 3.10 Bond Registrar. The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the 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 shall be made on the next succeeding Business Day with the same force and effect as if made on the payment date of principal, Sinking Fund Installment and/or interest on such Bonds, or the date fixed for redemption of such Bonds, as the case may be.

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER AMOUNTS

Section 4.01 Application of Proceeds of the Series 2025 Bonds. Upon the receipt by the Trustee of the net proceeds of the sale and delivery of the Series 2025 Bonds in the total amount of \$[____], being the principal amount of the Series 2025 Bonds (\$[____]), [plus/less] an original issue [premium/discount] (\$[____]), less Underwriter's discount (\$[____]), the Trustee shall apply such proceeds as follows:

(a) \$[____] of the proceeds of the Series 2025 Bonds shall be deposited in the Project Account of the Project Fund and transferred to the Series 2013 Trustee pursuant to the instructions set forth in Section 5.02(b); and

(b) \$[____] of the proceeds of the Series 2025 Bonds shall be deposited in the Debt Service Reserve Fund; and

(c) \$[____] of the proceeds of the Series 2025 Bonds shall be deposited in the COI Account of the Project Fund.

In addition to the foregoing, upon the receipt by the Trustee of additional funds from the Institution (in the form of a \$[____] equity contribution) for Costs of Issuance not otherwise paid with proceeds of the Series 2025 Bonds, the Trustee shall deposit such additional funds in the COI Account of the Project Fund.

Section 4.02 Application of Proceeds of any Additional Bonds. The proceeds of any Series of Additional Bonds shall be deposited as provided in the supplement to this Indenture authorizing the issuance of such Additional Bonds. Any such proceeds required to be deposited in the Project Fund shall be deposited into a separate account relating to such Additional Bonds within the Project Fund.

ARTICLE V

CUSTODY AND INVESTMENT OF FUNDS

Section 5.01 Creation of Funds and Accounts. (a) The Trustee hereby establishes and creates the following special trust Funds and Accounts comprising such Funds:

(1) Project Fund

(a) Project Account

(b) COI Account

- (2) Bond Fund
 - (a) Principal Account
 - (b) Interest Account
 - (c) Redemption Account
 - (d) Sinking Fund Installment Account
- (3) Debt Service Reserve Fund
- (4) Renewal Fund
- (5) Earnings Fund
- (6) Rebate Fund

(b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund, and be subject to the lien hereof.

Section 5.02 Project Fund.

(a) The Trustee shall establish within the Project Fund a separate, segregated account in respect of each Series, captioned “[Series Designation] Project Account”. The Trustee shall establish within the Project Fund a separate, segregated account in respect of each Series, captioned “[Series Designation] COI Account”. Except as may be modified under the Supplemental Indenture or the Tax Regulatory Agreement, the Trustee shall follow the following procedures with respect to the Project Fund. Each segregated account in respect of each Series of Bonds being referred to generically as a Series Project Account or Series COI Account.

(b) There shall be deposited in the Series Project Account and the subaccounts of the Series COI Account, the proceeds of the respective Series as provided in Article IV hereof, or in the Supplemental Indenture pursuant to which such Series is issued, any and all amounts required to be deposited therein pursuant to Sections 5.07 and 5.08 or otherwise required to be deposited therein pursuant to the Loan Agreement or this Indenture or the Supplemental Indenture.

The Trustee is hereby authorized and directed, on the Closing Date, to transfer an amount equal to \$[] on deposit in the Series 2025 Project Account to the Series 2013 Trustee for redemption of the Series 2013 Bonds pursuant to a written direction with respect thereto received by the Series 2013 Trustee from the Institution, on or before such date. Moneys on deposit in any other Series Project Account shall be disbursed and applied by the Trustee to pay Project Costs of that Series pursuant to the provisions of the Loan Agreement, the Tax Regulatory Agreement and this Section 5.02.

Moneys on deposit in the Series COI Account shall be disbursed and applied by the Trustee to pay certain Costs of Issuance of that Series pursuant to the provisions of the Loan Agreement, the Tax Regulatory Agreement and this Section 5.02.

(c) Reserved.

(d) The Trustee is hereby authorized to disburse from each Series Project Account 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 that Series Project Account for the Project Costs, as directed in Section 5.02(b) and upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution.

The requisition from any Series Project Account shall be accompanied by bills or invoices (stamped “paid” by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Institution), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer of its Inducement Resolution for the Project. Such requisition shall be as set forth in Exhibit C — “Form of Requisition from Project Fund” and shall be submitted to the Trustee. The Trustee shall disburse amounts from the identified Series Project Account not later than five (5) Business Days following the receipt of the executed requisition and accompanying bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date shall have disbursements made by the Trustee on such Closing Date. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

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

(f) The Trustee shall on written request furnish to the Issuer and the Institution within a reasonable time period a written statement of disbursements from each Account of the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills, invoices or other evidences submitted to the Trustee for such disbursement.

(g) The completion of the Project (and refunding of the Series 2013 Bonds) is expected to be on or about the Closing Date. Sixty (60) days after the Closing Date, the balance in the Series 2025 Project Account in excess of the amount, if any, for the payment of any remaining part of the costs of the Project, after making any transfer to the respective Series Rebate Account pursuant to the Tax Regulatory Agreement and Section 5.08, shall be deposited by the Trustee in the respective Series Redemption Subaccount of the Redemption Account of the Bond Fund. Upon payment of all the costs and expenses incident to the completion of the Project, any balance then remaining in the Series 2025 Project Account, together with any amount on deposit in the Series 2025 Earnings Account of the Earnings Fund derived from transfers made thereto from such Series Project Account, shall, after making any such transfer to the respective Series Rebate Account, be deposited in such Series Interest Subaccount, to be applied to the payment of interests when due on Bonds of that Series. Pending such application, any such amounts shall be

invested only in compliance with Section 5.12 hereof. The Trustee shall promptly notify the Institution of any amounts so deposited in any Series Redemption Subaccount pursuant to this Section 5.02(g).

(h) 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 each Series Project Account, and in each Series Earnings Account (in excess of any amount thereof that the Trustee is directed to transfer to the Series Rebate Account of the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.08) shall be deposited in the respective Series Redemption Subaccount. In the event the unpaid principal amount of the Bonds of a Series is accelerated upon the occurrence of an Event of Default hereunder, the balance in the respective Series Project Account, and Series Earnings Account (in excess of any amount thereof that the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.08 shall be deposited in the accounts of the Bond Fund as provided in Section 8.03.

(i) Except as provided in Section 5.07, all earnings on amounts held in any Series Project Account shall be transferred by the Trustee and deposited in the respective Series Earnings Account of the Earnings Fund. Any transfers by the Trustee of amounts to a Series Rebate Account shall first be drawn by the Trustee from the respective Series Earnings Account of the Earnings Fund prior to drawing any amounts from the Series Project Fund.

Section 5.03 Custody Agreement.

(a) Except as otherwise provided in the Custody Agreement, upon the happening of certain events (more fully detailed as the Effective Date (as defined in the Custody Agreement)) set forth in the Custody Agreement, the Trustee shall deliver the Custody Agreement Notice to the Custodian no later than five (5) Business Days before each Aid Payment Date. The Custody Agreement will initially be dormant until the Effective Date.

(b) Except as otherwise provided in the Custody Agreement, upon the happening of certain events set forth in the Custody Agreement, each Custody Agreement Notice shall be prepared by the Trustee in substantially the form of Exhibit B attached to the Custody Agreement, with respect to each period from and including the Aid Payment Date immediately following the Effective Date, and from and including each succeeding Aid Payment Date, through and including the calendar day preceding each subsequent 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 the following information: (1) a statement of the total amount of Education Aid to be paid over to the Trustee on the applicable 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 Section 5.05(e) hereof. The Trustee shall prepare each Custody Agreement Notice in consultation with the Institution.

(d) Upon the happening of certain events set forth in the Custody Agreement, the Institution shall provide the Trustee, in a timely fashion (but at least ten (10) Business Days prior to each Aid Payment Date), the information reasonably needed by the Trustee in order to permit the Trustee to prepare each Custody Agreement Notice.

Section 5.04 Payments into Renewal Fund; Application of Renewal Fund.

(a) The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund. This Section 5.04 is subject to the terms and provisions of the Master Indenture.

(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, after making any transfer to the Rebate Fund in accordance with the provisions of the Tax Regulatory Agreement and Section 5.08, shall transfer the amounts deposited in the Renewal Fund to the subaccount of the Redemption Account of the Bond Fund designated by the Institution.

If, on the other hand,

(1) the Bonds shall not be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise), or

(2) the Bonds shall be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise) and the Institution shall have failed to take action to effect such redemption, or

(3) the Institution shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility,

the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to a Series Rebate Account of the Rebate Fund in accordance with the provisions of the Tax Regulatory Agreement and Section 5.08, to such rebuilding, replacement, repair and restoration.

(c) If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Majority Holders and shall thereupon apply such Net Proceeds, after making any transfer to each Series Rebate Account of the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.08, 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 bills, invoices or other evidences or documentation (including, without limitation, a title continuation or other evidence that no mechanics or other liens have been filed) satisfactory to the Trustee. The Trustee shall be entitled to rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to the Renewal Fund and all disbursements therefrom and shall furnish copies of same to the Issuer and the Institution upon reasonable written request therefor.

(e) The date of completion of the restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that the Institution has a good and valid leasehold interest in all property constituting part of the Facility, and all property constituting part of the Facility is subject to the Loan Agreement, and the mortgage liens and security interests of the Mortgage, subject to Permitted Encumbrances, (v) each Series Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of each such Series Rebate Amount and a direction to the Trustee of each required transfer to a Series Rebate Account of 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 5.4 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 is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee.

(f) All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.

(g) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Series Rebate Accounts of the Rebate Fund in accordance with the provisions of the Tax Regulatory Agreement and Section 5.08, be transferred by the Trustee to the Redemption Account of the Bond Fund, all as to be specified in written instructions to be delivered to the Trustee by an Authorized Representative of the Institution.

Section 5.05 Payments into Bond Fund. The Trustee shall establish within the Bond Fund the following: within the Interest Account of the Bond Fund a separate, segregated account in respect of each Series, captioned the “[Series Designation] Subaccount of the Interest Account of the Bond Fund” (each such segregated accounts being referred to generically as a “Series Subaccount of the Interest Account of the Bond Fund”); within the Principal Account of the Bond Fund a separate, segregated account in respect of each Series, captioned the “[Series Designation] Subaccount of the Principal Account of the Bond Fund” (each such segregated accounts being referred to generically as a “Series Subaccount of the Principal Account of the Bond Fund”); within the Redemption Account of the Bond Fund a separate, segregated account in respect of each Series, captioned the “[Series Designation] Subaccount of the Redemption Account of the Bond Fund” (each such segregated accounts being referred to generically as a “Series Subaccount of the Redemption Account of the Bond Fund”); and within the Sinking Fund Installment Account of the Bond Fund a separate, segregated account in respect of each Series, captioned the “[Series Designation] Subaccount of the Sinking Fund Installment Account of the Bond Fund” (each such segregated accounts being referred to generically as a “Series Subaccount of the Sinking Fund Installment Account of the Bond Fund”). Except as may be modified under the Supplemental Indenture or Tax Regulatory Agreement, the Trustee shall follow the following procedures with respect to the Bond Fund:

The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) The interest accruing on any Series of Bonds from the date of original issuance thereof to the date of delivery, which shall be credited to the applicable Series Subaccount of the Interest Account of the Bond Fund and applied to the first payment of interest on such Series of Bonds.

(b) Reserved.

(c) Amounts transferred from any Series Account of the Debt Service Reserve Fund that are in excess of the amount required to be held in such Series Account as of such date, which shall be credited to the respective Series Subaccount of the Interest Account of the Bond Fund and applied to the payment of interest on the Bonds of such Series.

(d) Excess or remaining amounts in any Series Project Account of the Project Fund required to be deposited (subject to any transfer required to be made to the Series Rebate

Fund in accordance with the provisions of the Tax Regulatory Agreement and Section 5.08) (i) in the respective Series Subaccount of the Interest Account of the Bond Fund pursuant to Section 5.02(g) or to the Series Subaccount of the Redemption Account of the Bond Fund pursuant to the first sentence of Section 5.02(h), which shall be kept segregated from any other moneys within such subaccount, or (ii) in the respective account of the Bond Fund pursuant to the second sentence of Section 5.02(h). Such moneys shall be invested, at the written direction of the Institution, with yield not in excess of (i) the yield on the Series 2025 Bonds, or (ii) the yield on tax-exempt obligations as described in Section 148(b)(3) of the Code, subject to limitations on earnings as set forth in the Tax Regulatory Agreement

(e) Loan payments received by the Trustee pursuant to Section 4.3 of the Loan Agreement, and moneys received by the Trustee pursuant to Section 4.1 of the Custody Agreement, which shall be deposited in and credited, to Series Subaccount(s) of the Interest Account, Series Subaccount(s) of the Principal Account, and Series Subaccount(s) of the Sinking Fund Installment Account of the Bond Fund, as applicable.

(f) Advance loan payments received by the Trustee pursuant to Section 4.3(b) of the Loan Agreement, which shall be deposited in and credited to the Series Subaccount of the Redemption Account of the Bond Fund for redemption of Bonds of a Series, all as specified in the written Notice of the Authorized Representative of the Institution as provided in said Section 4.3(b) of the Loan Agreement.

(g) Any amounts transferred pursuant to Section 5.07 from a Series Account of the Earnings Fund, which shall be deposited in the respective Series Subaccount of the Interest Account of the Bond Fund as provided in said Section 5.07.

(h) Any amounts transferred pursuant to Section 5.06(d) from a Series Subaccount of the Redemption Account of the Bond Fund, which shall be deposited in and credited to the applicable Series Subaccount of the Interest Account of the Bond Fund.

(i) Any amounts transferred from the Redemption Account pursuant to Section 5.06(h), which shall be deposited to 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.

(j) Amounts in the Renewal Fund required by Section 5.04 to be deposited to the Redemption Account of the Bond Fund pursuant to Section 5.04(g).

(k) All other receipts when and if required by the Loan Agreement or by this Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in Section 8.03) to the Redemption Account of the Bond Fund.

Section 5.06 Application of Bond Fund Moneys.

(a) The Trustee shall (i) on each Series Interest Payment Date in respect of a Series pay or cause to be paid out of the respective Series Interest Subaccount the interest due on such Series, and (ii) further pay out of such Series Interest Subaccount any amounts required for

the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Bonds of that Series.

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

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

(d) Amounts in any Series Subaccount of the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of Bonds of the related Series of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which such Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in any Series Subaccount of the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds of the related Series are so redeemable shall be applied to the redemption of Bonds of such Series on such redemption date. Any amounts deposited in the Series Subaccounts of the Redemption Account and not designated by the Institution in writing to the Trustee for payment of Interest on or Principal of the related Series of Bonds and not applied within twelve (12) months of their date of deposit to the purchase or redemption of such Series of Bonds (except if held in accordance with the Indenture) shall be transferred to the respective Series Subaccount of the Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided under this heading, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Series of Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in a Series Subaccount of the Redemption Account to be applied to the redemption of Bonds of the respective Series 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 of such Series 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 the Indenture, 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 Series 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 Series 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 that are subject to mandatory Sinking Fund Installment redemption and that 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 that 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 5.06(d) or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Series 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 Series 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 the Indenture are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) Moneys in the Redemption Account of the Bond Fund that are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund.

Section 5.07 Payments into Earnings Fund; Application of Earnings Fund.

(a) The Trustee shall establish within the Earnings Fund a separate, segregated account in respect of each Series, captioned the “[Series Designation] Earnings Account of the Earnings Fund” (each such segregated accounts being referred to generically as a “Series Earnings Account of the Earnings Fund”).

(b) All investment income or earnings on amounts held in any Series Project Account of the Project Fund, the Renewal Fund, or any other special fund (other than the Debt Service Reserve Fund, the Rebate Fund or the Bond Fund) shall be deposited upon receipt by the Trustee into the Series Earnings Account of the Earnings Fund in respect of such Series. The Trustee shall keep separate accounts of all amounts deposited in each Series Earnings Account of the Earnings Fund and by journal entry indicate the Fund or other source of the income or earnings.

(c) On the first Business Day following each Computation Period (as defined in the Tax Regulatory Agreement) in respect of a Series, the Trustee shall withdraw from the respective Series Earnings Account of the Earnings Fund and deposit to the respective Series Rebate Account of the Rebate Fund an amount such that the amount held in the Series Rebate Account after such deposit is equal to the Series Rebate Amount in respect of such Series, calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Institution pursuant to the Tax Regulatory Agreement. In determining the amounts of such withdrawal and deposit, the Trustee may rely computations to be provided to it by the Institution in accordance with the Tax Regulatory Agreement.

The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from a Series Earnings Account of the Fund to the Series Rebate Amount in respect of any Series (and shall instead apply such amounts in the Series Earnings Account of the Earnings Fund as provided in the immediately following sentence), if the Institution has delivered to the Trustee a certificate of an Authorized Representative of the Institution to the effect either that (x) the applicable requirements of a spending exception to rebate has been satisfied in respect of such Series as of the relevant semiannual period as set forth in the Tax Regulatory Agreement, (y) the proceeds of that Series have been invested solely in obligations the interest on which is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes; or (z) the proceeds of that Series have been invested in obligations the yield on which (determined under section 148(f) of the Code) did not exceed the yield on that Series (as set forth in the Tax Regulatory Agreement). Any amount on deposit in a Series Earnings Account of the Earnings Fund following the transfers to the Series Account of the Rebate Fund required by this Section shall be deposited in the respective Series Subaccount of the Interest Account of the Bond Fund.

Section 5.08 Payments into Series Rebate Accounts; Application of Monies in Series Rebate Accounts of the 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 shall establish within the Rebate Fund a separate, segregated account in respect of each of the Initial Series and, unless otherwise specified in the Supplemental Indenture pursuant to which any Series is issued, in respect of each Series of Additional Bonds, captioned the “[Series Designation] Rebate Account” (each such segregated accounts being referred to generically as a “Series Rebate Account of the Rebate Fund”). Except as may be modified under the Supplemental Indenture or Tax Regulatory Agreement, the Trustee shall follow the following procedures with respect to each Series and Series Rebate Account of the Rebate

Fund. For each Series, upon the receipt from an Authorized Representative of the Institution of a certification of a Series Rebate Amount in respect of a Computation Date (as defined in the Tax Regulatory Agreement), the Trustee shall deposit in the respective Series Rebate Account of the Rebate Fund within sixty (60) days following that Computation Date an amount such that the amount held in the Series Rebate Account of the Rebate Fund immediately after such deposit will be equal to that Series Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Series Rebate Amount with respect to such Series upon the completion of the Project pursuant to the Loan Agreement or the restoration of the Facility pursuant to Section 5.04, at any time during a Bond Year, the Trustee shall deposit in the Series Rebate Account of the Rebate Fund at that time an amount such that the amount held in the Series Rebate Account of the Rebate Fund after such deposit is equal to the Series Rebate Amount set forth in said certification. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Series Earnings Account of the Earnings Fund. If the amount on deposit in the Series Rebate Account following such deposit is less than the Series Rebate Amount in respect of that Computation Date, the Trustee shall promptly deliver to the Institution a notice stating the amount of such deficiency. 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; any such amount so received shall be deposited by the Trustee into the Series Rebate Account of the Rebate Fund.

(c) If within sixty (60) days following any Computation Date in respect of a Series, the amount on deposit in the respective Series Rebate Account exceeds the Series Rebate Amount computed in respect of such Series for such Computation Date, 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 respective Series Project Account until the completion of the Project as provided in the Loan Agreement, or, after the completion of the Project, deposit it in the respective Series Subaccount of the Interest Account of the Bond Fund.

(d) For each Series and in respect of each Computation Date, 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 Series Rebate Account of the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date in respect of such Series, an amount such that, together with the aggregate future value of prior amounts paid to the United States, the total paid to the United States is equal to not less than 90% of the Series Rebate Amount with respect to that Series 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 Series 2025 Bonds have been paid in full, 100% of the Series Rebate Amount as of the date of payment.

Section 5.09 Debt Service Reserve Fund.

(a) There shall be established in the Debt Service Reserve Fund, in respect of the Series 2025 Bonds and, as and if so provided in the Supplemental Indenture pursuant to which a Series of Additional Bonds is issued, a segregated account denominated the “[Series Designation] Account of the Debt Service Reserve Fund” (each such segregated accounts being referred to generically as a “Series Account of the Debt Service Reserve Fund”).

(b) As provided in Section 4.01(b), on the Closing Date for the Series 2025 Bonds, the Trustee is to deposit certain monies into the Debt Service Reserve Fund. To the extent provided under, and from the funds specified in, the Supplemental Indenture pursuant to which any Series of Additional Bonds is issued, on the Closing Date in respect of such Series the Trustee is to deposit monies into the Series Account of the Debt Service Reserve Fund in respect of that Series. In addition, from time to time there shall be credited to the appropriate accounts of the Debt Service Reserve Fund: (a) loan repayments under the Loan Agreement to be deposited thereto; and (b) amounts transferred from the Bond Fund.

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

(d) Moneys on deposit in each Series Account of the Debt Service Reserve Fund will be invested, pending application, in Qualified Investments pursuant to the Indenture and the resulting earnings will be credited to the respective Series Subaccount of the Interest Account of the Bond Fund. On the seventh (7th) Business Day prior to each Series Interest Payment Date during the term of the Bonds of a Series, the Trustee shall ensure that any investment earnings on moneys on deposit in the respective Series Reserve Account of the Debt Service Reserve Fund have been transferred to the respective Series Interest Subaccount. Amounts on deposit in each Series Account of the Debt Service Reserve Fund shall at all times consist of cash and/or Qualified Investments and, except as may be provided under the Supplemental Indenture pursuant to which a Series is issued, at no time shall the Borrower, the Trustee or the Issuer deposit or cause to be deposited in a Series Account of the Debt Service Reserve Fund any insurance policy, surety bond, letter of credit or similar instrument in lieu of or in partial substitution for cash or Qualified Investments on deposit in that Series Reserve Account.

(e) The Trustee shall notify the Institution and the Issuer in writing of any withdrawal from any Series Account of the Debt Service Reserve Fund, or any deficiency in the amounts required to be on deposit to the credit of any Series Account of the Debt Service Reserve Fund determined upon the semiannual valuation thereof. Pursuant to Section 4.3 of the Loan Agreement, the Institution has agreed to replenish any withdrawal from, or deficiency in, the Debt Service Reserve Fund over a twelve (12) month period in bi-monthly payments, each such payment to be in an amount equal to one-sixth (1/6) of the amount of the deficiency, payable on July 10, September 10, November 10, January 10, March 10 and May 10, commencing immediately succeeding the date of receipt by the Institution from the Trustee of notice of such withdrawal or deficiency.

(f) On the final maturity date of the Bonds of either of the Initial Series, and, unless otherwise provided in the applicable Supplemental Indenture, on the final maturity date of

a Series of Additional Bonds, any moneys on deposit in the Series Account of the Debt Service Reserve Fund in respect of that Series may be used to pay the principal of and interest on the Bonds of that Series on such final maturity date. In addition, if the principal of all the Bonds of a Series shall become due and payable, whether by maturity, by redemption or otherwise, the Trustee shall transfer from the respective Series Account of the Debt Service Reserve Fund and deposit into the respective Series Subaccount of the Principal Account of the Bond Fund any balance remaining in the account in that Series Account of the Debt Service Reserve Fund.

(g) Semiannually, at least fifteen (15) Business Days prior to each Series Interest Payment Date in respect of any Series, (unless, in the case of a Series of Additional Bonds, it is otherwise provided in the Supplemental Indenture pursuant to which such Series was issued) the amounts in the respective Series Account of the Debt Service Reserve Fund shall be valued by the Trustee as provided in Section 5.11(e) hereof. If the amounts held in the Series Account of the Debt Service Reserve Fund together with any interest and other income received by the investment of moneys therein then exceeds the respective Series Debt Service Reserve Fund Requirement, the Trustee shall withdraw from that Series Account of the Debt Service Reserve Fund the amount of any excess therein over the applicable Series Debt Service Reserve Fund Requirement as of such date of withdrawal and such excess shall be transferred by the Trustee to the corresponding Series Subaccount of the Interest Account of the Bond Fund and used to pay Debt Service Payments due on the Bonds of that Series on the next succeeding Bond Payment Date thereof and credited to the Institution's obligation to make loan repayments relating to such Bond Payment Date.

(h) The Trustee shall notify the Institution in writing of any deficiency in the amounts required to be on deposit in any Series Account of the Debt Service Reserve Fund.

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. Any investment herein authorized is subject to the condition that no portion of the Gross Proceeds (within the meaning of section 148 of the Code) of any Series of Tax-Exempt Bonds, shall be used, directly or indirectly, in such manner as to cause any Bond of that Series to be an "arbitrage bond" within the meaning of section 148 of the Code. In particular, unless otherwise provided in the Supplemental Indenture pursuant to which a Series is issued, or in the Tax Regulatory Agreement in respect thereto, unexpended proceeds of a Series subject to section 148 of the Code transferred from the Series Project Account in respect of such Series (or from the corresponding Series Earnings Account of the Earnings Fund) to the respective Series Redemption Account pursuant to Section 5.02 may be invested only in a manner not inconsistent with the terms of the Tax Regulatory Agreement. 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 any applicable provisions of such Tax Regulatory Agreement. The Trustee may rely on the written investment direction received from the Authorized Representative of the Institution as to the suitability and legality of the investments being made. Ratings of Qualified Investments referred to herein shall be determined at the time of purchase of such Qualified Investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments, including at the time of the reinvestment of proceeds thereof. Any investment hereunder shall be made in accordance with all applicable provisions of 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. Except as otherwise provided in this Indenture, or in the Supplemental Indenture pursuant to which a Series is issued, the income or gain received and collected from such investments shall be credited and losses charged to (i) the Series Rebate Account with respect to the investment of amounts held in that Series Rebate Account, (ii) each respective subaccount of the Bond Fund with respect to the investment of amounts held in that subaccount, and (iii) each account or subaccount of the Earnings Fund, with respect to the investment of amounts held in that account or subaccount. Absent written directions for investment, the Trustee shall hold moneys uninvested in cash.

(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 amounts then available in the various accounts and subaccounts of the Bond Fund.

(c) Upon the written direction of an Authorized Representative of the Institution, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of 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 account or subaccount of any Fund or Account in respect of a Series, 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 Series Interest Payment Date in respect of such Series.

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.

The Trustee shall not be required to provide confirmations of permitted investments for any month in which the Trustee provides a monthly statement to the Institution. The Trustee shall not be required to provide the Institution with a monthly statement if no activity occurred within the previous month.

Section 5.12 Application of Moneys in Certain Funds for Retirement of Bonds.

Except as to any Series as may be provided in the Supplemental Indenture pursuant to which such Series is issued, and notwithstanding any other provision of this Indenture, if on any Series Interest Payment Date or redemption date in respect of a Series the amounts allocable to any Series held in the Funds established under this Indenture (other than amounts in the respective Series Earnings Account of the Earnings Fund or Series Rebate Account of 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 of that Series, 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 of that Series by this Indenture or the Supplemental Indenture pursuant to which such Series was issued.

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 that the Trustee is directed to rebate to the Federal government pursuant to this Indenture or 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(f) 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 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.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.01 Privilege of Redemption and Redemption Price. Except as may otherwise be provided in the Supplemental Indenture pursuant to which a Series is issued, Bonds or portions thereof of a Series 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 Series Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing

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

Section 6.03 Notice of Redemption. When redemption of any Bond or Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to at least two (2) of the national information services that disseminate redemption notices. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any redemption date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

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

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

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

Section 6.04 Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(a) Payment of the Redemption Price plus interest accrued to the redemption date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any

Holder of at least \$1,000,000 in original aggregate principal amount of the Series 2025 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. Each Bond 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.

If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.

Section 6.06 No Partial Redemption After Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default hereunder, there shall be no redemption of less than all of the Bonds Outstanding.

ARTICLE VII

PARTICULAR COVENANTS

Section 7.01 Payment of Principal and Interest. The Issuer covenants that it will promptly pay or cause to be paid from the sources herein contemplated the principal of, Sinking Fund Installments for, Purchase Price, and interest on the Bonds, and the Redemption Price, if any, together with interest accrued thereon to the date of redemption, at the place, on the dates and in the manner provided in this Indenture and in the Bonds according to the true intent and meaning thereof.

Section 7.02 Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Note, to assign the Loan Agreement and the Promissory Note, and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Section 7.03 Books and Records; Certificate as to Defaults. Each of the Issuer and the Trustee covenants and agrees that, so long as any of the Bonds shall remain Outstanding, proper

books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facility, and that the Holders of any of the Bonds shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer and the 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 7.24(b) of the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement were applied by it to the payment of the principal or Redemption Price, if any, of, Purchase Price, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture and that the Trustee has no knowledge of any defaults under this Indenture or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Upon reasonable written request, the Trustee shall make available to the 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 Issuer or the Institution, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

Section 7.04 Loan Agreement. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the 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. Subject to Section 9.02 hereof, the Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement (including, without limitation, Sections 3.5, 5.3 and 7.9 thereof) upon compliance or noncompliance by the 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 Facility (subject only to Permitted Encumbrances). The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by this Indenture and the other Security Documents.

Section 7.06 Ownership; Instruments of Further Assurance. Subject to Section 9.02 hereof, the Trustee on behalf of the Institution, subject to Section 7.04 and upon the written direction of any Bondholder, 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 and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien, pledge and security interest of this Indenture and of the other Security Documents as fully and completely as though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

Section 7.07 Security Agreement; Recording and Filing. (a) This Indenture constitutes a “security agreement” within the meaning of the New York State Uniform Commercial Code-Secured Transactions. The Issuer hereby covenants that it will cause the Uniform Commercial Code financing statements to be recorded and filed, as the case may be, as required by law in order to create the lien of the Trustee and the security interests created in the Trust Estate. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement at the direction of the Issuer in the office of the Secretary of State of the State in the City of Albany, New York, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing recordation and filings, 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 re-recordings, re-indexings, filings or re-filings shall be prepared by the Institution and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by any fees or requisite charges and the Opinion of Counsel referred to above. The Institution will thereupon effect any such filings and re-filings of financing and continuation statements in said office of the Secretary of State, and promptly notify the Trustee and Issuer of any such filings.

(b) Reserved.

(c) Subsequent to the foregoing recordation and filings, if in the Opinion of Counsel to the Institution (described hereinbelow), to preserve (after the fifth (5th) anniversary of the Closing Date) the lien and security interest of this Indenture, it is necessary to re-record and/or re-index documents, re-file financing statements and/or file continuation statements and/or take any other actions (individually or collectively, the “**Continuation Action(s)**”), then, the Institution in a timely manner shall (A) 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, and (B) deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Institution shall perform the obligations described hereinabove in clauses “(A)” and “(B)” no later than ten (10) days prior to (i)(y) the fifth (5th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause “(i)”) on which a Continuation Action is to be taken to preserve the lien and security interest of this Indenture.

The Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. Counsel shall deliver successive Opinions of Counsel in respect of (i)(y) the fifth (5th) anniversary of the Closing Date, and (z) every five-year period thereafter through the term of the Series 2025 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 the Institution through electronic filing, 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 (which shall be reasonably acceptable to the Trustee) 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, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) All costs (including reasonable attorneys’ fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

Section 7.08 Issuer Tax Covenant. The Issuer covenants to comply with the Tax Regulatory Agreement. Without limitation of the foregoing, the Issuer further covenants that it shall take every action reasonably requested by the Institution or the Trustee within its control necessary to assure that interest on the Series 2025 Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes; and 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 Tax-Exempt Bonds to become includable in gross income for Federal income tax purposes; provided, however, the breach of either of the foregoing covenants 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”:

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

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

(3) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or 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;

(4) The occurrence of an “Event of Default” under the Loan Agreement or any other Security Document; or

(5) The occurrence of an “Event of Default” under the Master Indenture or any Obligation issued thereunder.

(b) Upon (1) the occurrence of an Event of Default under Section 8.01(a)(1) or (2) hereof, the Trustee shall, or (2) the occurrence of an Event of Default under Section 8.01(a)(3), (4) or (5) hereof and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Majority Holders, the Trustee shall, by notice in writing delivered to the Institution, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement and thereupon the principal of the Bonds then Outstanding and the interest accrued thereon shall become immediately due and payable, and interest shall continue to accrue thereon until the date of payment.

(c) If there shall occur an Event of Default under Section 8.1(d) or (e) of the Loan Agreement, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

(d) The right of the Trustee or of the Majority Holders to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Institution's interest in the Facility shall not have been sold or relet or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(e) Pursuant to the Loan Agreement, the Issuer has granted to the 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 Majority Holders shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under this Indenture, under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Purchase Price, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the

Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings 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 Majority Holders and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Section 8.03 Application of Revenues and Other Moneys After Default. (a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the

respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(B) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(A).

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 8.01, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04 Actions by Trustee. All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Holders of the Outstanding Bonds.

Section 8.05 Majority Holders Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the 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. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provisions of this Indenture or of any other Security Document or the execution of any trust under this Indenture or for any remedy under this Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in this Article, and the Majority Holders shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in this Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and, subject to the provisions of Section 8.03, be for the equal benefit of all Holders of the Outstanding Bonds.

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, Series Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 8.07 Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the 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.

ARTICLE IX

TRUSTEE, BOND REGISTRAR AND PAYING AGENTS

Section 9.01 Appointment and Acceptance of Duties of Trustee. The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

Section 9.02 Indemnity of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction

against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Section 9.03 Responsibilities of Trustee. (a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of this Indenture or any other document or instrument whatsoever. 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.

(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 depositary 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 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 his own affairs. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Institution, the Issuer or any Bondholder.

(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 Mortgage or the Loan Agreement nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason

of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Institution, the Trustee or any other Person.

(e) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of agents or attorneys appointed with due care.

(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 Series 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 the Indenture shall not be construed as a duty.

(i) The Trustee may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel.

Section 9.04 Compensation of Trustee, Bond Registrar and Paying Agents. The Trustee, the Bond Registrar and the Paying Agents shall be entitled to receive and collect from the 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 the Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under Section 5.13, 6.04 or Article X) for the foregoing advances, fees, costs and expenses incurred.

Section 9.05 Evidence on Which Trustee May Act. (a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or

in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

(a) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or, at the sole cost and expense of the Institution, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Institution), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

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 thirty (30) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

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.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to this Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Series Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or

resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the “**Trust Corpus**”).

Section 9.08 Successor Trustee. (a) If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the Institution shall cooperate with the Issuer and the Issuer shall appoint a successor Trustee and shall use its best efforts to obtain acceptance of such trust by the successor Trustee within sixty (60) days from such vacancy or notice of resignation. Within twenty (20) days after such appointment and acceptance, the Issuer shall notify in writing the Institution and the Holders of all Bonds.

(b) In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Majority Holders, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.08, within sixty (60) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Institution may apply to any court of competent jurisdiction (at the Institution’s sole expense) 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 such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.

(e) Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to

all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Section 9.09 Paying Agents. (a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal or Redemption Price, if any, of, Series Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.

(b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee, and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital stock and surplus aggregating at least \$40,000,000, having an investment grade rating of at least “Baa3” or “P-3”, and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.

(c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor,

or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 9.10 Appointment of Co-Trustee. (a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

ARTICLE X

DISCHARGE OF INDENTURE; DEFEASANCE

Section 10.01 Defeasance. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Series 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, Series 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 or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Series Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date.

Section 10.02 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 independent counsel stating that all conditions precedent with respect to the satisfaction and discharge of the Indenture have been met, then these presents and the trust and rights hereby granted shall cease, terminate and be void, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Series 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, or 3.07 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:

(1) To cure any formal defect, omission or ambiguity in this Indenture or in any description of property subject to the lien hereof, if such action is not materially adverse to the interests of the Bondholders.

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect.

(3) To add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.

(4) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.

(6) To modify or amend such provisions of this Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Tax-Exempt Bonds not be includable in gross income for Federal income tax purposes.

(7) To effect any other change herein which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(8) To modify, amend or supplement 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 Article XI, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Section 11.03 Supplemental Indentures With Bondholders' Consent. (a) Subject to the terms and provisions contained in this Article, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Series Sinking Fund Installments for, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption (except as provided in Section 2.03(a)) or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 11.03(a), without, in the case of items (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 is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with this Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

Section 11.04 Supplemental Indenture Part of this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 11.02 or 11.03.

ARTICLE XII

AMENDMENTS OF RELATED SECURITY DOCUMENTS

Section 12.01 Rights of the 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; and (vi) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Section 12.03 Amendments of Related Security Documents Requiring Consent of Bondholders. Except as provided in Section 12.02, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured as in Section 11.03 set forth; provided, however, there shall be no amendment, change or modification to (i) the obligation of the 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 of the 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 principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee's own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Evidence of Signature of Bondholders and Ownership of Bonds.

(a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.

(c) Except as otherwise provided in Section 11.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

Section 13.02 Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the 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:

To the Issuer:

Riverhead IDA Economic Job
Development Corporation
Phone: (585) 263-1509
4 West Second Street
Riverhead, New York 11901
Attention: Chief Financial Officer
Phone: (631) 369-5129
Email: director@riverheadida.org

To the Institution:

Riverhead Charter School
3685 Middle Country Road
Calverton, New York 11933
Attention: Board President
Phone: (631) 369-5800
Email: rcsboard@rcsli.org

To the Trustee:

U.S. Bank Trust Company,
National Association
100 Wall Street
Suite 600
New York, New York 10005
Attention: Michelle Mena-Rosado
Phone: (212) 951-8579
Email: michelle.mena@usbank.com

With Copy to:

Nixon Peabody LLP
1300 Clinton Square
Rochester, New York 14604
Attention: Terance V. Walsh, Esq.
Phone: (585) 263-1777
Email: twalsh@nixonpeabody.com

With Copies to:

Keane & Beane P.C.
445 Hamilton Avenue, Suite 1500
White Plains, New York 10601
Attention: Sharon N. Berlin, Esq.
Phone: (914) 946-4777
Email: sberlin@kblaw.com

Riverhead Charter School
3685 Middle Country Road
Calverton, New York 11933
Attention: Nicola Graham, Chief Financial Officer
Phone: (631) 369-5800
Email: ngraham@rcsli.org

With Copy to:

Paparone Law PLLC
30 Broad Street, 14th Floor #1482
New York, New York 10004
Attention: Melissa Paparone, Esq.
Phone: (212) 269-2893
Email: melissa@paparonelaw.com

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 if such illegal or invalid provision had not been contained herein.

Section 13.05 Effective Date; Counterparts. The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06 Laws Governing Indenture. This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State, without regard or giving effect to the principles of conflicts of laws thereof.

Section 13.07 No Pecuniary Liability of Agency or Members; No Debt of the State or the City. Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be payable by the Issuer solely from the loan payments, revenues and receipts derived from or in connection with the Facility pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in the Mortgage, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts, rental income and other moneys held or derived from or in connection with the Facility and pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer

in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price, if any, of, Series 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 Series Sinking Fund Installments therefor, nor the Redemption Price thereof shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

Section 13.08 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 placed upon the Facility subsequent to the recordation thereof. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvements and that the Issuer will apply the same first to the payment of the costs of improvements before using any part of the total of the same for any other purpose.

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

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and behalf by its Authorized Representative, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf by one of its duly authorized trust officers, all as of the day and year first hereinabove written.

**RIVERHEAD IDA ECONOMIC JOB
DEVELOPMENT CORPORATION**, as Issuer

By: _____
Name: James B. Farley
Title: Chairman

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Trustee

By: _____
Name: Michelle Mena-Rosado
Title: Vice President

[Signature page to the Indenture of Trust — Riverhead Charter School Project]

EXHIBIT A

[RESERVED]

EXHIBIT B-1

FORM OF FULLY REGISTERED SERIES 2025 BOND

ANY BONDOWNER WHO FAILS TO DELIVER THIS BOND FOR PURCHASE AT THE TIMES AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO FURTHER RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE HEREOF UPON PRESENTATION AND SURRENDER OF THIS BOND TO THE TRUSTEE AS DESCRIBED HEREIN AND SHALL HOLD THIS BOND AS AGENT FOR THE TRUSTEE.

**RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
TAX-EXEMPT EDUCATIONAL REVENUE REFUNDING BONDS (RIVERHEAD
CHARTER SCHOOL PROJECT), SERIES 2025**

NO.: AR-__

CUSIP NO: [_____]

MATURITY DATE: [August 1, 20__]

DATED: July [____], 2025

INTEREST RATE: [_____]

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS (\$ _____)

The Riverhead IDA Economic Job Development Corporation (the “**Issuer**”), a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the “**State**”), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Holder identified above or its registered successors or assigns, on the Maturity Date identified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount set forth above and interest thereon (computed on the basis of a 360-day year composed of twelve 30-day months) from the Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid, to the Maturity Date identified above (or such earlier date on which the principal hereof has been paid or duly provided for), at the Interest Rate identified above, on February 1st and August 1st of each year (each an “**Interest Payment Date**”), commencing February 1, 2026.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank Trust Company, National Association in New York, New York, as trustee and paying agent (the “**Paying Agent**”), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

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

Method of Currency. The principal of, Sinking Fund Installments for, Redemption Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as “Riverhead IDA Economic Job Development Corporation Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025” issued in the aggregate principal amount of \$[] (hereinafter called the “**Series 2025 Bonds**” or the “**Bonds**”). The Series 2025 Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and a resolution adopted by the members of the Issuer on December 18, 2023, authorizing the issuance of the Series 2025 Bonds and under and pursuant to an Indenture of Trust, dated as of July 1, 2025 (as the same may be amended or supplemented, the “**Indenture**”), made and entered into by and between the Issuer and U.S. Bank Trust Company, National Association, New York, New York, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the “**Trustee**”), for the following purposes: to finance and refinance the costs of the Project (as defined below), which will consist of financing or refinancing (a) approximately \$14,630,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013A (Tax-Exempt Bonds) that were issued in the original aggregate principal amount of \$16,105,000 (the “**Series 2013A Bonds**”), and approximately \$2,845,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013B (Federally Taxable Qualified School Construction Bonds) that were issued in the original aggregate principal amount of \$5,000,000 (the “**Series 2013B Bonds**” and collectively

with the Series 2013A Bonds, the “**Series 2013 Bonds**”) the proceeds of which Series 2013 Bonds financed the acquisition and construction by the Institution of an approximately 50,000 square foot, two-story building and related infrastructure improvements, including a parking area and driveways (collectively, the “**2013 Facility**”), which 2013 Facility replaced an existing modular building and is located adjacent to the Institution’s two remaining buildings containing approximately 8,200 square feet of space (the “**Existing Facility**”, and with the 2013 Facility, hereinafter referred to as the “**Facility**”), located on approximately six acres of Institution-owned land at 3685 Middle Country Road, Calverton, Suffolk County, New York 11933 (the “**Land**”), together with related machinery, equipment and furniture (the “**Equipment**”) (the Facility, the Land and the Equipment being hereinafter collectively referred to as the “**Project Facility**”); (ii) refinancing of certain existing indebtedness of the Institution previously incurred in connection with the Existing Facility; (iii) funding the Series 2013A Account of the Debt Service Reserve Fund; (iv) funding capitalized interest on the Series 2013A Bonds; and (v) paying the costs of issuing the Series 2013 Bonds (collectively, the “**Refunded Project**”), (b) funding a debt service reserve fund and/or a working capital reserve, if required; and (c) paying for certain costs and expenses associated with the issuance of the Series 2025 Bonds (collectively (a) through (c), the “**Project**”). The Project Facility includes general education classrooms, art room, science room, music room, cafeteria/gym with stage, kitchen, library, faculty room, administrative offices, parking lots and related facilities. The Project Facility will continue to be owned and/or operated by the Institution as a charter school for children in grades kindergarten through grade 8 (collectively, the “**Project Financing**”). In order to refinance the costs of the Project Financing, the Issuer has made a loan to the Institution of the proceeds of the Series 2025 Bonds in the original amount pursuant to a certain Loan Agreement, dated as of July 1, 2025, 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 Series 2025 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 Series 2025 Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Mortgage and the Assignment of Mortgage (hereinafter referred to) are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Series 2025 Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Series 2025 Bonds, the rights and remedies of the holders of the Series 2025 Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions set forth in the Indenture and the Loan Agreement, a series of additional bonds (“**Additional Bonds**”) may be issued from time to time in one or more series for the purposes described in the Indenture and the Loan Agreement. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

Pledge and Security. The Bonds are issued under and are equally and ratably secured by the Indenture. The Indenture grants the Trustee a first security interest in all right, title and interest in and to the Trust Revenues (as defined in the Indenture), including, without limitation, all rights to receive loan payments made or to be made by or on behalf of the Institution under the Loan Agreement (except payments made with respect to the Issuer’s Reserved Rights) sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and

interest and all other amounts due on the Bonds as the same become due. The Institution has agreed to secure the payment obligations of the Institution under the Loan Agreement and the Bonds by the issuance of the Institution's Obligation No. 1 - 2025, dated July [], 2025 (the "**Series 2025 Obligation**"), pursuant to the terms of the Master Trust Indenture, dated as of July 1, 2025 (the "**Master Trust Indenture**"), by and between the Institution and U.S. Bank Trust Company, National Association, as master trustee (the "**Master Trustee**"), as amended and supplemented, including as amended and supplemented by the First Supplemental Master Trust Indenture, dated as of July 1, 2025 (the "**Supplement No. 1**"; collectively with the Master Trust Indenture, the "**Master Indenture**"), which Series 2025 Obligation is assigned by the Issuer to the Trustee pursuant to the Indenture. The Series 2025 Obligation and all Obligations (except as set forth in the Master Indenture) issued under the Master Indenture are secured by: (i) a Mortgage, Assignment of Leases and Rents, and Security Agreement dated July 1, 2025, from the Institution to the Issuer (as the same may hereafter be amended or supplemented, the "**Mortgage**"), which Mortgage will be assigned by the Issuer to the Master Trustee pursuant to an Assignment of Mortgage dated as of July [], 2025 (the "**Assignment of Mortgage**") from the Issuer to the Master Trustee and (ii) a pledge of Pledged Assets of the Obligated Group Members under the Master Indenture.

Reference is hereby made to the Loan Agreement, the Indenture, the Promissory Note, the Series 2025 Obligation, the Master Indenture and to all amendments and supplements thereto (copies of which are and will be on file at the principal corporate trust office of the Trustee), for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the Owners of the Series 2025 Bonds and the terms upon which the Series 2025 Bonds are issued and secured.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF THE TOWN OF RIVERHEAD, AND NEITHER THE STATE OF NEW YORK NOR THE TOWN OF RIVERHEAD 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.

Specific Details of the Series 2025 Bonds. The Series 2025 Bonds shall be issued in the aggregate principal amount of \$[] and shall be designated "Riverhead IDA Economic Job Development Corporation Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025". The Series 2025 Bonds shall be prefixed "AR" and numbered from one upward. The Series 2025 Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations.

(1) The Series 2025 Bonds shall be dated their date of delivery and shall bear interest from their dated date, or from the most recent Series 2025 Interest Payment Date to which interest has been paid. Interest on the Series 2025 Bonds shall be payable

on each Series 2025 Interest Payment Date, which dates shall comprise the 1st days of February and August of each year, commencing on February 1, 2026. The Series 2025 Bonds shall mature on August 1st of the years and shall bear interest (on the basis of a 360-day year composed of twelve 30-day months) at the rates per annum as set forth in the table below:

Series 2025 Serial Bonds

Year	Principal Amount	Interest Rate

Series 2025 Term Bonds

Year	Principal Amount	Interest Rate

(2) The Series 2025 Bonds are subject to scheduled mandatory sinking fund redemption prior to maturity as provided below.

Redemption of Bonds.

General Optional Redemption of the Series 2025 Bonds. The Series 2025 Bonds maturing on or after August 1, 20[] shall be subject to redemption, in whole at any time or in part on any date on or after August 1, 20[] (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option 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), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest to the date of redemption.

Extraordinary Redemption of the Series 2025 Bonds. The Series 2025 Bonds are also 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 one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption if one or more of the following events shall have occurred:

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

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

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

If the Series 2025 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Redemption of the Series 2025 Bonds Upon a Determination of Taxability. Upon the occurrence of a Determination of Taxability, the Series 2025 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 Taxable Rate from the occurrence of the Event of Taxability to the date of redemption. The Series 2025 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2025 Bonds Outstanding would have the result that interest payable on the Series 2025 Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2025 Bond. In such event, the Series 2025 Bonds shall be redeemed in such amount as is deemed necessary to obtain a Favorable Opinion of Bond Counsel.

Certain Defined Terms:

“Determination of Taxability” means a determination that the interest income on any of the Bonds (as defined in the Indenture) does not qualify as interest excluded from gross income of the recipient thereof for the purpose of federal income taxation (“**exempt interest**”) under section 103 of the Code, which determination shall be deemed to have been made upon the first to occur of any of the following: (i) the date on which the Trustee is notified that an Opinion of Bond Counsel is unable to be delivered to the effect that the interest on the Bonds qualifies as such exempt interest, or (ii) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service issues any public or private ruling, technical advice memorandum or any other written communication or on which there shall occur a ruling or decision of a court of competent jurisdiction with or to the effect that, in the opinion of such Bond Counsel, the interest income on any of the Bonds does not qualify as such exempt interest, or (iii) the date on which the Institution will receive notice from the Trustee in writing that the Trustee has been notified by the Internal Revenue Service, or has been advised by the Issuer, the Institution or any Holder or former Holder that the Internal Revenue Service has issued a notice of deficiency or similar notice which asserts that the interest on any of the Bonds does not qualify as such exempt interest.

“Event of Taxability” means the date specified in a Determination of Taxability as the date interest paid or payable on any 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.

“Taxable Rate” means [_____ percent (__)%) per annum.

Mandatory Sinking Fund Installment Redemption. (i) The Series 2025 Bonds maturing on August 1, 20[___] 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f) of the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment

*

\$

* Final Maturity

(ii) The Series 2025 Bonds maturing on August 1, 20[] 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f) of the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment

*	\$

* Final Maturity

(iii) The Series 2025 Bonds maturing on August 1, 20[] 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 August 1 of the years and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.06(d) and (f) of the Indenture:

Sinking Fund Installment Payment Date	Sinking Fund Installment

*	\$

* Final Maturity

Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Series 2025 Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture, or

(ii) excess proceeds shall remain after the release or substitution of fixtures or other portions of the Facility,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2025 Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption Upon Failure to Operate the Facility for Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2025 Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (x) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, for purposes that do not conform with the Approved Project Operations, or (y) the Institution has committed a material violation of a material Legal Requirement, or (ii) the Institution shall fail to obtain or maintain the public liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2025 Bonds, together with interest accrued thereon to the date of redemption.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the 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.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, Purchase Price, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the

Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Limited 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. The Issuer is obligated to make payments on the Bonds only to the extent of payments made by the Institution under the Loan Agreement, or from any amounts received by the Trustee from enforcement of the Mortgage or from property, rights and interests held in the trust estate and pledged therefor pursuant to the Indenture. The Issuer has no taxing power.

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.

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, the Riverhead IDA Economic Job Development Corporation has caused this Series 2025 Bond to be executed in its name by the manual or facsimile signature of its Chairman or Vice Chairwoman, all as of the Bond Date indicated above.

**RIVERHEAD IDA ECONOMIC JOB
DEVELOPMENT CORPORATION**

By: _____

Name: James B. Farley

Title: Chairman

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the Riverhead IDA Economic Job Development Corporation's Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025, of the issue described in the within-mentioned Indenture.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Trustee

By: Authorized Signatory

Date of Authentication: July [], 2025

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____ Attorney to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED

MEDALLION GUARANTEED

Authorized Signature

(Signature Guarantee Program Name)

[Signature Guarantee by (must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15)]

[END FORM OF SERIES 2025 BOND

EXHIBIT C –

FORM OF REQUISITION FROM THE PROJECT FUND

REQUISITION NO. _____

TO: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE

FROM: RIVERHEAD CHARTER SCHOOL

Ladies and Gentlemen:

You are requested to draw from the Series Project Account of the Project Fund specified on Schedule A, established by Section 5.02 of the Indenture of Trust, dated as of July 1, 2025 (the “**Indenture**”), between the Riverhead IDA Economic Job Development Corporation (the “**Issuer**”) and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), a check or checks (or wire transfer or wire transfers) 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 in the Indenture or in the Loan Agreement referred to in the Indenture.

I hereby certify that:

(i) I am an Authorized Representative of the Riverhead Charter School (the “**Institution**”);

(ii) the number of this Requisition is _____;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02(c) of the Indenture and under Section 3.2 of the Loan Agreement and each such item has been properly paid or incurred as an item of Project Cost;

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;

(v) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vi) each such item stated in Schedule A attached hereto is a proper charge against the applicable account of the Project Fund;

(vii) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

(viii) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Tax Regulatory Agreement; and

(ix) no portion of the proceeds of the Bonds will be applied to reimburse the Institution for Project Costs paid before October 23, 2023, except as set forth in the Tax Regulatory Agreement;

(x) no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Security Documents, nor any condition, event or act which, with notice or lapse of time or both would constitute such an Event of Default;

(xi) 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;

(xii) 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;

(xiii) if the payment herein requested is for an item of personalty, upon payment of the cost thereof such item of personalty will be subject to the Loan Agreement;

(xiv) such item of cost for which payment is herein requested is chargeable to the capital account of the Series 2025 Project for federal income tax purposes, or would 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;

(xv) 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

(xvi) none of the items being requisitioned constitute "profit" to any entity affiliated with, or related to, the Institution.

[Signature page to follow]

Attached to this Requisition is a schedule of or copy of bills, invoices or other documents evidencing and supporting this Requisition.

Date: _____

RIVERHEAD CHARTER SCHOOL

By: _____

Name:

Authorized Representative

[Signature to Requisition Form]

SCHEDULE A TO REQUISITION NO. _____

<u>Project Account</u> <u>(to be reimbursed</u>				<u>Invoice or Bill</u>	
<u>from)</u>	<u>Amount</u>	<u>Payee (with address)</u>	<u>Purpose</u>	<u>Number</u>	

SCHEDULE A

SCHEDULE OF DEFINITIONS

Act means Section 1411 of the Not-for-Profit Corporation Law of the State of New York.

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) of the Loan Agreement.

Additional Indebtedness means with respect to the Institution (A) all indebtedness, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed, (B) all deferred indebtedness for the payment of the purchase price of property or assets purchased, including, without limitation, capitalized leases, (C) all guaranties, endorsements, assumptions and other contingent obligations in respect of, or to purchase or otherwise acquire, indebtedness of others, and (D) all indebtedness secured by any mortgage, pledge or Lien existing on property owned, subject to such mortgage, pledge or Lien, whether or not indebtedness secured thereby shall have been assumed. In computing the amount of Additional Indebtedness at any time there shall be excluded (A) any operating leases, (B) all indebtedness subordinate to the Bonds and (C) any particular item of Indebtedness if before the maturity thereof there shall have been deposited with the lender, creditor, trustee or other proper depository the necessary funds (or evidences of such Additional Indebtedness) for the payment, redemption or satisfaction of such item of Additional Indebtedness (and such funds or evidences of such Additional Indebtedness shall thereafter be excluded from any computation of the assets of the Institution).

An **Affiliate** of a Person shall mean a Person that directly or indirectly through one or more intermediaries Controls, or is under common Control with, or is Controlled by, such Person.

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.

Aid Payment Month means each July, September, November, January, March and May or such other months as may in the future be established to have an Aid Payment Date.

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

Approved Project Operations shall mean the facility located at 3685 Middle Country Road, Calverton, New York, for use by the Institution in the providing of education services to students.

Assignment of Mortgage shall mean the Assignment of Mortgage, relating to the Facility, dated July [], 2025, and from the Issuer to the Master Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Authorized Denomination shall mean, in the case of the Series 2025 Bonds, \$5,000 or any integral multiple thereof.

Authorized Principal Amount shall mean, (i) in the case of the Series 2025 Bonds, \$[], and (ii) 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 Chairman, Vice Chairwoman, Treasurer, Secretary, or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties; and

(ii) in the case of the Institution, a person named in Exhibit B - “Authorized Representative” to the Loan Agreement, 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; and

provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Indenture or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Bankruptcy Code means the United States Bankruptcy Code, as amended from time to time.

Beneficial Owner shall mean, whenever used with respect to a Series 2025 Bond, the Person in whose name such Series 2025 Bond is recorded as the Beneficial Owner of such Series 2025 Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Series 2025 Bonds are not held in the Book-Entry System, Beneficial Owner shall mean “Holder” for purposes of the Security Documents.

Board of Regents means the Board of Regents of the University of the State of New York and any successor thereto.

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Bond Payment Date shall mean, with respect to a Series of Bonds, each date upon which interest, principal and/or Sinking Fund Installments shall be scheduled to be paid under such Series of Bonds.

Bond Purchase Agreement means the Bond Purchase Agreement dated [_____, 2025] by and among the Issuer, the Institution 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 December 18, 2023, authorizing the issuance of the Series 2025 Bonds.

Bond Year shall have the meaning assigned to that term in the Tax Regulatory Agreement.

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

Bonds shall mean the Series 2025 Bonds and any Additional Bonds.

Business Day shall mean any day other than:

- (i) a Saturday or Sunday or a legal holiday;
- (ii) a day on which the Trustee or the Paying Agent is required or authorized by law or executive order to be closed;
- (iii) a day on which banking institutions in the State are authorized by law or executive order to remain closed; or
- (iv) a day on which The New York Stock Exchange or DTC is closed.

Charter means the original charter granted January 10, 2001 to the Institution, by the Board of Regents, as amended and renewed from time to time.

Claims shall have the meaning set forth in Section 7.2(a) of the Loan Agreement.

Closing Date shall mean July [], 2025, the date of the issuance and delivery of the Series 2025 Bonds.

Code shall mean the Internal Revenue Code of 1986, 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 then in effect and as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

Commencement Date shall mean the Closing Date, on which date the Loan Agreement was executed and delivered.

Computation Date shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Computation Period shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Consultant means an independent professional firm or corporation qualified to report on questions relating to the financial condition and business plans of charter schools offering grades K-8th, selected hired by the Institution and acceptable to a Majority of Owners.

Continuing Disclosure Agreement shall mean the Continuing Disclosure Agreement, dated as of July [], 2025, between the Institution and the Trustee, as said continuing disclosure agreement may be amended or supplemented from time to time.

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

Costs of Issuance shall mean issuance costs with respect to the Series 2025 Bonds described in section 147(g) of the Code and any regulations thereunder, including but not limited to the following: fees of the Underwriter; counsel fees (including bond counsel to the Issuer, counsel to the Underwriter, Trustee’s counsel, Issuer’s counsel, 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 Series 2025 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 Series 2025 Bonds; printing costs (for the Series 2025 Bonds and of the preliminary and final official statement relating to the Series 2025 Bonds); printing costs for the Series 2025 Bonds and offering documents; public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Series 2025 Bonds; and Blue Sky fees and expenses; and similar costs.

Custodian means U.S. Bank Trust Company, National Association, as custodian under the Custody Agreement.

Custody Account means the account established under the Custody Agreement for the deposit of moneys received pursuant to the Custody Agreement.

Custody Agreement means the custody agreement dated as of July 1, 2025, by and among the Institution, the Custodian and the Trustee, as said custody agreement may be amended or supplemented from time to time.

Custody Agreement Notice means the notice prepared by the Trustee in accordance with the provisions of the Custody Agreement, upon the happening of certain events set forth therein,

and Section 5.03 of the Indenture. The form of Custody Agreement Notice shall be in the form set forth in Exhibit B to the Custody Agreement.

Debt Service Payment means, with respect to any Bond Payment Date, (A) the interest payable on the Bonds on such Bond Payment Date, plus (B) the principal, if any, payable on the Bonds on such Bond Payment Date, plus (C) the premium, if any, payable on the Bonds on such Bond Payment Date, plus (D) the Sinking Fund Installments, if any, payable on the Bonds on such Bond Payment Date.

Debt Service Reserve Fund means the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Debt Service Reserve Fund Requirement shall mean (i) with respect to the Series 2025 Bonds the least of (a) ten percent (10%) of the original principal amount of Series 2025 Bonds, or (b) one hundred percent (100%) of the greatest amount required in the then current or any future such Bond Year to pay the sum of: (1) interest on the Bonds then Outstanding and payable in such Bond Year, excluding accrued interest received upon the issuance of any such Bonds and capitalized interest financed by the issuance of any such Bonds, and (2) the principal of and the Sinking Fund Installments due on the Bonds and then outstanding in such Bond Year, or (c) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds then outstanding, for that and every subsequent Bond Year, and (ii) with respect to any Series of Additional Bonds the Debt Service Reserve Fund Requirement as established by the Supplemental Indenture and resolution authorizing such Series of Additional Bonds.

Defaulted Interest shall have the meaning specified in Section 2.02(c) of the Indenture.

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

Determination of Taxability shall mean a determination that the interest income on any of the Tax-Exempt Bonds does not qualify as interest excluded from gross income of the recipient thereof for the purpose of federal income taxation ("**exempt interest**") under section 103 of the Code, which determination shall be deemed to have been made upon the first to occur of any of the following: (i) the date on which the Trustee is notified that an Opinion of Bond Counsel is unable to be delivered to the effect that the interest on the Tax-Exempt Bonds qualifies as such exempt interest, or (ii) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service issues any public or private ruling, technical advice memorandum or any other written communication or on which there shall occur a ruling or decision of a court of competent jurisdiction with or to the effect that, in the opinion of such Bond Counsel, the interest income on any of the Tax-Exempt Bonds does not qualify as such exempt interest, or (iii) the date on which the Institution will receive notice from the Trustee in writing that the Trustee has been notified by the Internal Revenue Service, or has been advised by the Issuer, the Institution or any Holder or former Holder that the Internal Revenue Service has issued a notice of deficiency or similar notice which asserts that the interest on any of the Tax-Exempt Bonds does not qualify as such exempt interest.

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.

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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.

Electronic Means shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Equipment shall mean any related machinery, equipment, and furniture located on the Land.

Event of Default shall, with respect to Indenture, have the meaning specified in Section 8.01(a) of the Indenture, and shall, with respect to the Loan Agreement, have the meaning specified in Section 8.1 of the Loan Agreement.

Event of Taxability means the date specified in a Determination of Taxability as the date interest paid or payable on any Series 2025 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) of the Loan Agreement.

Exempt Organization shall mean an organization described in Section 501(c)(3) of the Code and exempt from federal income tax pursuant to Section 501(a) of the Code.

Facility or Project Facility shall mean, collectively, the Land, the Improvements, and Equipment thereon.

Favorable Opinion of Bond Counsel shall mean, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Nationally Recognized Bond Counsel, to the effect that such action is permitted under the Indenture and will not adversely affect any then-existing exclusion pursuant to section 103(a) of

the Code of interest on a Series of Bonds from the gross income of the owners thereof for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of such Series of Bonds).

Final Maturity Date shall mean, with respect to any particular Bond, the final Stated Maturity of the principal due on such Bond, unless such Bond is called for redemption in whole prior to such date, in which case any such term shall mean the redemption date relating to such Bond.

Fiscal Year means (i) the period of twelve (12) months beginning July 1 of each year, or (ii) such other consecutive twelve (12) month period selected by the Institution as its fiscal year for accounting purposes after not less than thirty (30) days' prior written notice to the Issuer, the Trustee and each Bondholder informing them of the contemplated change.

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

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Commencement Date, so as to properly reflect the financial position of the 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 Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

Government Obligations shall mean the following:

(i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

"Gross Revenues" has the meaning given to such term in the Master Trust Indenture.

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

Impositions shall have the meaning set forth in Section 7.16(a) of the Loan Agreement.

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements existing on the Commencement Date and erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land throughout the term of the Loan Agreement; and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indebtedness shall have the meaning set forth in the Master Indenture.

Indemnified Parties shall have the meaning set forth in Section 7.2(a) of the Loan Agreement.

Indenture shall mean that certain Indenture of Trust, dated as of July 1, 2025, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI.

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

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

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

Initial Issuance Fee shall mean [] dollars (\$[]), payable to the Issuer by the Institution on the Closing Date.

Institution Documents means the Bond Purchase Agreement, the Loan Agreement, the Mortgage, the Continuing Disclosure Agreement, the Custody Agreement, the Tax Regulatory Agreement, the Environmental Compliance and Indemnification Agreement, the Master Indenture, the Series 2025 Obligation and any other document or certificate to which the Institution is a party.

Institution shall mean the Riverhead Charter School, a not-for-profit educational corporation organized and existing under the laws of the State of New York, and its successors and assigns.

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Interested Bondholder means the registered holder of \$1,000,000 or more in aggregate principal amount of the Bonds and any other Bondholder who shall have filed a written request with the Trustee to receive copies of reports under the Indenture.

Interest Payment Date shall mean, with respect to the Series 2025 Bonds, February 1st and August 1st of each year, commencing February 1, 2026, and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

IRS shall mean the Internal Revenue Service of the United States of America.

Issuer shall mean the Riverhead IDA Economic Job Development Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Institution to complete the Project;

(iv) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Sections 2.2, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 4.4, 4.5, 4.6, 4.7, 5.1, 5.2, 5.3, 5.4, 6.1, 6.3, 6.4, 7.1, 7.2, 7.3, 7.5, 7.8, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16, 7.17, 7.18, 7.19, 7.21, 7.22, 7.23, 7.26, 7.28, 7.29, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 9.1, 9.2, 9.3, 10.1, 10.3, 10.6, 11.1, 11.3, 11.4, 11.5, 11.6, 11.11, 11.13 and 11.14 of the Loan Agreement, and

(v) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 8.2(b) of the Loan Agreement.

Land shall mean that certain lot, piece or parcel of land in Section 099.00, Block 02.00 and Lot 009.001, generally known by the street address 3685 Middle Country Road, Calverton, New York, all as more particularly described in the Mortgage, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 7.9(c) of the Loan Agreement.

Legal Requirements shall mean the Constitution of the United States, the Constitution of the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the County or Town, 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.

Liability shall have the meaning set forth in Section 7.2(a) of the Loan Agreement.

Liens shall have the meaning specified in Section 7.10(a) of the Loan Agreement.

Loan shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described in Section 4.1 of the Loan Agreement.

Loan Agreement shall mean that certain Loan Agreement, dated as of July 1, 2025, by and 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 three (3) Business Days prior to each Bond Payment Date.

Loss Event shall have the meaning specified in Section 5.1 of the Loan Agreement.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Master Indenture means the Master Trust Indenture, as the same may be amended, modified or supplemented from time to time, including as supplemented by the First Supplemental Master Trust Indenture, dated as of July 1, 2025, and each between the Member of the Obligated Group and the Master Trustee.

Master Trustee shall mean U.S. Bank Trust Company, National Association, New York, New York, a national banking association organized and existing under the laws of the United

States of America, in its capacity as master trustee under the Master Trust Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Master Trust Indenture.

Master Trust Indenture shall mean the Master Trust Indenture, dated as of July 1, 2025, between the Institution and the Master Trustee.

Maturity Date means (A) with respect to the Series 2025 Bonds, the maturity dates described in Section 2.02 of the Indenture, and (B) with respect to any Additional Bonds, the final Stated Maturity of the principal of such Additional Bonds.

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

Mortgage shall mean, the Mortgage, Assignment of Leases and Rents, and Security Agreement, dated as of July 1, 2025, from the Institution to the Issuer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Mortgaged Property shall mean the real and personal property described in the Mortgage and subject to the Lien created thereby.

Nationally Recognized Bond Counsel shall mean (i) Nixon Peabody LLP, or (ii) any other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to the exclusion pursuant to section 103(a) of the Code of interest on bonds issued by states and their political subdivisions for the gross income of the owners of such bonds for federal income tax purposes.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

Notice Parties shall mean the Issuer, the Institution, the Bond Registrar, the Paying Agents and the Trustee.

Obligated Group Member or **Member of the Obligated Group** means the Institution and any additional members admitted to the Obligated Group in accordance with the provisions of the Master Trust Indenture.

Obligations means those obligations entered into under the Master Trust Indenture to secure the obligations of Obligated Group Members.

Operating Expenses means fees and expenses of the Institution, including maintenance, repair expenses, utility expenses, real estate taxes, insurance premiums, administrative and legal

expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Institution, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of the Institution not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which may be reasonably be expected to be incurred in accordance with Generally Accepted Accounting Principles, all in such amounts as reasonably determined by the Institution; provided however, "Operating Expenses" shall not include (i) those expenses which are actually paid from any revenues of the Institution which are not Gross Revenues, (ii) spending for items accounted for as capital expenditures under GAAP, or (iii) replenishments of the Debt Service Reserve Fund.

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 articles of incorporation or certificate of incorporation, and the by-laws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Other Education Aid shall mean any federal or State payments, other than State Education Operating Aid or Disability Aid, payable to the 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 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, there has been separately set aside and held in the Redemption Account of the Bond Fund either:

(A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys, in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so

specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under 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 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 actually knows to be so owned shall be so disregarded. Bonds, which have been pledged in good faith, may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Participants shall mean those financial institutions for which 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:

(a) the Mortgage (as assigned by the Assignment of Mortgage), the Indenture, 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 7.10(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 use and enjoyment of the Facility by the Institution 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 Facility enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Master Trustee's mortgagee interest under the Mortgage in the Facility, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(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 Issuer or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the 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 the School Districts, the State or any governmental agency or instrumentality; and

(m) any lien, security interest, encumbrances or charge, which exists in favor of the Trustee or to which the Trustee shall consent in writing.

Person shall mean an individual or any Entity.

Pledged Assets has the meaning given to such term in the Master Trust Indenture.

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Principal Payment Date means (A) with respect to the Series 2025 Bonds, each Interest Payment Date on which a Sinking Fund Installment is due on the Bonds, and each Maturity Date of the Series 2025 Bonds, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of principal due on such Additional Bonds.

Project shall mean the financing or the refinancing of (a) approximately \$14,630,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013A (Tax-Exempt Bonds) that were issued in the original aggregate principal amount of \$16,105,000 (the “**Series 2013A Bonds**”), and approximately \$2,845,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013B (Federally Taxable Qualified School Construction Bonds) that were issued in the original aggregate principal amount of \$5,000,000 (the “**Series 2013B Bonds**” and collectively with the Series 2013A Bonds, the “**Series 2013 Bonds**”) the proceeds of which Series 2013 Bonds financed the acquisition and construction by the Institution of an approximately 50,000 square foot, two-story building and related infrastructure improvements, including a parking area and driveways (collectively, the “**2013 Facility**”), which 2013 Facility replaced an existing modular building and is located adjacent to the Institution’s two remaining buildings containing approximately 8,200 square feet of space (the “**Existing Facility**”, and with the 2013 Facility, hereinafter referred to as the “**Facility**”), located on approximately six acres of Institution-owned land at 3685 Middle Country Road, Calverton, Suffolk County, New York 11933 (the “**Land**”), together with related machinery, equipment and furniture (the “**Equipment**”) (the Facility, the Land and the Equipment being hereinafter collectively referred to as the “**Project Facility**”); (ii) refinancing of certain existing indebtedness of the Institution previously incurred in connection with the Existing Facility; (iii) funding the Series 2013A Account of the Debt Service Reserve Fund; (iv) funding capitalized interest on the Series 2013A Bonds; and (v) paying the costs of issuing the Series 2013 Bonds (collectively, the “**Refunded Project**”), (b) funding a debt service reserve fund and/or a working capital reserve, if required; and (c) paying for certain costs and expenses associated with the issuance of the Series 2025 Bonds.

Project Account of the Project Fund means the special trust account so designated within the Project Fund established pursuant to Section 5.02 of the Indenture.

Project Costs shall mean the costs and expenses determined by the Institution, subject to the provisions of this Indenture and the Loan Agreement, to be necessarily or appropriately incurred in connection with the Project, including, but not limited to, (i) refunding the Series 2013 Bonds; and (ii) Costs of Issuance.

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

Project Facility or Facility means the Land, the Improvements and the Equipment.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Promissory Note shall mean, with respect to the Series 2025 Bonds, that certain Promissory Note in substantially the form of Exhibit D to the Loan Agreement, and, with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and herewith.

Property means the Project Facility and any cash and Qualified Investments and all other property of the Institution, whether real or personal, tangible or intangible documents.

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

(i) Direct obligations of, and obligations fully and unconditionally guaranteed as to timely payment by, the United States government and any agency, instrumentality, or establishment of the United States government (“Government Securities”);

(ii) Commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody’s of A1 and PI respectively;

(iii) Repurchase and reverse repurchase agreements collateralized with Government Securities, including those of the Trustee or any of its affiliates;

(iv) Investment in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody’s, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent and/or custodian or sub-custodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(v) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody’s or which are fully FDIC-insured;

(vi) 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 that are rated in either of the two highest rating categories by Moody’s or S&P;

(vii) Direct and general short-term obligation 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;

(viii) Mutual funds with assets in excess of \$150,000,000 investing in obligations of the type specified above; and

(ix) Other obligations, interest on which is excludable from gross income for purposes of federal income taxation, that are rated in the two highest rating categories by S&P and Moody's.

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Series 2025 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.

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 the Indenture.

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

Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c) of the Indenture.

Regular Record Date shall mean, with respect to any Interest Payment Date for the Series 2025 Bonds, the close of business on the last day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

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

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed

by any of the above designated officers, who has direct responsibility for the administration of the trust granted in the Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

S&P shall mean Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

School Districts means, collectively, the school districts listed in Exhibit A of the Custodial Agreement.

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 Indenture, the Tax Regulatory Agreement, the Custody Agreement, the Master Indenture, the Series 2025 Obligation, 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 2013 Bonds means collectively, the Series 2013A Bonds and the Series 2013B Bonds.

Series 2013A Bonds means the Issuer's \$16,105,000 Educational Revenue Bonds (Riverhead Charter School Project), Series 2013A (Tax-Exempt).

Series 2013B Bonds means the Issuer's \$5,000,000 Educational Revenue Bonds (Riverhead Charter School Project), Series 2013B (Federally Taxable Qualified School Construction Bonds).

Series 2013 Trustee means U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as trustee with respect to the Series 2013 Bonds.

Series 2025 Obligation means Obligation No. 1 - 2025, dated the Closing Date, issued pursuant to the First Supplemental Master Trust Indenture as security for the Series 2025 Bonds.

Series 2025 Bonds means the Issuer's \$[] Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment 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 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.

Special Record Date shall have the meaning specified in Section 2.02(c) of the Indenture.

State shall mean the State of New York.

State Education Operating Aid shall mean all New York State Education Department operating aid payments appropriated for the purpose of funding operating expenses of the Institution 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.

Stated Maturity means, when used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest on such Bond is due and payable.

Subaccount of the Interest Account of the Bond Fund means the special trust account so designated within the Bond Fund established pursuant to Section 5.05 of the Indenture. Subaccount of the Interest Account of the Bond Fund shall refer generically to any such Subaccount of the Interest Account of the Bond Fund.

Subaccount of the Principal Account of the Bond Fund means the special trust account so designated within the Bond Fund established pursuant to Section 5.05 of the Indenture. Subaccount of the Principal Account of the Bond Fund shall refer generically to any such Subaccount of the Principal Account of the Bond Fund.

Subaccount of the Redemption Account of the Bond Fund means the special trust account so designated within the Bond Fund established pursuant to Section 5.05 of the Indenture. Subaccount of the Redemption Account of the Bond Fund shall refer generically to any such Subaccount of the Redemption Account of the Bond Fund.

Subaccount of the Sinking Fund Installment Account of the Bond Fund means the special trust account so designated within the Bond Fund established pursuant to Section 5.05 of the Indenture. Subaccount of the Sinking Fund Installment Account of the Bond Fund shall refer generically to any such Subaccount of the Sinking Fund Redemption Account of the Bond Fund.

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.

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.

Tax-Exempt Bonds means the Series 2025 Bonds and any Additional Bonds, the interest on which, when issued, was intended by the Issuer to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes.

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

Trust Revenues means (A) all loan repayments made or to be made by or on behalf of the Institution under the Loan Agreement (except payments made with respect to the Issuer's Reserved Rights) and the Note, (B) the present and continuing right to make claim for, collect, receive and receipt for any of the Gross Revenues and other sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable thereunder or under the Indenture (C) all other amounts pledged to the Trustee by the Issuer or the Institution to secure the Bonds or performance of their respective obligations under the Loan Agreement and the Indenture, (D) the Net Proceeds (except proceeds with respect to the Issuer's Reserved Rights) of insurance settlements and condemnation awards with respect to the Facility, (E) all payments received or otherwise realized by the Trustee under the Custody Agreement and the Mortgage, (F) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (1) moneys, earnings and investments held in the Rebate Fund, (2) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of which has been duly given, and (3) as specifically otherwise provided, (G) any amounts realized through the exercise of any and all contract rights granted or assigned to the Trustee under the Security Documents and (H) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture. Notwithstanding anything to the contrary, the following amounts shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and such amounts shall not secure any amount payable on the Bonds: (A) amounts held by the Custodian pursuant to the terms of the Custody Agreement, and (B) amounts held in the Rebate Fund.

Trustee shall mean U.S. Bank Trust Company, National Association, New York, New York, a national banking association organized and existing under the laws of the United States of America, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Underwriter means Raymond James & Associates, Inc., as underwriter of the Series 2025 Bonds on the Closing Date.

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

RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
Riverhead, New York

and

RIVERHEAD CHARTER SCHOOL

LOAN AGREEMENT

Dated as of July 1, 2025

Relating to:

\$[_____]

Riverhead IDA Economic Job Development Corporation
Tax-Exempt Educational Revenue Refunding Bonds
(Riverhead Charter School Project), Series 2025

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EXHIBITS

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LOAN AGREEMENT

LOAN AGREEMENT, dated as of July 1, 2025, by and between the **RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION**, a not-for-profit corporation constituting a local development corporation duly incorporated and existing under the laws of the State of New York (the “**Issuer**”), and **RIVERHEAD CHARTER SCHOOL**, a duly organized and validly existing a charter school formed under the New York State Education Law (the “**Institution**”) and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

WITNESSETH:

WHEREAS, the Issuer was created pursuant to and in accordance with the provisions of Section 1411 of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation, for the exclusively charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, and carrying on scientific research for the purpose of aiding the Town of Riverhead by attracting new industry to the Town and by encouraging the development of, or retention of, industries in the Town, thereby increasing economic activity in the Town, lessening the burdens of government, and acting in the public interest; and

WHEREAS, the Institution entered into negotiations with officials of the Issuer for the financing and refinancing of the Project and Project Facility; 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, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance and refinance 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 Series 2025 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

WHEREAS, to provide funds for 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 Series 2025 Bonds, the Issuer has authorized the issuance of the Series 2025 Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and the Indenture; and

WHEREAS, the Institution has agreed to secure the payment obligations of the Institution under this Agreement and the Series 2025 Bonds by the issuance of the Institution’s Obligation No. 1 - 2025, dated the Closing Date (the “**Series 2025 Obligation**”), pursuant to the terms of the Master Trust Indenture, dated as of July 1, 2025 (the “**Master Trust Indenture**”), by and between the Institution and U.S. Bank Trust Company, National Association, as master trustee (the “**Master Trustee**”), as amended and supplemented, including as amended and supplemented by the First

Supplemental Master Trust Indenture, dated as of July 1, 2025 (the “**Supplement No. 1**”; collectively with the Master Trust Indenture, the “**Master Indenture**”), which Series 2025 Obligation, with the Loan Agreement, will each be assigned by the Issuer to the Trustee pursuant to the Indenture as security for the Series 2025 Bonds; and

WHEREAS, the Series 2025 Obligation and all Obligations (except as set forth in the Master Indenture) issued pursuant to the Master Indenture will be secured by the Mortgage from the Institution to the Issuer, which Mortgage shall be assigned by the Issuer to the Master Trustee pursuant to the Assignment of Mortgage, from the Issuer to the Master Trustee, and (ii) a pledge of Pledged Assets of the Obligated Group Members under the Master Indenture; and

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND CONSTRUCTION

Section 1.1. Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning set forth on Schedule A - Schedule of Definitions attached to the Indenture and incorporated herein.

Section 1.2. Construction. In this Agreement, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Commencement Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless the content indicates otherwise, references to designated “Exhibits”, “Articles”, “Sections”, “Subsections”, “clauses” and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

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 Document to which the Issuer is a party, to carry out its obligations hereunder and thereunder, and to issue and sell the Series 2025 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 and refinance the costs of the Project, the Issuer proposes to issue the Series 2025 Bonds in the Authorized Principal Amount. The Series 2025 Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(e) 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.

(f) 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 Series 2025 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 Series 2025 Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

Section 2.2. Representations and Warranties by the Institution. The Institution makes the following representations and warranties:

(a) The Institution is an education corporation duly organized, validly existing and in good standing under the laws of the State, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of any of the Institution's Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) This Agreement and the other Project Documents to which the 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 Institution's Organizational Documents, 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 finance and refinance the Project.

(f) The Institution is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation pursuant to Section 501(a) of the Code.

(g) The Project and the operation of the Project Facility is in compliance with all applicable Legal Requirements.

(h) The Institution is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project and the operation of the Project Facility.

(i) Reserved.

(j) The Institution has not used Hazardous Materials on, from, or affecting the Project 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, to the best of the Institution's knowledge, no prior owner or occupant of the Project Facility has used Hazardous Materials on, from, or affecting the Project Facility in any manner that violates any applicable Legal Requirements.

(k) The total cost of the Project being refinanced with the Series 2025 Bonds is not less than the Authorized Principal Amount. That portion of the cost of the Project as shall not derive from the proceeds of the Series 2025 Bonds shall be provided from equity on the part of the Institution or from the proceeds of Additional Bonds as described herein. The amounts provided to the Institution from the proceeds of the Series 2025 Bonds, together with other moneys available to the Institution, are sufficient to pay all costs in connection with the Project. In no event will "issuance costs" (within the meaning of section 147(g) of the Code) paid from the proceeds of the Series 2025 Bonds exceed two percent (2%) of the proceeds of the Series 2025 Bonds.

(l) Subject to Section 3.5 and Article V, no property constituting part of the Project Facility shall be located at any site other than at the Project Facility.

(m) 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 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.

(n) 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.

(o) 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.

(p) No part of the proceeds of the Series 2025 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 Project Facility.

(q) Reserved.

(r) The Institution has obtained all consents, approvals, authorizations, permits, licenses, certificates and orders of any governmental or regulatory authority that are required for the operation and maintenance of the Project Facility.

ARTICLE III THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

Section 3.1. Agreement to Undertake Project.

The Institution covenants and agrees and covenants and warrants to the Issuer, that the Series 2025 Bond Proceeds will be used to pay the costs of the Project in accordance with this Agreement.

Section 3.2. Project Completion.

(a) In the event that the proceeds of the Series 2025 Bonds are not sufficient to pay in full the redemption of the Series 2013 Bonds and other costs of the Project in full, the Institution agrees to pay, for the benefit of the Issuer and the Trustee, all such sums as may be in excess of the proceeds of the Series 2025 Bonds. The Institution shall execute, deliver and record or file such instruments as the Issuer or the Trustee may request in order to perfect or protect the Issuer's security interests contemplated by the Indenture and the Promissory Note.

(b) The Institution shall not be entitled to any reimbursement for such excess cost or expense from the Issuer or the Trustee or the Owners of any of the Series 2025 Bonds, nor shall it be entitled to any diminution or abatement of any other amounts payable by the Institution under this Agreement.

Section 3.3. Maintenance.

(a) During the term of this Agreement, the Institution will:

(i) keep the Project Facility in good and safe operating order and condition, ordinary wear and tear excepted,

(ii) occupy, use and operate the Project Facility, or cause the Project 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 Project 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 Project Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Project Facility, or to

furnish any utilities or services for the Project 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 Project Facility ("**Additional Improvements**") or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:

(i) as a result of the Additional Improvements, the fair market value of the Project Facility is not reduced below its value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Project Facility is not materially impaired,

(ii) the Additional Improvements are effected with reasonable dispatch, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

(iii) the Additional Improvements are fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor,

(iv) the Additional Improvements do not change the nature of the Project Facility so that it would not constitute the Approved Facility, and

(b) All Additional Improvements shall constitute a part of the Project Facility, subject to this Agreement and the Mortgage.

Section 3.5. Removal of Property of the Project Facility.

(a) Subject to Section 7.4 and Section 7.22 hereof, the Institution shall have the right from time to time of removing from the Project Facility any fixture constituting part of the Project Facility or any machinery, equipment, furnishings or other property constituting part of the Equipment (the "**Existing Facility Property**") or any other Property; provided, that, if necessary for the continued operation of the Project Facility, such Existing Facility Property is substituted or replaced by property (A) having equal or greater fair market value, operating efficiency and utility and (B) with respect to such portion of the Existing Facility Property, being free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances; provided, however, no such removal shall be effected if such removal would impair the usefulness, structural integrity or operating efficiency of the Project Facility.

(b) The removal from the Project Facility of any Existing Facility Property pursuant to the provisions of Section 3.5(a) hereof shall not entitle the Institution to any abatement or reduction in the amounts payable by the Institution under this Agreement.

(c) The Institution shall not, without the prior written consent of the Issuer (which consent shall not be unreasonably conditioned, withheld or delayed) and except as permitted above, part with possession or control of or suffer to allow to pass out of its possession or control, any item of the Equipment or change the location of the Equipment or any part thereof

from the Project Facility, other than for temporary removal for purposes of maintenance or repair or relocation to another part of the Project Facility.

Section 3.6. Implementation of Additional Improvements and Removals.

(a) The Institution agrees to pay all costs and expenses (including reasonable counsel fees) in subjecting to, or releasing from, this Agreement and the lien and security interest of the Mortgage, any property installed or placed on, or removed from, the Project Facility as part of the Project Facility pursuant to Section 3.4 or 3.5.

(b) Reference is made to Section 7.14(d) and (e) pursuant to which the Institution has agreed to furnish a report or certificate to the Issuer of any action taken by the Institution pursuant to the provisions of Section 3.4 or 3.5.

Section 3.7. Title Insurance. On or prior to the Closing Date, the Institution will obtain and deliver (y) to the Trustee a mortgagee title insurance policy in an amount not less than the Authorized Principal Amount insuring the Master Trustee's interest under the Mortgage as holder of mortgage liens on the Project Facility, subject only to Permitted Encumbrances, and (z) a current or updated survey of each of the Land and the Improvements certified to the Trustee, Master Trustee and to the title company issuing such title insurance policies. The title insurance policy shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Issuer and the Trustee; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Issuer and/or the Trustee shall request. Any proceeds of such mortgagee title insurance shall be paid to the Master Trustee and transferred by the Master Trustee 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), subject to the terms of the Master Indenture. If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred by the Trustee to the Redemption Account of the Bond Fund and used to redeem an equivalent principal amount of the Series 2025 Bonds to the nearest integral multiple of Authorized Denominations.

ARTICLE IV LOAN; PAYMENT PROVISIONS

Section 4.1. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to make the Loan and lend to the Institution an amount equal to the principal amount of the Series 2025 Bonds. The loan shall be made by depositing on the Closing Date the proceeds from the sale of the Series 2025 Bonds into the Project Fund in accordance with Section 4.01 and 4.02 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in Section 5.02 of the Indenture. The Institution's obligation to repay the Loan shall be evidenced by this Agreement and the Promissory Note.

Section 4.2. Duration of Term. The term of this Agreement shall commence on the Commencement Date and shall expire at 11:59 p.m. (New York City time) on the earlier of the Expiration Date or the Termination Date, if any.

Section 4.3. Loan Payments; Payments under this Agreement and the Promissory Note.

(a) The Institution covenants to pay the Promissory Note and repay the Loan made pursuant to the Loan Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Institution, or the Custodian on behalf of the Institution, directly to the Trustee on each Loan Payment Date for deposit in the applicable subaccounts of the accounts of the Bond Fund (except to the extent that amounts are on deposit in such applicable subaccounts of the accounts of the Bond Fund and available therefor) in an amount equal to the sum of:

(i) with respect to interest due and payable on the Series 2025 Bonds, an amount equal to the amount of interest which will become due and payable on the Series 2025 Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the applicable subaccounts of the Interest Account of the Bond Fund, and as shall be available to pay interest on the Series 2025 Bonds on such next succeeding Interest Payment Date), provided that in any event the aggregate amount so paid with respect to interest on the Series 2025 Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be an amount sufficient to pay the interest next becoming due on the Series 2025 Bonds on such immediately succeeding Interest Payment Date;

(ii) with respect to principal due on the Series 2025 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 any principal payment date, an amount equal to the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments), provided that in any event the aggregate amount so paid with respect to principal on the Series 2025 Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2025 Bonds shall be an amount sufficient to pay the principal of the Series 2025 Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2025 Bonds; provided, however, that in the event of the acceleration of the principal of the Series 2025 Bonds, a loan payment in the amount of the principal amount of the Series 2025 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 Series 2025 Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date of [August 1, 20_], an amount equal to the Sinking Fund Installment on the Series 2025 Bonds first becoming due, provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Series 2025 Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2025 Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2025 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 Series 2025 Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2025 Bonds being redeemed on such redemption date;

(v) with respect to interest due and payable on the Series 2025 Bonds, the Institution shall further pay such additional amounts as set forth in the Indenture in the event of the occurrence of a Determination of Taxability with respect to the Series 2025 Bonds or an Event of Default with respect to the Series 2025 Bonds under the Indenture;

(vi) upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that the amount on deposit in an account of the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement with respect to the applicable Series of Bonds, the Institution shall pay to the Trustee over a twelve (12) month period for deposit in the applicable account of the Debt Service Reserve Fund bi-monthly, payable on each Loan Payment Date, commencing immediately succeeding the dated of receipt by the Institution from the Trustee of notice of such deficiency, an amount equal to one sixth (1/6) of such deficiency in such account of the Debt Service Reserve Fund.

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.

(b) The Institution has the option to make advance loan payments for deposit in the respective subaccounts of the accounts of the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments 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 (i) the amount of the advance loan payment, (ii) the principal amount of Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (iii) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Institution shall exercise its option to make advance loan payments to effect the redemption in whole of the Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Project 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 Project Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the respective subaccounts of the Redemption Account of the Bond Fund on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the corresponding subaccounts of the accounts of the Bond Fund and available therefor, will be

sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agent 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 (i) all other amounts due and payable under this Agreement and the other Security Documents, and (ii) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

(c) 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.

(d) In the event Defaulted Interest (as defined in Section 2.02(c) 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(c) 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.

(e) No further loan payments need be made to the Issuer on account of the Bonds during the term of this Agreement when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in Article X of the Indenture.

(f) Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Debt Service Reserve Fund, the Project Fund, or Renewal Fund after payment in full of the Bonds (in accordance with Article X of the Indenture), (ii) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agent in accordance with the Indenture, (iii) all loan payments and all other amounts payable hereunder and under the Promissory Note, and after all amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (iv) all amounts required to be paid under any Project Document shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the Loan.

(g) 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.

(h) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the applicable subaccounts of the accounts of the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the applicable Series of Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the appropriate subaccounts of the accounts of the Bond Fund.

Section 4.4. 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 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 Project Facility, arising or becoming due and payable during or after the term of 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 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 (y) the Project has been completed as provided in this Agreement, or (z) any provider of a credit facility or liquidity facility with respect to the Bonds shall be honoring its obligations thereunder. The 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. Reserved.

Section 4.7. No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE PROJECT FACILITY,

ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE PROJECT FACILITY, OR THE SUITABILITY OF THE PROJECT FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE SERIES 2025 BONDS WILL BE SUFFICIENT TO PAY THE COST OF FINANCING AND REFINANCING THE PROJECT. THE INSTITUTION IS SATISFIED THAT THE PROJECT 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 PROJECT 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.

ARTICLE V DAMAGE, DESTRUCTION AND CONDEMNATION

Section 5.1. Damage, Destruction and Condemnation. In the event that at any time during the term of this Agreement the whole or part of the Project 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 Project 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 Project 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 waives, to the extent permitted by law, any law which would permit the Institution to terminate this Agreement, the Promissory Note or any other Security Document, or eliminate or reduce its payments under the Loan Agreement, under the Promissory Note or under any other Security Document, and

(iii) the Institution will promptly give written notice of such Loss Event to the Issuer and the Trustee, generally describing the nature and extent thereof.

Section 5.2. Loss Proceeds.

(a) The Issuer, the Trustee and the Institution shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Issuer and the Institution, be subject to the written approval of the Institution and the Trustee (such approvals not to be unreasonably withheld).

(b) The Net Proceeds with respect to the Project Facility shall be paid to the Trustee and deposited in the Renewal Fund. Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The Institution shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution's Property.

(c) Notwithstanding the foregoing, this Section 5.2 is subject to the terms and conditions of the Master Indenture.

Section 5.3. Election to Rebuild or Terminate.

(a) In the event a Loss Event shall occur, the Institution shall either:

(i) subject to the provisions of Section 3.04 of the Master Indenture, at its own cost and expense (except to the extent paid from the Net Proceeds), promptly and diligently rebuild, replace, repair or restore the Project Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 9.1 and 9.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Project Facility shall be taken or condemned, or if the taking or condemnation renders the Project Facility unsuitable for use by the Institution as contemplated hereby, the Institution shall exercise its option to terminate this Agreement pursuant to Sections 9.1 and 9.2.

The Institution shall provide the Trustee with the same Officer's Certificate (as defined in the Master Indenture) required to be provided to the Master Trustee under Section 3.04 of the Master Indenture.

(b) If the Institution shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Project Facility as set forth in Section 5.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.04 of the Indenture to pay or reimburse the Institution, at the election of the Institution, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Institution shall not exceed the actual cost of such work. If the Institution shall exercise its option in Section 5.3(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 Agent, 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 5.4. Effect of Election to Build.

(a) All rebuilding, replacements, repairs or restorations of the Project Facility in respect of or occasioned by a Loss Event shall:

(i) automatically be deemed a part of the Project Facility and shall be subject to this Agreement, and 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 of an Authorized Representative acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Project 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 Project 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 Project Facility as the Approved Facility,

(v) 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

(vi) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$250,000, be effected under the supervision of an Independent Engineer.

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Project Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Project 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 Project Facility is subject to this Agreement, and the mortgage liens and security interests of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount

applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the 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 5.04 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

(c) The certificate delivered pursuant to Section 5.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the 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 Project 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 Project 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 Project Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Project Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Project Facility and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee.

ARTICLE VI COVENANTS OF THE ISSUER

Section 6.1. Issuance of Series 2025 Bonds. On the Closing Date, subject to the satisfaction of the conditions to the issuance of the Series 2025 Bonds, the Issuer will sell and deliver the Series 2025 Bonds in the principal amount of \$[] under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Series 2025 Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

Section 6.2. Issuance of Additional Bonds. The Issuer and the Institution recognize that under the provisions of and subject to the conditions set forth in the Indenture and this Agreement, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Series 2025 Bonds for the purposes set forth in Section 2.07 of the Indenture. If the Institution is not in default hereunder, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Section 6.3. Pledge and Assignment to Trustee. As security for the payment of the Bonds and the obligations of the Institution under the Security Documents, (i) the Institution shall, pursuant to the Mortgage, grant to the Issuer a mortgage lien on and security interest in its fee interest in the Project Facility, (ii) the Issuer shall assign its right, title and interest in the Mortgage

to the Master Trustee pursuant to the Assignment of Mortgage, (iii) the Issuer shall assign its right, title and interest in the Series 2025 Obligation to the Trustee, (iv) the Issuer shall pledge and assign to the Trustee pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all of the Issuer's right, title and interest (except for the Issuer's Reserved Rights) in this Agreement, including all loan payments hereunder and under the Promissory Note, and (v) 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 Institution consents to the pledge and assignment of the Mortgage, the Series 2025 Obligation, this Agreement and the Promissory Note described in this Agreement.

Section 6.4. Issuer to Make Bond Registration Books Available. The Issuer shall at all times make available or cause to be made available to the Institution its registration books (maintained at the designated corporate trust office of the Trustee) containing the names and addresses of the Bondholders if known.

ARTICLE VII COVENANTS OF THE INSTITUTION

Section 7.1. Insurance. The Institution at its sole cost and expense shall maintain or cause to be maintained insurance covering the Project Facility as required by the Master Indenture (as such requirement is stated in the Master Indenture effective on the Closing Date). In addition to the insurance required by the Master Indenture, at all times throughout the term of this Agreement, including, without limitation, during any period of construction of the Project Facility (if any), the Institution shall maintain insurance, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability (including liability to third parties) and, except as otherwise specified herein, for such amounts as are customarily insured against by other enterprises of like size and type as that of the Institution, including, without limitation:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the completed improvements, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the Institution, but in no event less than the principal amount of the Bonds.

(b) Workers' compensation insurance, disability benefits insurance and each other form of insurance which the Institution is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Institution who are located at or assigned to the Facility.

(c) Insurance protecting the Issuer, the Trustee, and the Institution against loss or losses from liability imposed by law or assumed in any written contract (including the contractual liability assumed by the Institution under Section 7.2 hereof) and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage) and a separate umbrella liability policy in an amount not less than \$5,000,000 protecting the Issuer, the Trustee and the Institution against any loss or liability or damage for personal injury, including bodily injury or death, or property damage.

(d) Reserved.

(e) All insurance required by this Section 7.1 shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State and selected by the entity required to procure the same. The company issuing the policies required by Section 7.1(a) hereof shall be rated “A” or better by A.M. Best Co., Inc. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects (including the location of such companies in the same or similar geographic region) to those in which the procuring entity is engaged. All policies evidencing the insurance required by Section 7.1(a) hereof shall provide for payment to the Institution of the Net Proceeds of insurance resulting from any claim for loss or damage thereunder, and all policies of insurance required by Section 7.1 hereof shall provide for at least thirty (30) days’ prior written notice of the restriction, cancellation or modification thereof to the Issuer and the Trustee; provided, however, such notice shall be at least ten (10) days in the case of non-payment of premium). The policy evidencing the insurance required by Section 7.1(c) hereof shall name the Issuer, the Trustee and the Master Trustee as additional insureds. All policies evidencing the insurance required by Section 7.1(d)(ii),(iii) and (iv) shall name the Issuer, the Trustee, the Master Trustee and the Institution as additional insureds. Upon request of the Master Trustee, the Institution will assign and deliver to the Master Trustee the policies of insurance required under Section 7.1(a), so and in such manner and form that the Master Trustee shall at all times, upon such request and until the payment in full of the Series 2025 Bonds, have and hold said policies and the Net Proceeds thereof as collateral for the payment of the Series 2025 Obligation. The policies under Section 7.1(a) shall contain appropriate waivers of subrogation.

(f) The policies (or certificates and binders) of insurance required by Section 7.1(a) hereof shall be deposited with the Master Trustee on or before the Closing Date. A copy of the policy (or certificate and binder) of insurance required by Section 7.1(c) hereof shall be delivered to the Issuer on or before the Closing Date. A copy of the policy (or certificate or binder) of insurance is required by Section 7.1(d) hereof shall be delivered to the Issuer on or before the earlier of the Closing Date or the commencement of the construction or renovation, if later. The Institution shall deliver to the Issuer and the Trustee before the first Business Day of each twelve (12) month period thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term covering at least the next succeeding twelve (12) month period, insurance of the types and in the amounts required by this Section 7.1 hereof and complying with the additional requirements of Section 7.1(e) hereof. Prior to the expiration of each such policy or policies, the Institution shall furnish to the Issuer and the Trustee a new policy or policies of insurance or evidence that such policy or policies have been renewed or replaced or are no longer required by this Agreement. The Institution shall provide such further information with respect to the insurance coverage required by this Agreement as the Issuer and the Trustee may from time to time reasonably require.

(g) The Institution shall deliver to the Issuer and the Trustee on or before July 1, 2029, and every five (5) years thereafter a report prepared by an insurance consultant as to the adequacy of the insurance coverage required under this section and its recommendations, if any, for adjustments thereto.

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 7.2. Indemnity and Hold Harmless Provisions.

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

(b) Notwithstanding any other provisions of this Agreement, the obligations of the Institution pursuant to this Section 7.2 shall remain in full force and effect after the termination of this Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all expenses and charges incurred by the Issuer, the Trustee or their respective members, directors, officers, agents and employees, relating to the enforcement of the provisions herein specified.

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

(d) The Trustee and each Paying Agent shall be third party beneficiaries of the Institution's obligations under this Section 7.2.

Section 7.3. Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paving Agent.

(a) In addition to the loan payments pursuant to Section 4.3(a) hereof, throughout the term of this Agreement, the Institution shall pay to the Issuer as additional loan payments, within thirty (30) days of the receipt of demand therefor, an amount equal to the sum of the out-of-pocket expenses of the Issuer and the members thereof actually incurred (i) by reason of the Issuer's financing of the Project, or (ii) in connection with the carrying out of the Issuer's duties and obligations under the Project Documents, the payment of which is not otherwise provided for under this Agreement.

(b) On the Commencement Date, the Institution shall pay to the Issuer the Initial Issuance Fee.

(c) Reserved.

(d) 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 and the Custody Agreement, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture, (ii) the reasonable fees and charges of the Trustee and any Paying Agent on the Bonds for acting as Paying Agent as provided in the Indenture, including the reasonable fees of its counsel, (iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees, and (iv) the reasonable fees, costs and expenses of the Bond Registrar.

(e) The Institution shall pay to the Custodian the following amounts: (a) the reasonable fees, costs and expenses of the Custodian for performing its obligations under the Custody Agreement; (b) the sum of the expenses of the Custodian reasonably incurred in performing the obligations of the Institution under the Custody Agreement; and (c) the Custodian's reasonable attorneys' fees incurred in connection with the foregoing and other moneys due the Custodian pursuant to the provisions of the Custody Agreement.

Section 7.4. Tax-Exempt Status of the Institution. The Institution represents that: (i) it is an organization described in section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a "private foundation," as such term is defined under section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under section 501(a) of the Code, except for payment of unrelated business income tax. The Institution agrees that: (a) it shall not perform any act or enter into any agreement that could adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Institution as an educational organization within the meaning of section 501(c)(3) of the Code or any successor provision of

federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit the Project Facility to be used in a manner, or for any trade or business, unrelated to the educational purposes of the Institution, that could adversely affect any existing exclusion pursuant to section 103(a) of the Code of interest on any Series of Tax-Exempt Bonds from the gross income of the owners thereof for federal income tax purposes. Without limitation of the foregoing, the Institution specifically covenants that it will not lease or otherwise use or allow the use of the Project Facility or any portion thereof (i) in any activity that, as to it would constitute an “unrelated trade or business” within the meaning of section 513(a) of the Code, or (ii) as other than a “public school facility” within the meaning of section 54F(a) of the Code, if such action could result in a violation of its covenant made in the immediately preceding sentence.

Section 7.5. Environmental Matters.

(a) Reserved.

(b) The Institution shall not cause or permit the Project 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 Project Facility, a release of Hazardous Materials onto the Project Facility or onto any other property. The Institution shall comply with, and require and enforce compliance by, all occupants and users of the Project Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Project Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(c) 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 Project Facility in accordance with all applicable Legal Requirements.

(d) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated as provided in Article VIII, the Institution shall deliver the Project Facility so that the conditions of the Project Facility with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Project Facility.

Section 7.6. Reserved

Section 7.7. Securities Acts Status. The Institution represents that: (i) it is an organization organized and operated (A) exclusively for educational or charitable purposes, and (B) not for pecuniary profit; and (ii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The Institution agrees that it shall not perform any act or enter into any agreement which shall adversely affect such status as set forth in this Section.

Section 7.8. Restrictions on Religious Use. The Institution agrees that with respect to the Project Facility or portion thereof, so long as such Project Facility or portion thereof exists and unless and until such Project Facility or portion thereof is sold for the fair market value thereof, such Project Facility or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; *provided, however,* that the foregoing restriction shall not prohibit the free exercise of any religion; *provided, further, that* if at any time hereafter, in the opinion of Nationally Recognized Bond Counsel, the then applicable law would permit the Project Facility or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project Facility and each portion thereof. The Issuer and its agents may conduct such inspections as the Issuer deems necessary to determine whether the Project Facility or any portion or real property thereof financed by Bonds is being used for any purpose proscribed hereby. The Institution hereby further agrees that prior to any disposition of any portion of the Project Facility for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Issuer, the use of such portion of such Facility to the restriction that (i) so long as such portion of such Project Facility (and, if included in the Project Facility, the real property on or in which such portion of such Project Facility is situated) shall exist and (ii) until such portion of such Project Facility is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project Facility shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Issuer or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Nationally Recognized Bond Counsel, the then applicable law would permit such portion of the Project Facility, or, if included in the Project Facility, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of this Section an involuntary transfer or disposition of the Project Facility or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

Section 7.9. Sale of the Project Facility or Mortgaged Property; Grant of Easements; Release of Portions of Facility.

(a) The Institution covenants that it will not transfer, lease, sell or convey the Project Facility or the Mortgaged Property or any part thereof or interest therein, including development rights, without the prior approval of the Trustee, the Master Trustee and the Issuer, provided that the Issuer shall not approve such transfer, lease, sale or conveyance unless (a) in the opinion of Nationally Recognized Bond Counsel, the same will not adversely affect the exclusion of interest on any Tax-Exempt Bond from gross income for federal income tax purposes, and (b) except with respect to leases or subleases in the ordinary course of business, the Institution pays to the Trustee either for deposit into the Redemption Account of the Bond Fund, or to purchase defeasance securities in accordance with Section 10.01 of the Indenture, an amount equal to the greater of:

(i) the amount, if any, which is sufficient to redeem or provide for payment in accordance with Section 10.01 of the Indenture of any Outstanding Tax-Exempt Bonds required to be redeemed or deemed paid in order to preserve the exclusion of interest on Tax- Exempt Bonds from gross income for federal income tax purposes; and

(ii) the lesser of (A) the net proceeds of such transfer, sale or conveyance or (B) a percentage of the Outstanding Tax-Exempt Bonds determined by dividing (1) the principal amount of Tax-Exempt Bonds issued to finance the portion of such Project being transferred, sold or conveyed (which principal amount shall be reasonably determined by the Issuer) by (2) the aggregate principal amount of Tax-Exempt Bonds issued.

(b) No conveyance or release effected under the provisions of this Section 7.9 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, the Promissory Note or any other Security Document to which it shall be a party.

Section 7.10. Discharge of Liens.

(a) If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called “**Liens**”), whether or not valid, is made against the Trust Estate, the Project Facility or any part thereof or the interest of the Institution in the Project 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 Institution in any Project Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 7.10(b), the 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) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 7.10(a).

(b) The 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 Project Facility or any part thereof or the interest of the Institution in the Project 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 Institution in any Project Document, (ii) neither the Project Facility nor any part thereof or interest therein, nor the Trust Estate or any portion thereof would be in any danger of being sold, forfeited or lost, (iii) neither the Institution, the Issuer nor the Trustee would be in any danger of any civil or any criminal liability, other than

normal accrual of interest, for failure to comply therewith, and (iv) the Institution has furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 7.11. UCC Filing. Pursuant to Section 7.20 in this Agreement and Section 7.07 of the Indenture, the Institution shall ensure that continuation statements with respect to the financing statements are filed within six months prior to the expiration of five years or thirty years, as applicable, from the date of the filing of the financing statements under the Uniform Commercial Code of the State.

Section 7.12. No Further Encumbrances Permitted. The Institution shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Trust Estate, the Project Facility or any part thereof, or the interest of the Institution in the Project Facility, or the interest of the Institution in any Project Document, except for Permitted Encumbrances. 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 Mortgaged Property (as defined in the Mortgage) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage.

Section 7.13. Documents Automatically Deliverable to the Issuer.

(a) If requested, the Institution shall promptly provide to the Trustee and the Issuer, a copy of the Institution's annual budget for the present Fiscal Year.

(b) Reserved.

(c) Within 5 Business Days of receipt, the Institution will deliver to the Trustee and the Issuer any notice or allegation of a violation of the Institution's charter.

(d) Reserved.

(e) 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.

(f) The Institution shall promptly provide written notice to the Issuer if any representation or warranty made by the Institution pursuant to Section 2.2 would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(g) The Institution shall deliver all insurance-related documents required by Section 7.1.

(h) Within 120 days after the close of each Fiscal Year during which action was taken by the Institution pursuant to Section 3.4, the Institution shall deliver written notice of the Additional Improvement(s) to the Issuer.

(i) Reserved.

(j) Reserved.

(k) If the Institution shall request the consent of the Issuer under Section 7.9 to any assignment or transfer, the Institution shall submit such request to the Issuer in the form prescribed by the Issuer.

Section 7.14. Requested Documents. Upon request of the Issuer, the Institution shall deliver or cause to be delivered to the Issuer within five (5) Business Days of the date so requested:

(a) reserved.

(b) a certificate of an Authorized Representative of the Institution that the insurance the Institution maintains complies with the provisions of Section 7.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect;

(c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project costs, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Project Facility;

(d) if no action was taken by the Institution pursuant to Section 3.4, a certificate of an Authorized Representative of the Institution certifying to the fact that no such action was taken by the Institution pursuant to such Section 3.4 during such preceding Fiscal Year;

(e) if action was taken by the Institution pursuant to Section 3.4, a written report of an Authorized Representative of the Institution summarizing the action taken by the Institution and stating that, in his/her opinion, such action complied with the provisions of Section 3.4;

(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, with the passage of time or the giving of notice or both, would constitute an Event of Default

hereunder, exists or specifying each such default or breach of which such Authorized Representative has knowledge;

- (h) employment information requested by the Issuer.

Section 7.15. Books of Record and Account; Compliance Certificates; Agreement to Provide Information.

(a) The Institution agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Institution.

(b) As soon as possible after the end of each fiscal year of the Institution so long as any Bond shall be Outstanding, and in any event no later than December 31 after the end of such fiscal year, the Institution shall furnish to the Issuer a certificate of (1) stating that no Event of Default hereunder has occurred or is continuing or, if any Event of Default exists, providing a list of such Events of Default, specifying the nature and period of existence thereof and what action the Institution has taken or proposes to take with respect thereto, and (2) setting forth the unpaid principal balance of the Bonds and accrued but unpaid interest thereon and stating that no defenses, offsets or counterclaims exist with respect to the indebtedness evidenced thereby.

(c) 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 or Institution 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 Institution Documents. Such information shall be provided within thirty (30) days following the Institution's receipt (as determined pursuant to Section 11.5 hereof) of written request from the Issuer.

Section 7.16. 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 Project Facility or any part thereof or interest of the Institution in the Project 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 Institution in any Project Document, during the term of this Agreement, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Project Facility, 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. The Issuer

shall forward, as soon as practicable, to the Institution any notice, bill or other statement received by the Issuer concerning any Imposition.

(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 Imposition, if (i) such proceeding shall suspend the execution or enforcement of such Imposition against the Trust Estate, the Project Facility or any part thereof or interest of the Institution in the Project 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 Institution in any Project Document, (ii) none of the Trust Estate, the Project Facility or any part thereof or interest of the Institution in the Project 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 Institution in any Project Document, would be in any danger of being sold, forfeited or lost, (iii) neither the Institution, the Issuer nor the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (iv) the 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 7.17. Compliance with Legal Requirements.

(a) The Institution shall not occupy, use or operate the Project Facility, or allow the Project 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 Project Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

(b) Throughout the term of this Agreement and at its sole cost and expense, the 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 Project Facility, any occupant, user or operator of the Project 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 Project 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 7.17(b) if (i) such contest shall not result in the Trust Estate, the Project Facility or any part thereof or interest of the Institution in the Project 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 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 7.18. Operation as Approved Facility.

(a) The Institution will not take any action, or suffer or permit any action, if such action would cause the Project Facility not to be the Approved Facility.

(b) The Institution will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Project Facility not to be the Approved Facility.

(c) The Institution will permit the Trustee and Master Trustee and its duly authorized agents, at all reasonable times upon written notice to enter upon the Project Facility and to examine and inspect the Project Facility and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Project Facility. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Project Facility, but solely for the purpose of assuring that the Institution is operating the Project Facility, or is causing the Project Facility to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

Section 7.19. Maintenance of Corporate Existence. The Institution covenants that it will (i) maintain its corporate existence, (ii) continue to operate as a non-profit educational organization, (iii) obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, (iv) maintain its status as an Exempt Organization, and (v) except as expressly permitted hereby, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it. The Institution, with the prior written consent of the Issuer (which consent shall not be unreasonably withheld), may (A) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies as an organization described in section 501(c)(3) of the Code, or any successor provision of federal income tax law, (B) permit one or more corporations or any other organization to consolidate with or merge into it, or (C) acquire all or substantially all of the assets of one or more corporations or other organizations. Notwithstanding the foregoing provisions of this Section, no disposition, transfer, consolidation or merger otherwise permitted hereby shall be permitted unless (1) the same would not in the opinion of Nationally Recognized Bond Counsel adversely affect the exclusion of interest on any Tax-Exempt Bond from gross income for purposes of federal income taxation, (2) the Institution will not as a result thereof be in default hereunder, (3) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and is qualified as an organization described in section 501(c)(3) of the Code or any successor provision of federal income tax law, and (4) the surviving, resulting or transferee corporation of the Institution assumes in writing all of the obligations of the Institution hereunder, under the Mortgage and other Security Documents, and furnishes to the Issuer (x) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions hereof, and (y) such other certificates and documents as the Issuer may

reasonably require to establish compliance with this Section. The Institution covenants to use its best efforts to maintain the charter and its existence as a charter school under the New York State Education Law as long as the Series 2025 Bonds are outstanding.

Section 7.20. Security Interest and Further Assurances. The Issuer shall pledge and assign to the Trustee pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all (except for the Issuer's Reserved Rights) of the Issuer's right, title and interest in this Agreement, including all loan payments hereunder and under the Promissory Note, and in furtherance of said pledge the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture.

(a) The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of the Trust Estate and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

Section 7.21. Continuing Disclosure. The Institution shall, if required by Securities and Exchange Commission Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of a continuing disclosure agreement. Notwithstanding any other provision of this Agreement, failure of the Institution to comply with such continuing disclosure agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution to comply with its obligations under this Section 7.21. The Institution agrees that the Issuer shall have no continuing disclosure obligations.

Section 7.22. Covenant to Maintain the Tax Status of the Series 2025 Bonds.

(a) Each of the Issuer and the Institution covenants to comply with the Tax Regulatory Agreement. Without limitation of the foregoing, the Institution covenants that it will take every action, and the Issuer further covenants that it will take every action reasonably requested by the Institution within its control, necessary to assure that interest on the Series 2025 Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes; and the Institution further covenants that it will refrain from taking any action, and the Issuer covenants that it will refrain from taking any action reasonably requested by the Institution, that would cause the interest on the Series 2025 Bonds to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes; provided, however, the breach of either of the foregoing covenants 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.

(b) Reserved.

(c) Promptly following receipt of notice from the Trustee as provided in Section 5.08 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

Section 7.23. Compliance with the Indenture. The 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 7.24. Reporting Information for the Trustee and Master Trustee.

(a) The Institution shall furnish or cause to be furnished to the Trustee and Master Trustee, on or before December 31 following the end 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; however, if audited financial statements are not available the Institution shall provide unaudited financial statements with audited financial statements to be provided when available.

(b) The Institution shall deliver to the Trustee and Master Trustee on or before December 31 of each year, beginning with December 31, 2025, a certificate of an Authorized Representative of the Institution stating whether or not, as of the close of the 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 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, and further stating 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.

(c) The Institution shall immediately notify the Trustee and Master 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.

(d) Upon written request, the Institution shall deliver to the Trustee and Master Trustee a certificate stating the Institution's compliance with the insurance requirements in Section 7.1.

(e) The Institution shall be deemed to be in compliance with the requirements for submitting any documents in this Section by timely filing such documents with EMMA.

(f) The Institution shall provide the Issuer with a copy of all certificates, financial statements and other documents provided to the Trustee and/or Master Trustee pursuant to this Section 7.24 or the Master Indenture.

(g) Delivery of such reports, information and documents to the Trustee is for information purposes only and the Trustee's receipt of such shall not constitute notice or constructive notice of any information contained therein or determinable from information contained therein, including the Institution's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Section 7.25. Contracts with Affiliates. The Institution shall not enter into any contract or transaction with any Affiliate of the Institution, except upon such terms as are customarily acceptable to a bona fide third party in an arms'-length transaction.

Section 7.26. Use and Possession of the Project Facility. Subject to the rights, duties and remedies of the Issuer hereunder, the Institution shall have sole and exclusive control and possession of and responsibility for (i) the Project Facility, (ii) the maintenance, repair and replacement of the Project Facility and (iii) the operation of the Project Facility and supervision of the activities conducted therein or in connection with any part thereof; provided, however, that, subject to the covenants and warranties of the Institution under this Agreement, and except as otherwise limited hereunder, the foregoing shall not prohibit use of the Project Facility by persons other than the Institution or its staff or employees or the students or faculty in furtherance of the Institution's corporate purposes.

Section 7.27. No Material Impairment of Value. The Institution shall not take any action that would impair, in any material respect, the value or utility of the Project Facility as intended for the purposes of this Agreement.

Section 7.28. Reserved.

Section 7.29. Environmental Quality Review and Historic Preservation. For the purpose of assisting the Issuer in making any findings or determinations which might be required by (i) Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereunder (collectively, "SEQR"), or (ii) the New York State Historic Preservation Act of 1980 and the regulations promulgated thereunder (collectively the "**Preservation Act**"), the Institution agrees as follows:

(a) It has prepared and will prepare such documents, if any, as the Issuer or other governmental body having primary responsibility under SEQR or the Preservation Act determines are required by SEQR or the Preservation Act, in such form and containing such information in such detail as the Issuer or such other governmental body determines is required by SEQR or the Preservation Act, which documents are or shall be accurate in all material respects; and

(b) It has reviewed either:

(1) the determination of the Issuer or other governmental body having primary responsibility under SEQR relative to the Project Facility to the effect that such Project Facility will not have a significant adverse impact on the environment; or

(2) the written findings by the Issuer or other governmental body having primary responsibility under SEQR relative to the Project Facility that:

(i) consistent with social, economic and other considerations of State policy, all practicable means have been and will be taken with respect to such Project Facility to minimize or avoid adverse environmental effects; and

(ii) all practicable means will be taken with respect to such Project Facility to minimize or avoid adverse environmental effects;

(c) It will in all respects maintain the Project Facility in a manner consistent with the findings or determination of the Issuer or other governmental body having primary responsibility under SEQR relative to the Project Facility; and

(d) If the Issuer determines that any action is required to be taken in connection with any component of the Project Facility pursuant to the Preservation Act, the provisions of the Preservation Act shall be complied with by the Institution.

Section 7.30. Waiver of Defenses. The Institution covenants and agrees, for the benefit of the Issuer, the Trustee and the Holders of the Bonds, not to assert that any inconsistency between the terms, covenants, conditions and provisions of the Mortgage or any of the other Security Documents shall have the effect of modifying, releasing, impairing or otherwise limiting any of the obligations, covenants and agreements of the Institution under the Mortgage or under any of the other Security Documents.

Section 7.31. Master Indenture. The Institution covenants that during the term of this Agreement and loan term hereunder, it will comply with all financial and reporting covenants set forth in the Master Indenture.

Section 7.32. Additional Indebtedness. The Institution may issue additional Indebtedness or request the Issuer to issue one or more Series of Additional Bonds under the Indenture, provided that all terms and conditions for the incurrence of such additional Indebtedness or Additional Bonds under the Master Indenture and Section 2.07 of the Indenture have been satisfied.

Section 7.33. Covenant to Maintain a Bond Rating. The Institution covenants and agrees that, for so long as any Bonds remain Outstanding, it will take all necessary action to cause the Bonds to be rated by at least one Rating Agency.

Section 7.34. Reserved.

Section 7.35. Custody Account. The Institution covenants that it will, upon the happening of certain events specified in the Custody Agreement, provide standing instructions to the School Districts to submit all payments of Education Aid for direct deposit to the account held

under the Custody Agreement commencing on the Effective Date (as defined in the Custody Agreement). The Institution covenants and agrees that, upon the happening of certain events identified in the Custody Agreement, such standing instructions to the School Districts 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.

Section 7.36. Additional Representation and Covenants. The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under the Loan Agreement, the Mortgage and the other Institution Documents, (B) to incur the indebtedness contemplated hereby and thereby and (C) to make the pledge of and grant the Lien on the Pledged Assets given by the Master Indenture and to mortgage the Mortgaged Property; (ii) each of the Loan Agreement, the Mortgage and the other Institution Documents constitutes the valid and binding obligation of the Institution enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity; and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the Institution's obligations under the Loan Agreement, the Mortgage and the other Institution Documents, including, but not limited to, the pledge of and Lien on the Pledged Assets made or granted pursuant to the Master Indenture and the mortgaging of the Mortgaged Property, do not violate, conflict with or constitute a default under the certificate of incorporation or by laws of the Institution or, in any material respect, any indenture, mortgage, trust, or other commitment or agreement to which the Institution is a party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

The Institution warrants, represents and covenants (i) that the Pledged Assets are and will be free and clear of any pledge, lien, charge, security interest or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge thereof made by the Master Indenture, and (ii) that all corporate action on the part of the Institution to authorize the pledge thereof and the granting of a security interest therein has been duly and validly taken. The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of the Issuer and the Holders of Bonds thereunder against all claims and demands of all persons whomsoever.

ARTICLE VIII REMEDIES AND EVENTS OF DEFAULT

Section 8.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of Section 4.3(a) which, in any case, results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in Section 8.1(a) hereof) that has become due and payable or to observe and perform any covenant,

condition or agreement on its part to be performed under Sections 5.1, 5.2, 5.3, 5.4, 7.1, 7.2, 7.3, 7.4, 7.8, 7.10, 7.11, 7.12, 7.16, 7.17, 7.19, 7.24, 7.25, 7.28, 8.7, 8.8, 10.3, 11.2 or 11.3 and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five per cent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Institution to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 8.1(a) or (b)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five per cent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the 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; provided, however, that failure by the Institution to observe or perform any covenant, condition or agreement contained in Section 7.31 of this Agreement shall not constitute an Event of Default under this Agreement;

(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 respective assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Institution shall be entered in an involuntary case under such Bankruptcy Code;

(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 Tax Regulatory Agreement, or (iv) 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 Mortgage;

(h) An “Event of Default” under the Indenture or under any other Security Document shall occur and be continuing; provided, however, that an “Event of Default” occurring under the Custody Agreement due to a failure to cause payment to be made in the amounts required by the Custody Agreement Notice, shall not constitute an “Event of Default” under this Agreement unless such failure results in the failure described in Section 8.1(a); or

(i) The Institution or any Obligated Group Member shall default in the payment of any other Indebtedness (other than the Series 2025 Obligation), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be created, shall occur, which default in payment or event of default shall be in respect of any Indebtedness secured by an Obligation issued pursuant to the Master Indenture, where the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holders thereof (or a trustee on behalf of such holders) to cause such Indebtedness to become due prior to its stated maturity; provided, however that such default shall not constitute an Event of Default within the meaning of this paragraph if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of such Indebtedness under the laws of New York or other laws governing such proceeding (i) the Institution or such Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, (ii) sufficient moneys are escrowed with a bank or trust corporation for the payment of such Indebtedness, and (iii) the Institution delivers an Officer’s Certificate to the Issuer and the Trustee certifying that the Institution has complied with clauses (i) and (ii).

Section 8.2. Remedies on Default.

(a) Whenever any Event of Default referred to in Section 8.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable, without presentment, demand, protest or any other notice whatsoever, all of which are hereby expressly waived by the Institution; provided, however, that upon the occurrence of an Event of Default under Section 8.1(d) or (e), all principal installments of loan payments payable under Section 4.3(a) for the remainder of the term of this Agreement, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payment 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.

(iv) Reserved.

(v) take any action necessary to enable the Issuer to realize on its liens hereunder or under the Mortgage or by law, and any other action or proceeding permitted by the terms hereof or by law.

(b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by

(i) bringing an action for damages, injunction or specific performance,
or

(ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the 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 8.2 (including termination of this Agreement) 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 8.3. 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 8.4. Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this 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.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the 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, appraisal, extension or redemption laws now existing or which may hereafter exist which, but for this provision, might be applicable to any sale or reletting made under the judgment, order or decree of any court or under the powers of sale and reletting conferred by this Agreement or otherwise.

Section 8.6. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 8.7. Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the 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.

Section 8.8. Certain Continuing Representations. If at any time during the term of this Agreement, any representation or warranty made by the Institution pursuant to Section 2.2 would, if made on any date during the term of this Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Institution shall be deemed to be in default under this Agreement unless the Issuer shall, upon written request by the Institution, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 10.3(a).

ARTICLE IX OPTIONS TO TERMINATE

Section 9.1. Termination of this Agreement.

(a) The Institution shall have the option to terminate this Agreement by causing the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(b) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, but not later than the receipt by the 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 9.2, and (y) the survival of those obligations of the Institution set forth in Section 9.3.

Section 9.2. Actions on Termination. As a condition precedent to the termination of this Agreement, the Institution shall

(a) pay to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agent and all other amounts due and payable under this Agreement and the other Security Documents;

(B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement; and

(b) pay to the Issuer

(A) the fees and expenses of the Issuer,

(B) all other amounts due and payable under this Agreement and the other Security Documents, and

(C) one dollar, and perform all accrued obligations hereunder or under any other Project Document,

(c) Upon the termination of this Agreement in accordance with Section 9.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the 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 7.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Project 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.

Section 9.3. Survival of Institution Obligations. Upon compliance with Section 9.2, this Agreement and all obligations of the Institution hereunder shall be terminated except the obligations of the Institution under Sections 7.2, 7.22, 8.2, 8.7, 8.8, 11.4, 11.5, 11.6, 11.11, 11.13 and 11.14 shall survive such termination.

ARTICLE X CERTAIN PROVISIONS RELATING TO THE BONDS

Section 10.1. Issuance of Additional Bonds. If a Series of Additional Bonds are to be issued pursuant to the Indenture, the Issuer and the Institution shall enter into an amendment to the Promissory Note and this Agreement, 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 Project Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

Section 10.2. Reserved.

Section 10.3. Mandatory Redemption of Bonds as Directed by the Issuer.

(a) Upon the determination by the Issuer that (x) the Institution is operating the Project Facility or any portion thereof, or is allowing the Project Facility or any portion thereof to be operated, not as a qualified "project" in accordance with the Act and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such noncompliance from the Issuer to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Trustee), or (y) the Institution has committed a material violation of a material Legal Requirement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such determination from the Issuer to cure such material violation, the Institution covenants and agrees that it shall, no later than ten (10) days following the termination of such thirty (30) day period, pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to the redemption date.

The Issuer shall give prior written notice of the meeting at which the Board of Directors of the Issuer are to consider such resolution to the Institution and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

(b) In the event the Institution fails to obtain or maintain the public liability insurance with respect to the Project Facility required under Section 7.1, and the Institution shall fail to cure such circumstance within thirty (30) days of the receipt by the Institution of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution shall pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Section 10.4. 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 nonperformance 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 10.5. Prohibition on the Purchase of Bonds. 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.

Section 10.6. Investment of Funds. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund 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. The Trustee shall not be required to provide confirmations of permitted investments for any month in which the Trustee provides a monthly statement to the Institution. The Trustee shall not be required to provide the Institution with a monthly statement if no activity occurred within the previous month.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

ARTICLE XI MISCELLANEOUS

Section 11.1. Consent to Pledge and Assignment. The Institution consents to and authorizes the assignment, transfer or pledge by the Issuer to the Trustee (and Master Trustee, in the case of the Mortgage) of certain of the Issuer's rights to receive any or all of the payments required to be made pursuant to Section 4.3(a) hereof, any or all Liens granted by the Institution hereunder, the Mortgage, any security interest in the fixtures, furnishings and equipment located on the Mortgaged Property, the Series 2025 Obligation, and all funds and accounts established by the Indenture (other than the Rebate Fund) and pledged under the Indenture, in each case to secure any payment or the performance of any obligation of the Institution hereunder or arising out of the

transactions contemplated hereby whether or not the right to enforce such payment or performance shall be specifically assigned by the Issuer to the Trustee. The Institution further agrees that the Issuer may pledge and assign to the Trustee any and all of the Issuer's rights and remedies hereunder. Upon any pledge and assignment by the Issuer to the Trustee authorized by this Section 11.1, the Trustee shall be fully vested with all of the rights of the Issuer so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor hereby or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required hereby and to performing all other obligations required to be performed by the Institution hereunder. Any realization upon any pledge made or security interest granted hereby shall not, by operation of law or otherwise, result in cancellation or termination hereof or the obligations of the Institution hereunder.

Section 11.2. Pledge under Indenture and Mortgage. Pursuant to the Mortgage, the Institution will mortgage its interest in the Project Facility to the Master Trustee to secure the Series 2025 Obligation and other Obligations under the Master Indenture (except as set forth in the Master Indenture) as security for the Bonds and the obligations of the Institution under the Security Documents. Pursuant to the Indenture, the Issuer will pledge and assign the Promissory Note and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for the payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Issuer will also assign the Series 2025 Obligation to the Trustee.

Section 11.3. Amendments. This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the parties hereto.

Section 11.4. Service of Process. The 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, the Institution hereby irrevocably designates and appoints the Board of Regents for the University 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 11.4 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 11.5 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 11.5. Notices. All notices, certificates or other communications hereunder shall be sufficient if sent (i) by registered or certified United States mail, return receipt requested and postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

To the Issuer:

Riverhead IDA Economic Job
Development Corporation
Phone: (585) 263-1509
4 West Second Street
Riverhead, New York 11901
Attention: Chief Financial Officer
Phone: (631) 369-5129
Email: director@riverheadida.org

With Copy to:

Nixon Peabody LLP
1300 Clinton Square
Rochester, New York 14604
Attention: Terance V. Walsh, Esq.
Phone: (585) 263-1777
Email: twalsh@nixonpeabody.com

To the Institution:

Riverhead Charter School
3685 Middle Country Road
Calverton, New York 11933
Attention: Board President
Phone: (631) 369-5800
Email: rcsboard@rcsli.org

With Copy to:

Keane & Beane P.C.
445 Hamilton Avenue, Suite 1500
White Plains, New York 10601
Attention: Sharon N. Berlin, Esq.
Phone: (914) 946-4777
Email: sberlin@kblaw.com

Riverhead Charter School
3685 Middle Country Road
Calverton, New York 11933
Attention: Nicola Graham, Chief
Financial Officer
Phone: (631) 369-5800
Email: ngraham@rcsli.org

To the Trustee:

U.S. Bank Trust Company,
National Association
100 Wall Street
Suite 600
New York, NY 10005
Attention: Michelle Mena-Rosado, Vice President
Phone: (212) 951-8579
Email: michelle.mena@usbank.com

With Copy to:

Paparone Law PLLC
30 Broad Street, 14th Floor #1482
New York, New York 10004
Attention: Melissa Paparone, Esq.
Phone: (212) 269-2893
Email: melissa@paparonelaw.com

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 11.6. 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 Project Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Project Facility and/or any claim for injury or damages may be brought in the courts of record of the State in Suffolk County or the United States District Court for the Southern 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 Southern District of New York, and (y) to move for a change of venue to a New York State Court outside Suffolk 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 Suffolk County or the United States District Court for the Southern District of New York, the Institution shall, upon request of the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in Suffolk County or the United States District Court for the Southern 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 Suffolk County or the United States District Court for the Southern District of New York.

Section 11.7. Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Institution relating to the Project Facility, other than any other Project Document.

Section 11.8. Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 11.9. 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 11.10. Binding Effect. This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agent, 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 11.11. 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.

(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 Agent 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 Agent and the Holders of the Bonds.

Section 11.12. Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 11.13. Waiver of Trial by Jury. The Institution, to the extent permitted by law, does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Institution's obligations hereunder, the Project Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Project Facility and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 11.14. Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking

Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the Town, and neither the State nor the Town shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution hereunder and under the Promissory Note.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its Authorized Representative 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.

**RIVERHEAD IDA ECONOMIC JOB
DEVELOPMENT CORPORATION**

By: _____
Name: James B. Farley
Title: Chairman

RIVERHEAD CHARTER SCHOOL

By: _____
Name:
Title:

EXHIBIT B

AUTHORIZED REPRESENTATIVE

of the Institution:

Name

Title

Signature

RESERVED

EXHIBIT D

FORM OF PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

July [], 2025

\$[]

PROMISSORY NOTE

FOR VALUE RECEIVED, RIVERHEAD CHARTER SCHOOL, a not-for-profit educational corporation organized and existing under the laws of the State of New York (the “**Institution**”), by this promissory note hereby promises to pay to the order of RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION (the “**Issuer**”) the principal sum of [] DOLLARS (\$[]), together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2025 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 2025 Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of U.S. Bank Trust Company, National Association, or its successor as trustee (the “**Trustee**”) under the Indenture.

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments, Redemption Price and Purchase Price on the Series 2025 Bonds are payable under the Loan Agreement (as defined below), subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the “Promissory Note” referred to in the Loan Agreement, dated as of July 1, 2025 (the “**Loan Agreement**”), between the Institution and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of July 1, 2025 (the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s \$[] aggregate principal amount of Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 (the “Series 2025 Bonds”) issued by the Issuer

pursuant to the Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Series 2025 Bonds are hereby incorporated as a part of this Promissory Note.

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

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

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

(Remainder of Page Intentionally Left Blank)

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

RIVERHEAD CHARTER SCHOOL

By: _____

Name:

Title:

ENDORSEMENT

Pay to the order of U.S. Bank Trust Company, National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Series 2025 Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Promissory Note.

**RIVERHEAD IDA ECONOMIC JOB
DEVELOPMENT CORPORATION**

By
Name: James B. Farley
Title: Chairman

Dated: July [____], 2025

MASTER TRUST INDENTURE

between

RIVERHEAD CHARTER SCHOOL

and

**SUCH OTHER PERSONS AS MAY BECOME
MEMBERS OF THE OBLIGATED GROUP HEREUNDER**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Master Trustee**

Dated as of July 1, 2025

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EXHIBIT A Subordinate Indebtedness

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EXHIBIT C Form of Obligation

This **MASTER TRUST INDENTURE** (this “**Master Indenture**”) is dated as of July 1, 2025, and is between **RIVERHEAD CHARTER SCHOOL**, a duly organized and validly existing charter school formed under the New York State Education Law and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), having an office at 3685 Middle Country Road, Calverton, New York 11933 (the “**School**”), as the Group Representative and sole initial Member of the Obligated Group (as such terms are defined herein) and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association (the “**Master Trustee**”).

RECITALS

The School is authorized by law, and deems it necessary and desirable that it, and any other Members of the Obligated Group, be able to issue Obligations (as hereinafter defined) of several series hereunder in order to secure the financing or refinancing of charter school facilities and for other lawful and proper corporate purposes.

The School desires to provide in this Master Indenture for other legal entities in the future to become jointly and severally liable with the School for the payment of the Obligations and the performance of all covenants contained herein. The School and each other entity incurring such joint and several liability in accordance with the terms hereof are herein referred to for purposes of this Master Indenture or any Supplemental Master Indenture individually as a “Member” and collectively as the “Members” or the “Obligated Group.”

The Master Trustee agrees to accept and administer the trusts created hereby, subject to the terms hereof.

In order to declare the terms and conditions upon which Obligations of each series are authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of Obligations of each series by the holders thereof and the sum of One Dollar to them duly paid by the Master Trustee at the execution of these presents and of other good and lawful consideration, the receipt of which is hereby acknowledged, the Members covenant and agree with the Master Trustee, for the equal and proportionate benefit of the respective holders from time to time of Obligations of each series, as follows:

GRANTING CLAUSES

That each Member of the Obligated Group in consideration of the premises and of the purchase of the Obligations and of other good and lawful consideration, the receipt of which is hereby acknowledged, and to secure the payment of the principal of, premium, if any, and interest on the Obligations and the performance and observance of all of the covenants and conditions herein or therein contained, has executed and delivered this Master Indenture and has conveyed, mortgaged, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in, and by these presents does hereby convey, mortgage, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Master Trustee, its successor or successors and its or their assigns forever, all and singular the property, real and personal,

hereinafter described (said property being herein sometimes referred to as the “**Trust Estate**”) to wit:

DIVISION I

Any funds or property held by the Master Trustee under this Master Indenture;

DIVISION II

All Pledged Assets of the Obligated Group Members, but except and excluding all such items, whether now owned or hereafter acquired by the Obligated Group Members, which by their terms or by reason of applicable law would become void or voidable if granted, assigned, or pledged hereunder by the Obligated Group Members, or which cannot be granted, pledged, or assigned hereunder without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged, and assigned by the Obligated Group Members;

The following shall apply to the pledge of Pledged Assets created by this Master Indenture:

Creation: This Master Indenture creates a valid and binding pledge of, assignment of, lien on and security interest in the Pledged Assets in favor of the Master Trustee, for assignment to any Obligation Holder, as security for payment of Obligations, enforceable in accordance with the terms hereof;

Perfection: Under the laws of the State of New York, such pledge, assignment, lien and security interest, and each pledge, assignment, lien, or other security interest made to secure any prior Obligations of the Obligated Group which, by the terms hereof, ranks on a parity with the pledge, assignment, lien and security interest granted hereby, is and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against any Obligated Group Member on a simple contract. The Obligated Group will have filed or caused to be filed all financing statements describing, and transferred such possession or control over, such collateral (and for so long as any Obligation is outstanding under this Master Indenture the Obligated Group will cause the Master Trustee to file all such continuation statements and transfer such possession and control) as may be necessary to establish and maintain such priority in each jurisdiction in which an Obligated Group Member is organized or such collateral may be located or that may otherwise be applicable pursuant to Uniform Commercial Code §§9.301--9.306 of such jurisdiction;

Priority: The Obligated Group has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of such collateral that will rank prior to the pledge, assignment, lien and security interest granted hereby other than Permitted Liens. The Obligated Group shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in such collateral that ranks prior to or on a parity with the pledge, assignment, lien and security interest granted hereby, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted under this Master Indenture; and

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by any Member or by anyone on its behalf to the Master Trustee, including without limitation, funds of any Member held by the Master Trustee as security for the Obligations;

TO HAVE AND TO HOLD, all and singular, the properties, the rights and privileges hereby conveyed, assigned and pledged by the Members or intended so to be, unto the Master Trustee its successors and assigns forever, in trust, nevertheless, with power of sale for the equal and pro rata benefit and security of all Obligations issued hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Obligation over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Obligations shall have the same right, lien and privilege under this Master Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

PROVIDED, HOWEVER, at the written request of the Group Representative, the Master Trustee will execute and deliver, at the cost of the Obligated Group, such appropriate documents, including without limitation, releases and termination statements releasing and/or terminating the Lien created hereunder on those Pledged Assets that are sold or factored to the extent expressly permitted by this Master Indenture; and provided further that Pledged Assets pledged hereunder may be made subject to a Lien to the extent expressly permitted hereunder including, without limitation, liens on the Pledged Assets which consist of accounts receivable that may be sold free and clear of the lien thereon despite this pledge if such Lien is in accordance with the provisions of this Master Indenture and is on commercially reasonable terms;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Members or their successors or assigns shall well and truly pay or cause to be paid the principal of such Obligations with interest, according to the provisions set forth in the Obligations and each of them shall provide for the payment or redemption of such Obligations by depositing or causing to be deposited with the Master Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Members, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Master Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Members and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Members such instruments of satisfaction or release as may be necessary or proper to discharge this Master Indenture of record, and if necessary shall grant, reassign and deliver to the Members, their successors or assigns, all and singular the property, rights, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Master Indenture shall be and remain in full force.

NOW, THEREFORE, the Members of the Obligated Group (as hereinafter defined) and the Master Trustee agree, as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS
CONCERNING INTERPRETATION

Section 1.01. Definitions.

For the purposes of this Master Indenture (as defined below), the following words and phrases have the meanings given to them below.

“Accountant” means a nationally or regionally recognized independent certified public accountant or a firm of independent certified public accountants, selected by the Group Representative, that is a member of the American Institute of Certified Public Accountants (or its successor organization) and is licensed to practice in the state in which it is rendering services.

“Accounts” means any right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned or otherwise disposed of, (ii) for services rendered or to be rendered, or (iii) for a secondary obligation incurred or to be incurred. The term “Accounts” shall not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter of credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold. Any term used in this definition (other than the term “Accounts”) shall have the meanings given such terms, if any, in the UCC.

“Affiliate” means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof that (i) is directly or indirectly controlled by any Member, or by any Person that directly or indirectly controls any Member or (ii) controls, directly or indirectly, any Member. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body by contract or otherwise. “Affiliate” includes each Person who is an “affiliate” of a Member under GAAP.

“Annual Debt Service” means, for any Fiscal Year, on an aggregate basis, the amount required in such Fiscal Year to pay the principal of, the sinking fund installments for and the interest on all Obligations becoming due during such Fiscal Year, excluding Obligations in the form of Non-Recourse Indebtedness, Unsecured Indebtedness and Subordinate Indebtedness.

“Book Value” means, (a) when used in connection with PPE or other Property of any Person (except cash, securities and other intangibles), at the option of the Group Representative, either (i) the value of such PPE or other Property, net of accumulated depreciation, as it is carried on the books of such Person in conformity with GAAP or (ii) the current market value of such property as of the time a ratio is to be calculated or value determined, in either case as evidenced by an Officer’s Certificate; (b) when used in connection with cash, securities and other intangibles of any Person, the fair market value of such cash, securities and other intangibles; and (c) when

used in connection with PPE or other Property or cash, securities and other intangibles of the Obligated Group, the aggregate of the values so determined for such PPE or other Property or cash, securities and other intangibles of the Obligated Group determined in such a manner that no portion of such value of PPE or other Property or cash, securities and other intangibles is included more than once.

“Business Day” means any day other than a Saturday, Sunday or day on which banking institutions are authorized or obligated by law to close in the State of New York or at the place where the designated corporate trust office of the Master Trustee is located.

“Code” means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

“Completion Indebtedness” means any Indebtedness for borrowed money: (i) incurred for the purpose of financing the completion of the acquisition, construction, remodeling, renovation, or equipping of Facilities for which Indebtedness for borrowed money has been incurred in accordance with the provisions hereof; and (ii) with a principal amount not in excess of the amount that is required to provide a completed and equipped Facility of substantially the same type and scope contemplated at the time such Prior Indebtedness was originally incurred, to provide for Funded Interest during the period of construction and for up to one year thereafter, to provide any reserve fund relating to such Completion Indebtedness, and to pay the costs and expenses of issuing such Completion Indebtedness.

“Consultant” means a professional consulting, accounting, financial advisory, investment banking or commercial banking firm or individual selected by the Group Representative having the skill and experience necessary to render the particular report required and having a favorable reputation for such skill and experience, which firm or individual does not control any Member or any Affiliate thereof and is not controlled by or under common control with any Member or an Affiliate thereof, it being understood that an arm’s length contract between such firm and any Member of the Obligated Group for the performance of consulting, banking or other services shall not be regarded as creating an interest in having any control over such entity. The reports of Consultants required herein showing forecast financial performances may be in the form of a forecast of management of the Group Representative or another Member, as applicable, that is accompanied by a statement of a Consultant to the effect that the Consultant has reviewed the assumptions and procedures used by management and that the underlying assumptions provide a reasonable basis for the forecast of management.

“Contributions” means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by any Person in the applicable Fiscal Year of such Person and any such contributions, grants, gifts, bequests and devises originally received in a form other than cash or marketable securities by any Person which are converted in such Fiscal Year to cash or marketable securities.

“Corporate Trust Office” means the office of the Master Trustee designated by it from time to time in accordance with Section 5.10, as the office at which its corporate trust business regarding this Master Indenture is conducted.

“Days’ Cash on Hand” means 365 times (i) the aggregate unrestricted cash and unrestricted marketable securities (including board-designated funds held by a Member of the Obligated Group and Unrestricted Contributions) of the Obligated Group as of the date of computation, excluding cash and unrestricted marketable securities not available to the Obligated Group to pay Operating Expenses, divided by (ii) the total Operating Expenses of the Obligated Group for the most recent Fiscal Year for which Financial Statements are available, excluding depreciation and amortization (as shown on the Financial Statements for such Fiscal Year and calculated in the same manner as that used to determine Net Income Available for Debt Service), provisions for bad debt or any other noncash expenses or extraordinary expenses (as determined by the Group Representative). All securities shall be valued at fair market value for purposes of this definition. For the purposes of calculations hereunder, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Defeasance Obligations” means (i) for any Obligation that secures a series of Related Bonds, the obligations permitted to be used to defease such series of Related Bonds under the Related Bond Indenture, and (ii) for any Obligation for which there are no Related Bonds, (A) noncallable Government Obligations, (B) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (C) Defeased Municipal Obligations, (D) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, and (E) State and Local Government Securities issued by the United States Department of the Treasury.

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers that are rated in the highest rating category established by any one of the Rating Agencies, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, (iii) cash or (iv) any combination of such noncallable Government Obligations, evidences of ownership and cash, which Government Obligations or evidences of ownership, together with any cash, are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, being sufficient, together with any cash, to provide money to pay the principal of, premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

“Defeased Obligations” means Obligations issued under a Supplement that has been discharged, or provision for the discharge of which has been made, under its terms.

“Disability Aid” means those certain federal and State payments payable to a Member attributable to students with disabilities.

“Education Aid” means, collectively, all State Education Operating Aid, Disability Aid and any Other Education Aid payable to the Members pursuant to the New York State Education Law or federal law for the payment of operations of the Members.

“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System, or such other nationally recognized electronic filing system established by the Municipal Securities Rulemaking Board.

“Equipment” means those items constituting equipment as defined in the UCC.

“Event of Default” means any one or more of those events set forth in Section 4.01 hereof.

“Excluded Property” means the property set forth in Exhibit B hereto and thereafter as may be designated by a Member in connection with the issuance of an Obligation, unless and until such property becomes subject to the lien of a mortgage or security interest pursuant to a Supplement.

“Existing Facilities” means the charter school facilities and related facilities owned and operated by the Obligated Group on the date of execution and delivery of this Master Indenture.

“Facilities” means, collectively, the Existing Facilities and any other charter school facilities designed to provide services to its students, hereafter owned by, and all leasehold interests of, any Member and operated by or on behalf of any Member, but excluding Excluded Property (and the buildings, improvements, fixtures and personal property situated on Excluded Property).

“Fee Owner” means, the School, and any other entity owning real property, the sole member of which is a Person that shall become a Member of the Obligated Group in accordance with Section 3.11 and not including any Person that shall have withdrawn from the Obligated Group in accordance with Section 3.12.

“Financial Statements” means the consolidated or combined financial statements of the Obligated Group and its Members’ wholly-owned Affiliates, if any, for a Fiscal Year, or for such other period for which an audit has been performed, required to be prepared under, and prepared in accordance with GAAP, including a statement of changes in cash flows as of the end of such period, that have been audited and reported upon by an Accountant. If any Member is not an Affiliate of the Obligated Group, “Financial Statements” shall also mean the consolidated or combined financial statements of such Member and its Members’ wholly-owned Affiliates, if any, for the same Fiscal Year (or other period) as the Financial Statements of the Obligated Group, prepared in accordance with GAAP, that have been audited and reported upon by an Accountant. Financial Statements of the Obligated Group shall also include, in an additional information section, unaudited consolidating or combining financial statements for the same Fiscal Year (or other period) from which the accounts of any Affiliate that is not a Member have been eliminated and to which the accounts of any Member that is not an Affiliate have been added by extracting

the balances of such accounts from audited consolidated or combined financial statements of such Member and its Affiliates, if any.

“Fiscal Year” means, for the Obligated Group, July 1 through June 30 of the next calendar year. For purposes of making historical calculations or determinations set forth in this Master Indenture on a Fiscal Year basis, or for purposes of combinations or consolidation of accounting information, for those Members whose actual fiscal year is different from that designated above the actual fiscal year of such Members which ended within the Fiscal Year of the Obligated Group shall be used; provided, however, that for purposes of making any calculations or determinations as set forth in this Master Indenture, the Group Representative may designate as the “Fiscal Year” of any Person any 12-month period. However, when this Master Indenture refers to a Fiscal Year of an individual Member, such reference shall be to the actual fiscal year adopted by such Member.

“Fitch” means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Group Representative by notice to the Master Trustee and any Related Bond Trustee.

“Funded Interest” means amounts irrevocably deposited in an escrow or other trust account to pay interest on Indebtedness and interest earned on amounts irrevocably deposited in an escrow or other trust account, to the extent such amounts so deposited are required to be applied to pay interest on Indebtedness.

“GAAP” means accounting principles generally accepted in the United States, consistently applied.

“Governing Body” means, when used regarding any Member or Affiliate, its board of directors, board of trustees or other board or group of individuals in which the powers of such Member or Affiliate are vested.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Gross Revenues” means, for any period of time for which calculated, the total of all receipts, operating revenues and gains derived by the Obligated Group during such period, determined in accordance with generally accepted accounting principles, including, but not limited to, any Federal Subsidy Payments received, Education Aid and other aid received by the Obligated Group pursuant to federal or State law, and requirements or grant or other programs. Gross Revenues shall not, however, include any gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated or restricted at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payments due thereunder or not subject to pledge, and any income derived therefrom to the extent required by such designation or restriction.

“Group Representative” means the School or any successor Group Representative appointed pursuant to Section 2.09 hereof, or such other Member or Person as may be designated

from time to time pursuant to written notice to the Master Trustee, executed by each Member of the Obligated Group.

“Holder” means the owner of any Obligation issued under this Master Indenture or a Supplement.

“Indebtedness” means (i) all indebtedness of Members for borrowed money and (ii) all installment sales, conditional sales and capital lease obligations, incurred or assumed by any Member. Indebtedness shall not include (1) obligations of any Member to another Member, (2) Defeased Obligations and (3) unless otherwise provided in a Supplement or Obligation, obligations of any Member under a line of credit, letter of credit, standby bond purchase agreement, or credit enhancement or similar facility (and any reimbursement agreement relating thereto) established in connection with the issuance of any Indebtedness of a Member or Related Bonds to the extent that such facilities have not been used or drawn upon and to the extent that they have been used or drawn upon to purchase, but not retire, Related Bonds. The facilities described in (3) above shall not be excluded from Indebtedness to the extent amounts are due thereunder without regard to a draw under such facility or to the extent that after a draw on such facility to purchase Related Bonds the amounts due on such Related Bonds under the provisions of such facility exceed the amounts stated in the Related Bonds. If such liquidity facility is used or drawn upon to retire, but not purchase, indebtedness of a Member or Related Bonds, then the liability incurred by such use or draw by the Member shall be included in Indebtedness.

“Instructions” has the meaning given to it in Section 5.01(q)(i).

“Lien” means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of such Property, whether such interest arises by contract, statute or common law, including but not limited to any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property that secures any Indebtedness or any other obligation of any Member or that secures any obligation of any Person. The term “Lien” shall include any easements, covenants, restrictions, conditions, encroachments, reservations, rights-of-way, leases and other title exceptions and encumbrances affecting real property.

“Liquidity Requirement” has the meaning assigned to such term in Section 3.13(a).

“Long-Term Debt Service Coverage Ratio” means, for each Fiscal Year, the ratio determined by dividing the Net Income Available for Debt Service for such period by Annual Debt Service for such Fiscal Year. When calculating the Long-Term Debt Service Coverage Ratio, Annual Debt Service shall be reduced in any Fiscal Year by the amount of Funded Interest available to be applied to such Annual Debt Service in such Fiscal Year.

“Long-Term Indebtedness” means all obligations for borrowed money incurred or assumed by any Member having an original stated maturity or term greater than one year or renewable at the option of the debtor for a period greater than one year from the date of original issuance, including (a) Short-Term Indebtedness if there exists a commitment by an institutional lender whose long-term, unsecured debt obligations are rated not less than “A” (without regard to any rating refinement or gradation by numerical modifier or otherwise) by the Rating Agencies to provide financing to retire such Short-Term Indebtedness and such commitment provides (i) terms

and conditions that can be reasonably met by such Member to incur such Indebtedness, as certified in an Officer's Certificate filed with the Master Trustee and (ii) for the repayment of principal on terms that would, if such commitment were implemented, constitute Long-Term Indebtedness, and (b) the current portion of Long-Term Indebtedness (this shall not be read to exclude any portion of Long-Term Indebtedness not constituting the current portion), for any of the following:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(ii) leases that are required to be capitalized in accordance with GAAP having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year; and

(iii) installment sale or conditional sale contracts having an original term in excess of one year.

"Master Indenture" means this Master Trust Indenture dated as of July 1, 2025, between the Members of the Obligated Group and the Master Trustee, as the same may be altered, amended, modified, or supplemented from time to time.

"Master Trustee" means U.S. Bank Trust Company, National Association, and its successors in the trusts created hereunder.

"Member" or **"Member of the Obligated Group"** means each of the Members of the Obligated Group and any Person that shall become a Member of the Obligated Group in accordance with Section 3.11 and not including any Person that shall have withdrawn from the Obligated Group in accordance with Section 3.12.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Group Representative by notice to the Master Trustee and any Related Bond Trustee.

"Mortgage" or **"Mortgages"** means any mortgages granted by the Obligated Group to secure any Obligations issued hereunder.

"Mortgaged Property" means the real property and personal property of the Obligor which is subject to the Lien and security interest of the Mortgage

"Net Income Available for Debt Service" means for any Fiscal Year, and on a consolidated basis, the excess of (i) the Gross Revenues of the Obligated Group over (ii) its Operating Expenses, plus depreciation, amortization and interest expense and excluding any extraordinary gains or losses after funding required reserves, and unrealized gains or losses.

"Non-Recourse Indebtedness" means any Indebtedness, the payment of which is secured by a security interest in or Lien on Property purchased or acquired using the proceeds of such

Indebtedness with no recourse, directly or indirectly, to any Member or any other Property of any Member.

“Obligated Group” means, collectively, the Members of the Obligated Group.

“Obligation” means the evidence of particular obligations issued hereunder.

“Obligor” has the meaning assigned to such term in Section 3.08(a).

“Officer’s Certificate” means a certificate signed by (i) the Group Representative, or (ii) the chairman of the Governing Body, or the president, vice president, treasurer or assistant treasurer of the Governing Body of a Member. Each Officer’s Certificate presented under this Master Indenture shall state that it is being delivered under (and shall identify the section or subsection of) this Master Indenture and shall incorporate by reference and use in all appropriate instances all applicable terms defined in Section 1.01. Each Officer’s Certificate shall state that (i) the terms thereof are in compliance with the requirements of the section or subsection under which such Officer’s Certificate is delivered or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance, and (ii) it is being delivered together with any opinions, schedules, statements, pro forma financial statements or other documents required in connection therewith.

“Other Education Aid” means any federal or State payments, other than State Education Operating Aid or Disability Aid, payable to the Members for the purpose of funding operations of the Members.

“Operating Expenses” means fees and expenses of the Members, including maintenance, repair expenses, utility expenses, real estate taxes, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Members, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of the Members not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which may be reasonably be expected to be incurred in accordance with Generally Accepted Accounting Principles, all in such amounts as reasonably determined by the Members; provided however, “Operating Expenses” shall not include (i) those expenses which are actually paid from any revenues of the Members which are not Gross Revenues, (ii) spending for items accounted for as capital expenditures under GAAP, or (iii) replenishments of the debt service reserve fund for Bonds.

“Opinion of Bond Counsel” means an opinion in writing signed by an attorney or firm of attorneys, selected by the Group Representative, and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, who may be counsel for any Member.

“Opinion of Counsel” means an opinion in writing signed by an attorney or firm of attorneys, selected by the Group Representative, who may be counsel for any Member.

“Outstanding” when used with reference to Indebtedness, means, as of any date of determination, all Indebtedness previously issued or incurred and not paid and discharged other

than (i) Obligations previously cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (ii) Indebtedness deemed paid and no longer outstanding under the terms of the instruments evidencing such Indebtedness, and (iii) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid under the provisions of Section 2.05 or the applicable Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser.

“Parity Basis” means security that is available to all Holders of Obligations to provide for payment thereof, to be shared pro rata based on the Outstanding amount of each such Obligation of each such Holder.

“Permitted Liens” means those Liens described in Section 3.05(b).

“Person” means an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

“Personal Property” means any movable or intangible property that is not real property.

“Pledged Assets” means all Accounts and Gross Revenues of each Member, now owned or hereafter acquired; provided, however, that Pledged Assets shall not include Education Aid, contract rights consisting of charitable pledges nor any assets derived from Excluded Property (or the buildings, improvements, fixtures and personal property situated on Excluded Property). Unless defined in this Master Indenture, any term (whether or not capitalized) that is used in this definition has the meaning assigned to it in the UCC.

“PPE” means all Property of the Members and that is property, plant and equipment under GAAP, including the Facilities and any assets of any Fee Owner.

“Prior Indebtedness” means, as of any date, the Long-Term Indebtedness previously incurred and then Outstanding.

“Property” means any and all rights, titles and interests in and to any and all property whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, but shall not include (except as expressly provided) any unimproved real estate or land that is not used in one of the basic operations of the Member. Notwithstanding the previous sentence, Property shall include any property financed in whole or in part with an Obligation and shall not include Excluded Property (or the buildings, improvements, fixtures and personal property situated on Excluded Property).

“Rating Agencies” means Fitch, Moody’s or S&P.

“Refunding Indebtedness” means Long-Term Indebtedness incurred to refund Outstanding Prior Indebtedness.

“Related Bond Indenture” means any indenture, trust agreement, bond resolution, bond purchase and loan agreement or other comparable instrument under which a series of Related Bonds is issued.

“Related Bond Trustee” means the applicable trustee and its successors in the trusts created under any Related Bond Indenture, if any.

“Related Bonds” means (a) revenue bonds or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision of any state or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, and (b) any bonds issued by any other Person, in either case the proceeds of which are loaned or otherwise made available to a Member in consideration, whether in whole or part, of the execution, authentication and delivery of an Obligation to such governmental issuer or Person.

“Responsible Officer” means, when used regarding the Master Trustee, any vice president, assistant vice president, senior associate or other officer of the Master Trustee within the Corporate Trust Office specified customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Master Indenture.

“S&P” means S&P Global Inc., its successors and assigns, and if S&P 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 Group Representative by notice to the Master Trustee and any Related Bond Trustee.

“School” means Riverhead Charter School, a charter school formed under the New York State Education Law and an organization described in Section 501(c)(3) of the Code.

“Series 2025 Obligation” means the Obligation issued as Obligation No. 1 - 2025 pursuant to the First Supplemental Master Trust Indenture dated as of the date hereof.

“Short-Term Indebtedness” means all Indebtedness, other than the current portion of Long-Term Indebtedness, incurred or assumed by one or more Members, for any of the following:

- (i) payments of principal and interest for money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;

- (ii) payments under leases that are capitalized in accordance with GAAP having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

- (iii) payments under installment purchase or conditional sale contracts having an original term of one year or less.

“State” means the State of New York.

“State Education Operating Aid” means all New York State Education Department operating aid payments appropriated for the purpose of funding operating expenses of the Members on a per-pupil basis.

“Subordinate Indebtedness” means Indebtedness that, for any issue thereof, is evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness (to which appropriate reference shall be made in the instruments evidencing such Indebtedness) substantially as in Exhibit A to this Master Indenture.

“Supplement” means an indenture supplemental to, and authorized and executed under the terms of, this Master Indenture, as the same may be altered, amended, modified, or supplemented from time to time.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof that is exempt from federal income taxes under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“Tax-Exempt Obligation” means an Obligation for which an Opinion of Bond Counsel that interest thereon is excludable from gross income for federal income tax purposes was delivered upon initial issuance and delivery of such Obligation.

“Tax-Exempt Related Bonds” means Related Bonds for which an Opinion of Bond Counsel that interest thereon is excludable from gross income for federal income tax purposes was delivered upon initial issuance and delivery of such Related Bonds or any reissuance thereof.

“Transfer” means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt.

“UCC” means the Uniform Commercial Code as in effect in the State of New York or other applicable state.

“Unrestricted Contributions” means Contributions which are not restricted in any way that would prevent their application to the payment of debt service on Indebtedness of the Person receiving such Contributions.

“Unsecured Indebtedness” means any Indebtedness not secured by any Lien on, pledge of, or security interest in any Property of any Member and any other Indebtedness not secured in any manner.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

Section 1.02. Interpretation.

(a) Singular words shall connote the plural number as well as the singular and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(b) Words importing the redemption or calling for redemption of Obligations shall not be deemed to refer to or connote the payment of Obligations at their stated maturity.

(c) All references herein to particular articles or sections are references to articles or sections of this Master Indenture unless otherwise stated.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Master Indenture nor shall they affect its meaning, construction or effect.

(e) All references herein to the payment of Obligations are references to payment of principal of and premium, if any, and interest on Obligations.

(f) Any reference herein to any officer or member of the Governing Body of a Member shall include those Persons succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(g) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or under this Master Indenture, the same shall be done in accordance with GAAP as then in effect, unless otherwise expressly provided in this Master Indenture or in such other agreement, document or certificate.

(h) Provisions calling for or referring to the delivery by each Member of financial statements for any given period shall be deemed satisfied if the combined or consolidated financial statements for such period, prepared in accordance with GAAP, of such entities are so delivered.

(i) Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the date hereof, there shall occur any change in GAAP from those used in the preparation of the Financial Statements and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Master Indenture including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, the Group Representative may by written notice to the Master Trustee elect to have the Financial Statements (and related ratios and calculations) prepared in accordance with GAAP in effect before such change in accounting principles. The Group Representative may, by a subsequent written notice to the Master Trustee, elect to have the Financial Statements (and related ratios and calculations) prepared in accordance with GAAP as then in effect.

ARTICLE II
OBLIGATIONS, AUTHORIZATION, ISSUANCE
AND TERMS OF OBLIGATIONS

Section 2.01. Amount of Obligations.

Each Member may issue Obligations hereunder to evidence and secure Indebtedness incurred or to be incurred by such Member. The number and principal amount of Obligations that may be created hereunder are not limited, except as limited by the provisions of Section 3.06 or of any Supplement. Under Section 3.01, each Member is jointly and severally liable for each and every Obligation. Each Member may otherwise incur Indebtedness that is not an Obligation under any other document, except as limited by the provisions of Section 3.06 or of any Supplement.

Section 2.02. Designation and Form of Obligations.

Any Member issuing an Obligation shall issue such Obligation in such form as may from time to time be created by a Supplement permitted hereunder. Each Obligation or series of Obligations, shall be created by a Supplement and shall be designated sequentially as issued and otherwise in such a manner as will differentiate such Obligation from any other Obligation. An initial form of Obligation is annexed hereto as Exhibit C.

Section 2.03. Execution and Authentication.

(a) Each Obligation shall be executed for and on behalf of the issuer thereof, by either the Group Representative, the chairman of the issuer's Governing Body, the issuer's president or vice president, or any other officer authorized by the issuer's Governing Body to do so. The signatures of such officers may be mechanically or photographically reproduced on the Obligation. If any officer whose signature appears on any Obligation ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized officer of the Master Trustee, and if an Obligation is not so authenticated, such Obligation shall not be entitled to the benefits hereof.

(b) The Master Trustee's authentication certificate shall be substantially in the following form:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this obligation designated Obligation No. ____ - 20[] is one of the Obligations described in the within-mentioned Master Indenture.

Master Trustee

By: _____
Authorized Signatory

Section 2.04. Registration, Negotiability and Transfer.

Unless provided otherwise in a Supplement creating an Obligation:

(a) Obligations shall be registered on the register to be maintained for that purpose by the Master Trustee at its Corporate Trust Office.

(b) Upon the principal of all Obligations Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligations underlying Related Bonds may be transferred, and such transfer registered.

(c) Obligations shall be transferable only upon presentation at the Corporate Trust Office of the Master Trustee together with an assignment duly executed by the registered Holder or by his duly authorized attorney in such form as shall be satisfactory to the Master Trustee. Such transfer shall be without charge to the Holder, except for any taxes or other governmental charges required to be paid for the same. Upon any such transfer, the issuer of such Obligation shall execute and the Master Trustee shall authenticate and deliver in exchange for such transferred Obligation a new registered Obligation in the same form and tenor, registered in the name of the transferee.

(d) Before due presentment by a Holder for registration of transfer, all Members and the Master Trustee may deem and treat the person in whose name any Obligation is registered as the absolute owner for all purposes; and neither any Member nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered Holder shall, to the extent of the sum or sums so paid, satisfy and discharge the liability for amounts payable on such Obligation.

(e) In order to eliminate the risk and expense of replacing a mutilated, destroyed, lost or stolen Obligation pursuant to Section 2.05 hereof, each Obligation shall be held by the Master Trustee in trust for the benefit of the Owner of the Obligation, unless otherwise directed in writing by such Owner. Absent manifest error, the amounts shown on the register maintained by the Master Trustee shall be conclusive evidence of the principal amount paid on any Obligation held in trust by the Master Trustee pursuant to this section.

Section 2.05. Mutilation, Loss, Theft and Destruction.

Unless provided otherwise in a Supplement creating an Obligation, if (a) an Obligation is surrendered to the Master Trustee in a mutilated condition, or the issuer of an Obligation and the Master Trustee receive evidence to their satisfaction of the loss, theft or destruction of an Obligation, (b) there is delivered to the Members and the Master Trustee such security or indemnity as may be required by them to hold them harmless, (c) the Members and the Master Trustee have not been notified in writing that such Obligation has been acquired by a bona fide purchaser, and (d) the Holder has paid the reasonable expenses of the issuer of such Obligation and the Master Trustee, the issuer of such Obligation shall execute and the Master Trustee shall authenticate and deliver, in exchange for such mutilated, lost, stolen or destroyed Obligation, a new Obligation of like form and tenor. Every mutilated Obligation so surrendered to the Master Trustee shall be canceled by it and delivered to, or upon the order of the issuer thereof. Unless provided otherwise in a Supplement creating an Obligation, if any such mutilated, lost, stolen or destroyed Obligation

has become or is about to become due and payable by redemption or otherwise, such Obligation may be paid when due instead of delivering a new Obligation.

Section 2.06. Partial Prepayment or Redemption.

Unless provided otherwise in a Supplement creating an Obligation:

(a) Upon the prepayment or the call for redemption and the surrender of any Obligation for prepayment or redemption in part only, the issuer of such Obligation shall cause to be executed and the Master Trustee shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the issuer of such Obligation, a new Obligation of like form and tenor, but in principal amount equal to the unpaid or unredeemed portion of the principal of such Obligation.

(b) The Master Trustee shall cancel the Obligation surrendered under this Section and deliver such canceled Obligation to, or upon the order of, the issuer of such Obligation.

(c) The issuer of an Obligation may agree with the Holder of such Obligation that such Holder may, in lieu of surrendering such Obligation for a new fully registered Obligation, endorse on the Obligation a notice of such partial prepayment or redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount prepaid or redeemed and the principal amount remaining unpaid.

Such partial prepayment or redemption shall be valid upon payment of the amount thereof to the registered Holder of such Obligation and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of the Obligation by the Holder thereof and irrespective of any error or omission in such endorsement.

Section 2.07. Supplement Creating Obligations.

Any Member and the Master Trustee may from time to time enter into a Supplement to create an Obligation hereunder. Such Supplement shall set forth the date of such Obligation, the date or dates on which the principal of, redemption premium, if any, and interest or other payments on such Obligation shall be payable, the form of such Obligation and such other terms and provisions as shall conform with the provisions hereof.

Section 2.08. Conditions to Issuance of Obligations Hereunder.

For Obligations created hereunder, contemporaneously with or before the execution, authentication and delivery of an Obligation under this Master Indenture, the following conditions must be satisfied (other than delivery of the items identified in subsection (c) below, which the Group Representative shall provide to the Master Trustee if required by applicable law to secure future advances) to the Master Trustee:

(a) All requirements and conditions to the issuance of such Obligation, if any, set forth in this Master Indenture and in the Supplement creating such Obligation shall have been complied

with and satisfied, as provided in an Officer's Certificate, a copy of which Certificate shall be delivered to the Master Trustee;

(b) The issuer of such Obligation shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (i) registration of such Obligation under the Securities Act of 1933, as amended, and qualification of this Master Indenture or the Supplement creating such Obligation under the Trust Indenture Act of 1939, as amended, are not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (ii) the Master Indenture, the Supplement creating such Obligation and such Obligation are valid, binding and enforceable obligations of the Members in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally and usual equity principles; and

(c) Each Member shall have delivered to the Master Trustee an Officer's Certificate stating that, to the best of the knowledge of the signer thereof, the Person who is to be the Holder of such Obligation upon the original issuance thereof is not acquiring the interest represented by such Obligation directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan for which (i) any employee of any Member or the Master Trustee, in its individual capacity, is a participant or (ii) any Member or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

Section 2.09. Appointment of Group Representative.

Each Member, by becoming a Member, hereby irrevocably appoints the Group Representative as its agent and true and lawful attorney in fact and grants to the Group Representative full and exclusive power to act on behalf of such Member: (i) authorize, negotiate, determine and bind such Member to the terms of, and execute and deliver, Supplements authorizing the issuance of Obligations or series of Obligations; (ii) as applicable, negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate loan agreements, bond indentures, bond purchase agreements, agreements related to credit, liquidity or insurance, disclosures, and all such other agreements and instruments as are reasonably related to entering into and managing the specific transactions represented by such Supplements and/or Obligations; (iii) negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate certificates and other undertakings as are reasonably necessary or appropriate to enter into and managing the specific transactions represented by such Supplements and/or Obligations; (iv) manage, oversee, direct, authorize, control, and implement all Outstanding Indebtedness and financial relationships related in any manner to such Indebtedness, including, but not limited to, debt management policy setting and determinations such as the mix of fixed and variable debt and similar determinations, allocation, calculations, accounting for collections from Members, and payment of debt service, discounts, premiums, costs of issuance and other costs and fees related to Indebtedness, including termination, amendment and similar fees; (v) planning, authorization and implementation of conversions, refundings, defeasances and other debt management or modification activities; (vi) approve, execute and amend all waivers, consents or amendments to any document or agreement, directly or indirectly, related to one or more of the

Obligations, this Master Indenture and any Supplement, including but not limited to, any of the types of documents or agreements mentioned in subsections (ii) and (iii) above and this subsection (vi); (vii) direction of agents and control, direction and management of third party relationships (such as trustees, management companies, issuing authorities, underwriters, advisors and counsel) related to Indebtedness and/or Obligations, (viii) the power and authority to grant additional security, (ix) the power and authority to issue any additional Indebtedness, and (x) the power and authority to exercise all corporate authority and take any action in connection therewith which may be necessary or appropriate on behalf of the Obligated Group and each Member thereof to implement any recommendation or commitment made by the Group Representative. Authority granted in this Section shall be and remain irrevocable until and unless any Member is permitted to withdraw from the Obligated Group in accordance with the terms hereof. Each Member hereby agrees that any and all notices given to the Group Representative pursuant to the terms of this Master Indenture shall be effective notice to each Member with the same force and effect as if such notice was given directly to each Member. Notwithstanding the foregoing, the Group Representative may direct that any Member of the Obligated Group execute any and all documents related to Indebtedness incurred by or for the benefit of such Member.

The School shall serve as the Group Representative until such time as the School delivers to the Master Trustee its written resignation as the Group Representative. The School covenants to fulfill all of the duties of the Group Representative under this Master Indenture. The School agrees that it shall not resign as Group Representative until the Members of the Obligated Group have appointed another Group Representative and such successor Group Representative has accepted its duties in writing. Each Member of the Obligated Group by becoming a Member of the Obligated Group acknowledges that the Group Representative has certain powers and duties under this Master Indenture, including, but not limited to, binding all Members of the Obligated Group to joint and several liability on all Obligations incurred hereunder, and authorizes the Group Representative to exercise such powers and carry out such duties.

Obligations incurred hereunder, and interest thereon, are payable solely from the Pledged Assets and shall not (i) constitute an indebtedness or a charge against the Group Representative, as Group Representative or (ii) constitute or give rise to any pecuniary liability of the Group Representative. The Group Representative shall not be liable for any actions it takes or omits to take which in good faith, absent gross negligence or willful misconduct, it believes to be authorized or within its powers hereunder. The above exceptions shall not affect the Obligations of the Group Representative as a Member of the Obligated Group.

The Members of the Obligated Group hereby agree to indemnify the Group Representative for, and hold it harmless against any loss, liability or expense (including without limitation reasonable attorneys' fees, costs and expenses) incurred by it without gross negligence or willful misconduct on its part, arising out of and in connection with the acceptance or administration of its duties and obligations hereunder, including without limitation the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, and such indemnity shall survive the termination of this Master Trust Indenture or the sooner resignation or removal of the Group Representative.

ARTICLE III

PARTICULAR COVENANTS OF THE OBLIGATED GROUP

Section 3.01. Security Interest in Pledged Assets; Deposit of Gross Revenues; Further Assurances; Payment of Principal and Interest; and Nature of Obligations.

(a) (i) To secure (1) the prompt payment of the principal of, redemption premium, if any, and the interest on the Obligations and any other payments required to be made under the Supplements creating the Obligations and under the Obligations, and (2) the performance by each Member of its other obligations hereunder, each Member hereby grants to the Master Trustee a security interest in its Pledged Assets (to the extent permitted by applicable law).

(ii) The Master Trustee shall, upon written request of a Member, together with an executed Officer's Certificate, execute any document, instrument or agreement necessary to cause its lien or security interest in the Pledged Assets or other Property of such Member to be subordinate to Liens permitted under Section 3.05(b)(vi).

(iii) Any request by a Member for a document, instrument or agreement described in the immediately preceding subsection shall be accompanied by an Officer's Certificate to the effect that the Lien to which the Master Trustee's Lien in the Pledged Assets is to be subordinated (in the case of a document, instrument or agreement subordinating such Lien) is permitted as a senior Lien under Section 3.05(b)(vi) and the Master Trustee shall have no obligation to verify that any such Lien is permitted under Section 3.05(b)(vi).

(iv) So long as no Event of Default has occurred and is continuing, any Member may Transfer all or any part of its Pledged Assets, free of such security interest, subject to the provisions of Sections 3.08 and 3.09.

(v) If any of the Pledged Assets is Transferred under the terms of this Master Indenture, the Master Trustee shall, upon written request of a Member, together with an Officer's Certificate as hereinafter provided, execute a release of its security interest regarding the Pledged Assets so Transferred. Any request of any Member for release by the Master Trustee under the immediately preceding sentence shall be accompanied by an Officer's Certificate to the effect that no Event of Default has occurred and is continuing and the Member is otherwise entitled under the terms of this Master Indenture to the release of the Pledged Assets requested to be given by the Master Trustee.

(b) Each Member shall also execute and deliver to the Master Trustee from time to time such Supplements as may be necessary or appropriate to include its Pledged Assets as security hereunder. In addition, each Member shall prepare and file, or cause to prepare and file, such UCC financing statements or amendments to or terminations of existing financing statements that shall, in the Opinion of Counsel, be necessary to comply with applicable law or as required due changes in the Obligated Group, including, without limitation, (i) any Person becoming a Member under Section 3.11, or (ii) any Member ceasing to be a Member of the Obligated Group under Section 3.12. In particular, each Member shall, at least 30 days before the expiration of any financing statement, prepare and file, or cause to prepare and file, such continuation statements of existing

financing statements as shall, in the Opinion of Counsel, be necessary to maintain perfection of the security interest in Pledged Assets and comply with applicable law and shall provide to the Master Trustee written notice of such filing. Notwithstanding anything to the contrary contained herein, the Master Trustee shall not be responsible for the filings of any initial financing statements or any continuation statements or for the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the UCC.

(c) Each Member shall promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on each Obligation issued hereunder, and any other payments required to be made under the Supplement creating such Obligation and under such Obligation, at the place, on the dates and in the manner provided herein, in the Supplement creating such Obligation and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(d) If an Event of Default shall have occurred and be continuing, each Member shall deliver or direct to be delivered to the Master Trustee all Gross Revenues thereafter received until such Event of Default has been cured, such Gross Revenues to be applied in accordance with Section 4.04 of this Master Indenture.

(e) Each Obligation issued under this Master Indenture shall be a general, joint and several obligation of each Member and shall be equally and ratably secured by this Master Indenture, except as provided to the contrary in a Supplement creating or maintaining a debt service reserve fund.

Section 3.02. Covenants as to Corporate Existence, Maintenance of Properties, Etc.

Each Member hereby covenants that:

(a) Except as otherwise expressly provided herein, it shall preserve its corporate or other legal existence, procure and maintain all rights, licenses and permits necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where the ownership of its Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to maintain any of its rights, licenses or permits no longer necessary or desirable, in its judgment, in the operation of its business and affairs, if the failure to maintain such right, license or permit will not be materially disadvantageous to the Holders of Obligations.

(b) At all times it shall cause its PPE to be maintained, preserved and kept in good repair, working order and condition, ordinary wear and tear excepted, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed (i) to prevent it from ceasing to operate any portion of its PPE if in its judgment (evidenced, in the case of such cessation other than in the ordinary course of business, by an opinion of a Consultant) it is advisable not to operate the same, or if it intends to sell or otherwise Transfer the same in accordance with Section 3.08 and within a reasonable time

endeavors to effect such sale or other Transfer, or (ii) to obligate it to retain, preserve, repair, renew or replace any PPE no longer used or, in its judgment, useful in the conduct of its business.

(c) It shall do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply (in all material respects) with any and all applicable laws of the United States and the several states thereof and duly observe and conform (in all material respects) to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Property; provided, that nothing herein shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith and the failure to comply will not have a material adverse effect on the financial condition of the Obligated Group.

(d) It shall pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending the resolution of such contest may delay or defer payment thereof if such delay or deferral will not have a material adverse effect on the financial condition of the Obligated Group.

(e) It shall pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable or within any period of grace with respect thereto, other than any Indebtedness, demands or claims (exclusive of the Obligations created and Outstanding hereunder or any Related Bonds) whose validity, amount or collectability is being contested in good faith.

(f) It shall comply (in all material respects) with all terms, covenants and provisions of any Liens upon any of its Property.

(g) Each Member that is a Tax-Exempt Organization at the time it becomes a Member shall, so long as all amounts due or to become due on any Related Bond have not been fully paid to the holder thereof, that it will not take any action or fail to take any action which action or failure to act (including any action or failure to act that would result in the alteration or loss of its status as a Tax-Exempt Organization) would, in the Opinion of Bond Counsel, result in the interest on any Related Bond that is not includable in the gross income of the holder thereof for federal income tax purposes becoming included in the gross income of the holder thereof for federal income tax purposes.

Section 3.03. Insurance.

Each Member shall maintain insurance, which may include self-insurance programs, covering such risks and in such amounts as, in its reasonable judgment, are adequate to protect it and its Property and operations. This Section 3.03 does not include health insurance or other employee related benefit or expense.

Section 3.04. Insurance and Condemnation Proceeds.

Amounts received by any Member as insurance proceeds or as condemnation awards will be applied to the reconstruction, repair or replacement of the damaged or taken property, provided that if the amount is more than \$3,000,000, the Group Representative must deliver to the Master Trustee (a) an Officer's Certificate, certifying that the Obligated Group has received contracts showing that the repair or replacement can be completed based on funds available from insurance proceeds, condemnation awards or otherwise, and (b) a forecast that no monetary default will occur prior to completion of such repair or replacement. If the Group Representative fails to deliver the required Officer's Certificate or forecast within 12 months after the casualty loss or taking, the net insurance proceeds or condemnation awards will be applied, at the written direction of the Group Representative, to the prepayment of Master Obligations, pro rata (based on the Outstanding principal amount of such Master Obligations); to the redemption of Bonds; or to the open-market purchase of Bonds; or any combination thereof. If the Master Trustee receives a report from a Consultant that the Obligated Group facilities can continue to operate with less than full repair or replacement of damage caused by casualty and demonstrating that the Group Representative will continue to satisfy the Long-Term Debt Service Coverage Ratio and the Liquidity Requirement and other Master Indenture covenants, then insurance proceeds may be used to redeem Bonds and any other Indebtedness evidenced by Master Obligations that financed the Property to which such insurance proceeds or condemnation awards relate, to the extent not used to make partial repairs and replacements.

Section 3.05. Limitations on Creation of Liens.

(a) No Member shall create or suffer to be created or permit the existence of any Lien upon Pledged Assets or any other Property now owned or hereafter acquired by it other than Permitted Liens.

(b) **"Permitted Liens"** shall consist of the following:

(i) Liens arising by reason of good faith deposits in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public or statutory obligations, Liens 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.

(ii) Any Lien arising by reason of deposits with, the giving of any form of security to or the restriction of the use of funds at the order of any governmental agency or Person 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 any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements.

(iii) (A) Any judgment lien against any Member so long as such judgment is being contested in good faith and execution thereon is stayed, or provision for payment in full of the judgment has been made in accordance with applicable law or by the deposit with the Master Trustee or with a commercial bank or trust company acceptable to the Master Trustee of cash or security; and (B) the liability of a Member under a judgment described in (A) above so long as such judgment is adequately covered by insurance.

(iv) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of zoning or other law, affecting any Property; (B) any Liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any Liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property that are not due and payable or that are not delinquent, the amount or validity of which are being contested and execution thereon is stayed or, for Liens of mechanics, materialmen, laborers, suppliers or vendors, that have been due for less than 90 days (or have been bonded off in accordance with applicable law); and (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property as normally exist on Property of a character similar to that of the Property and that, as set forth in an Officer's Certificate do not materially interfere with or impair the use of such Property for the purposes intended.

(v) Any Lien to which Property is subject at the time of its acquisition by a Member, if at the time of such acquisition (A) the aggregate amount remaining unpaid on the Indebtedness secured thereby (whether or not assumed by a Member) does not exceed the fair market value of such Property, or if such Property has been purchased, the lesser of the acquisition price or the fair market value of the Property subject to such Lien, all as determined in good faith by the Group Representative, or (B) the Group Representative certifies that such Lien does not secure Indebtedness and will not materially impair or materially interfere with the operation or usefulness of such Property.

(vi) So long as no Event of Default exists under this Master Indenture at the time such Lien is created, (A) any Lien incurred for the purpose of financing Equipment; provided, however, that at the time such Indebtedness is incurred the aggregate principal amount of Indebtedness secured by Liens permitted under this clause (A) shall not exceed the greater of \$5,000,000 and 30% of Gross Revenues for the most recent Fiscal Year for which Financial Statements are available at the time of the incurrence of such Indebtedness and that such Lien shall attach only to the Equipment for which such Indebtedness was incurred; and (B) any security interest, including a security interest superior to the security interest created under Section 3.01 in Pledged Assets, securing Short-Term Indebtedness permitted under Section 3.06(d).

(vii) Any Lien in favor of a trustee on the proceeds of Indebtedness before the application of such proceeds.

(viii) Any Lien on pledges, gift annuities, gifts or grants to be received in the future, including any income derived from the investment thereof.

(ix) Any lien that consists of an easement, license, right of way, or other right or privilege.

(x) Any Lien on Property not previously subjected to a lien securing any Obligations, which secures on a Parity Basis, all Obligations Outstanding at the time of creation of the Lien.

(xi) Any Lien securing Non-Recourse Indebtedness permitted by Section 3.06(l).

(xii) Any Liens subordinate to a Lien described in clause (xi) of this subsection; provided, however, that any instrument creating a subordinate Lien shall contain language to the effect that the exercise of any remedies thereunder shall only be permitted upon receipt of written consent of the Master Trustee (which consent may be conditioned upon receipt of consent from the Holders of the Obligations then Outstanding).

(xiii) Reserved.

(xiv) Liens on Property received by any Member through gifts, grants, bequests, or devises such Liens being due to restrictions on such gifts, grants, bequests, or devises of Property or the income thereon.

(xv) Reserved.

(xvi) Rights of the United States of America under Title 42, United States Code Section 291.

(xvii) Any Lien arising by reason of any escrow established to pay debt service on Indebtedness.

(xviii) Reserved.

(xix) Any Lien on all or any part of the Excluded Property.

(xx) Any Lien on the Property of a Person in existence as of the date such Person becomes a Member that is disclosed to the Master Trustee in an Officer's Certificate; provided, however, that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien.

(xxi) Liens on real property comprising part of the PPE securing Indebtedness and not subject to the Lien of a mortgage; provided, however, that the aggregate principal amount of Indebtedness so secured by Liens permitted under this clause (xxi) shall not exceed 10% of Gross Revenues for the most recent Fiscal Year for which Financial Statements were available at the time of the incurrence of such Indebtedness.

(xxii) Any consensual Lien on the Pledged Assets now owned or hereafter acquired by any Member so long as such Lien is, by its terms, specifically junior to the security interest in such Pledged Assets created under Section 3.01.

(xxiii) Liens securing leases of Property and Liens on leased Property, including without limitation that certain building located at 5117 Sound Avenue, Riverhead New York 11901.

(xxiv) So long as no Event of Default exists under this Master Indenture at the time such Lien is created, any Lien on cash and investments (including, without limitation, Liens on Accounts of Members) if such cash and investments could be Transferred under Section 3.08(b).

(xxv) Any Lien on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest, or devise, provided that (A) such Lien consists primarily of restrictions on the use thereof or the income therefrom or (B) such Lien secures Indebtedness that is not assumed by any Member and such Lien attaches solely to the Property (but including the income therefrom) which is the subject of such gift, grant, bequest, or devise.

(xxvi) Any Lien or encumbrance on accounts receivable that does not exceed 15% of accounts receivable to secure Short-Term Indebtedness; provided that such Short-Term Indebtedness shall not exceed 5% of Gross Revenues.

(xxvii) Any banker's lien arising in connection with the establishment and maintenance of depository bank accounts in the ordinary course of business.

Section 3.06. Limitations on Incurrence of Indebtedness.

No Member shall incur any Indebtedness (other than the Series 2025 Obligation) unless, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could be incurred under subsections (a) to (m), inclusive, of this Section. Any Indebtedness may be incurred only in the manner and under the terms set forth as follows:

(a) Long-Term Indebtedness may be incurred at any time provided that after the incurrence thereof, Annual Debt Service for all Long-Term Indebtedness then outstanding for any subsequent Fiscal Year does not exceed 15% of Gross Revenues for the most recent Fiscal Year for which audited financial statements are available.

(b) Long-Term Indebtedness in excess of the limit set forth in subsection (a) hereunder, provided the following conditions must be met:

(i) The proceeds of such Long-Term Indebtedness will be used to finance (1) the improvement of the Facilities or additions thereto; (2) the acquisition or installation of equipment or other personal property therein; (3) the acquisition, construction or renovation of an additional school facility of the Obligated Group; or (4) the acquisition or installation of equipment or other personal property therein;

(ii) the Group Representative shall have furnished to the Master Trustee either:

(1) an Officer's Certificate certifying that the Long-Term Debt Service Coverage Ratio for the last Fiscal Year for which Financial Statements are available, taking into account all Outstanding Long Term Indebtedness and the Long Term Indebtedness proposed to be incurred (as if it had been incurred at the beginning of such Fiscal Year) and excluding any Outstanding Long-Term Indebtedness to be refinanced, is not less than 1.10:1.00; or

(2) a written report of a Consultant to the effect that the estimated Long-Term Debt Service Coverage Ratio for each of the two (2) consecutive Fiscal Years beginning after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, will not be less than 1.20:1.00 (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness to be refinanced by the proposed Long-Term Indebtedness);

(iii) Any Mortgage shall be in effect and no event of default shall have occurred or be continuing thereunder, or under the Related Bond Indenture, or this Master Indenture; and

(iv) There is delivered to the Master Trustee an Officer's Certificate which shall state the general purpose for which such Long-Term Indebtedness is to be incurred and the principal amount of Long-Term Indebtedness to be incurred, the maturity date or dates thereof and the interest rate or rates with respect thereto and that the proceeds of such Long-Term Indebtedness, together with any additional funds supplied or to be supplied from any source will be sufficient for the purposes for which such Indebtedness will be incurred and to pay the costs thereof.

Provided, however, the Obligated Group may also incur Long-Term Indebtedness without regard to the limitations set forth herein if: (1) (i) such Long-Term Indebtedness is secured solely by a security interest in Personal Property financed with such Long-Term Indebtedness; (ii) the aggregate payments required to be made by the Obligated Group in each fiscal year with respect to all Long-Term Indebtedness incurred as such purchase money indebtedness does not exceed 15% of the Gross Revenues of the Obligated Group, as defined in the most recent Financial Statements of the Obligated Group, determined as of the date such Long-Term Indebtedness is to be incurred; (iii) such Long-Term Indebtedness amortizes over a period of not more than sixty (60) months; and (iv) the Obligated Group certifies that the incurrence of such Long-Term Indebtedness will not cause it to be in violation of the Master Trust Indenture or (2) the School provides to the Master Trustee the prior written consent of the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding to the incurrence of such Long-Term Indebtedness.

(c) Completion Indebtedness may be incurred without limitation.

(d) Short-Term Indebtedness may be incurred if (i) immediately after the incurrence of such Short-Term Indebtedness, the principal amount of all Short-Term Indebtedness incurred

pursuant to this Section 3.06(d), does not exceed 10% of the Gross Revenues for the most recent Fiscal Year for which Financial Statements are available, and for a period of not fewer than 7 consecutive calendar days within each Fiscal Year, the Obligated Group shall reduce the aggregate principal amount of all Outstanding Short-Term Indebtedness described in this Section 3.06(d)(i) above to zero, or (ii) any such Short-Term Indebtedness could be incurred under the tests set forth in Section 3.06(b) hereof treating such Short-Term Indebtedness as Long Term Indebtedness.

(e) Refunding Indebtedness may be incurred if, after the incurrence thereof, the Annual Debt Service on all Long-Term Indebtedness then Outstanding in any Fiscal Year after the Fiscal Year in which the Refunding Indebtedness is incurred will not be increased by more than 10%.

(f) Reserved.

(g) Reserved.

(h) Reserved.

(i) Indebtedness secured solely by pledges, donations, gifts, grants, bequests or contributions may be incurred in an aggregate principal amount outstanding at any one time not exceeding the fair market value of such security (such fair market value in the case of pledges being deemed to be equal to not more than 75% of the face amount of such pledges).

(j) Indebtedness consisting of accounts payable incurred in the ordinary course of business or other Indebtedness not incurred or assumed primarily to assure the repayment of money borrowed or credit extended which Indebtedness is incurred in the ordinary course of business.

(k) Subordinate Indebtedness, without limitation.

(l) Non-Recourse Indebtedness, without limitation.

(m) Unsecured Indebtedness, without limitation.

Section 3.07. Long-Term Debt Service Coverage Ratio.

(a) Each Member hereby covenants that it will maintain a Long-Term Debt Service Coverage Ratio equal to or greater than 1.10 to 1.00. Beginning with the Fiscal Year ending June 30, 2025, the Obligated Group 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 EMMA at the time of delivery of the annual Financial Statements as required by Section 3.10 hereof. If the Long-Term Debt Service Coverage Ratio of any Member of the Obligated Group for such previous Fiscal Year shall be less than 1.10 to 1.0 but equal to or greater than 1.0 to 1.0 and for the same Fiscal Year the Obligated Group shall have less than 90 Days' Cash on Hand, the Obligated Group shall, (i) within thirty (30) days of the date of such calculation, provide to EMMA a detailed written explanation from an authorized representative of the Group Representative stating the reasons for the Member'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, and (ii) if requested by the Holders of not less than a majority of the

aggregate principal amount of Obligations then Outstanding, retain a Consultant as set forth in subsection (b) hereof.

(b) If pursuant to subsection (a)(ii) hereunder the Holders of no less than a majority of the Obligations then Outstanding request that the Obligated Group retain a consultant, the Obligated Group will promptly employ a Consultant to make recommendations no later than sixty (60) days following the date of engagement of such Consultant as to the methods of operation of the Obligated Group which will result in satisfying the ratios set forth in Section 3.07(a). Copies of the recommendations of the Consultant shall be filed with EMMA no later than sixty (60) days following the date of engagement of such Consultant. The Obligated Group shall, to the extent feasible, promptly upon its receipt of such recommendations and subject to the approval of such recommendations by the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding and the Master Trustee, and further subject to applicable requirements or restrictions imposed by law or regulation, revise its methods of operation and shall take such other action as shall be in conformity with such recommendations. If in any Fiscal Year (i) the Obligated Group complies in all material respects with the reasonable recommendations of the Consultant in respect to said methods of operation, (ii) the Long-Term Debt Service Coverage Ratio for each Member is at least 1.00 to 1.00, and (iii) Days Cash on Hand is at least 45, the Obligated Group will be deemed to have complied with the covenants contained in paragraph (a) of this section notwithstanding that the Long-Term Debt Service Coverage Ratio shall be less the amount required under such paragraph; provided that it shall be an Event of Default hereunder if the Obligated Group shall fail to meet such conditions for two consecutive Fiscal Years.

(c) Notwithstanding the requirements of the foregoing paragraphs (a) and (b), if (i) for any Fiscal Year the Long-Term Debt Service Coverage Ratio is less than 1.00 to 1.00 and Days Cash on Hand is less than 150, or (ii) for at least two consecutive Fiscal Years the Long-Term Debt Service Coverage Ratio is less than 1.00 to 1.00, the Master Trustee shall, if requested by the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations at any time while such failure to satisfy the Long-Term Debt Service Coverage Ratio shall be continuing, declare an Event of Default. Nothing in this paragraph (c) shall be construed as in any way excusing the Obligated Group from taking any action or performing any duty required under this Master Trust Indenture or be construed as constituting a waiver of any other Event of Default.

Section 3.08. Transfers of Property.

(a) If the amount of such Property sold, leased or otherwise disposed, for any consecutive twelve month period, will exceed 5% of the total Book Value of all Property of the Obligated Group, each Member agrees that it will not sell, lease or otherwise dispose (including without limitation any involuntary disposition) of Property (either real or personal property, including cash and investments) unless the Obligated Group Representative delivers an Officer's Certificate to the Master Trustee stating that the Property has been transferred in one or more of the following transfers or other dispositions of Property:

- (i) In return for or replaced by other Property of equal or greater value or usefulness;
- (ii) In the ordinary course of business upon fair and reasonable terms;

(iii) The Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property;

(iv) In the case of any proposed, pending or potential condemnation or taking for public or quasi-public use of the Property or any portion thereof;

(v) In connection with a merger, consolidation, sale or conveyance permitted under Section 3.09 of this Master Indenture;

(vi) Leases listed in the definition of “Permitted Liens;” or

(vii) any Property that is not Mortgaged Property that is sold for fair market value.

(b) Notwithstanding the foregoing provisions of this Section, nothing described under this Section shall be construed as limiting the ability of any Member to (i) pay its expenses of operation, including, without limitation, state and local taxes or payments in lieu of taxes and the payment of debt service on Indebtedness, (ii) provide community benefits and make charitable donations and donations, (iii) purchase or sell Property (other than Mortgaged Property and Property used in the operation of the Facilities) in the ordinary course of business, (iv) transfer cash, securities and other investment properties in accordance with a Member’s adopted investment policy or otherwise in connection with ordinary investment transactions, (v) transfer cash, securities and other investment properties in connection with payment for goods and services provided where such purchases, sales and Transfers are for substantially equivalent value, (vi) lease any Property not being used in the operation of the Facilities, subject to the provisions of Section 3.05, (vii) merge, consolidate, sell assets or reorganize, subject to the provisions of Section 3.09 or (viii) dispose of cash for its charitable purposes.

(c) At the written request of the Group Representative, given with an Officer’s Certificate confirming the conditions of this Section 3.08 have been satisfied, the Master Trustee shall direct the trustees under any applicable mortgage to release the lien of the applicable Mortgage (if any) from real and personal property transferred in accordance with this Section 3.08.

(d) No Member shall permit any Fee Owner to sell, lease, encumber or otherwise dispose of its ownership interest in its Property (but not Excluded Property), except to the extent such sale, lease, encumbrance or other disposition is otherwise permitted under this Master Indenture.

Section 3.09. Consolidation, Merger, Sale or Conveyance.

(a) No Member shall merge or consolidate with, or sell or convey all or substantially all of its assets to any Person that is not a Member unless:

(i) either a Member will be the successor corporation, or if the successor corporation is not a Member such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument containing the agreement of such successor

corporation (A) to become a Member under this Master Indenture and thereby become subject to compliance with all provisions of this Master Indenture pertaining to a Member and the performance and observance of all covenants and obligations of a Member hereunder, and (B) unconditionally and irrevocably guaranteeing to the Master Trustee and each other Member that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Indenture when due;

(ii) the successor corporation has met all licensing requirements necessary for the operation of any Facilities operated by it and shall be qualified to do business in the State or shall consent to service of process in the State;

(iii) if all amounts due or to become due on any Tax-Exempt Related Bond or Tax-Exempt Obligation, as applicable, have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the exclusion from gross income for purposes of federal income taxation of interest payable on such Tax-Exempt Related Bond or Tax-Exempt Obligation, as applicable;

(iv) the successor corporation could, immediately after such merger, consolidation or transfer, issue \$1 of additional Long-Term Indebtedness, or the Group Representative has delivered to the Master Trustee a report of a Consultant, dated not more than 90 days before such consolidation, merger or transfer, to the effect that the forecasted Long-Term Debt Service Coverage Ratio for each of the two full Fiscal Years immediately following such merger, consolidation or transfer will be not less than 1.10 or will be greater than it would have been if such merger, consolidation or transfer had not taken place; and

(v) the Group Representative has delivered to the Master Trustee an Officer's Certificate and an Opinion of Counsel, each of which shall state that such consolidation, merger, conveyance or transfer and such instrument comply with this Article and the other provisions of this Master Indenture, and that all conditions precedent provided in this Master Indenture relating to such transaction have been satisfied, which Opinion of Counsel may rely upon the Certificate as to matters set forth in subsection (iv) above.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such predecessor or had become a Member under Section 3.11, as the case may be. Such successor corporation thereupon may cause to be signed by the Group Representative, and may issue Obligations hereunder in its own name; and upon the order of such successor corporation and subject to all the terms, conditions and limitations in this Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation hereunder shall in all respects have the same security position and benefit under this Master Indenture as Outstanding Obligations theretofore or thereafter issued in

accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee may accept an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VI and of this Section to join in the execution of any instrument required to be executed and delivered by this Section. The Master Trustee shall in no instance be required to make any independent investigation in connection therewith.

Section 3.10. Filing of Financial Statements, Certificate of No Default and Other Information.

The Obligated Group shall:

(a) As soon as possible but in no event later than December 31 of each year, file with EMMA a copy of the Financial Statements as of the end of such Fiscal Year or other period accompanied by the report of an Accountant.

(b) Contemporaneously with filing the Financial Statements for a Fiscal Year, deliver to EMMA an Officer's Certificate stating the Days' Cash on Hand and Long-Term Debt Service Coverage Ratio as of the end of such Fiscal Year.

(c) If an Event of Default shall have occurred and be continuing, (i) file with EMMA such other financial statements and information concerning its operations and financial affairs, including those of any Member, as the Master Trustee may, at the request or the direction of the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding, from time to time reasonably request, excluding, specifically, donor records, personnel records and records subject to attorney-client privilege and (ii) provide access to the Facilities and the Pledged Assets for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may, at the request or the direction of the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding, reasonably request.

(d) Unless required to be delivered at an earlier time, within 30 days after its receipt thereof, file with EMMA a copy of each report which any provision of this Master Indenture requires to be prepared by a Consultant.

(e) Notwithstanding any other provision of this Master Indenture to the contrary, if the Obligated Group fails to file the Financial Statements for any Fiscal Year with EMMA within the time period specified in subsection (a), no Liens may be created under Sections 3.05(b)(vi) and 3.05(b)(xxi) and no Indebtedness may be incurred under Sections 3.06(b) until the Obligated Group has cured such default by filing the Financial Statements for the most recently ended Fiscal Year with EMMA.

(f) Delivery of such reports, information and documents to the Master Trustee is for information purposes only and the Master Trustee's receipt of such shall not constitute notice or constructive notice of any information contained therein or determinable from information contained therein, including the Obligated Group's compliance with any of its covenants hereunder (as to which the Master Trustee is entitled to rely exclusively on Officer's Certificates).

Section 3.11. Parties Becoming Members of the Obligated Group.

For any Person to become a Member of the Obligated Group, that Person shall satisfy (or cause the satisfaction of) the requirements in subsections (a) through (e) below.

(a) The Person that is becoming a Member shall execute and deliver to the Master Trustee a Supplement (and any other appropriate instrument) containing the agreement of such Person (i) to become a Member under this Master Indenture and thereby become subject to compliance with all provisions of this Master Indenture pertaining to a Member and the performance and observance of all covenants and obligations of a Member hereunder, and (ii) unconditionally and irrevocably guaranteeing to the Master Trustee and each other Member that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Indenture when due.

(b) The Group Representative shall have delivered to the Master Trustee an Officer's Certificate stating that (i) such admission and such instrument comply with this Article and that all conditions precedent provided in this Master Indenture relating to such admission have been complied with and (ii) immediately after giving effect to such admission, no Event of Default hereunder shall have occurred and be continuing.

(c) Each instrument executed and delivered to the Master Trustee in accordance with subsection (a) of this Section, shall be accompanied by (i) an Opinion of Counsel, addressed to the Master Trustee, to the effect that such instrument has been duly authorized, executed and delivered by such Person and constitutes a valid and binding obligation of such Person enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy laws, insolvency laws, other laws affecting creditors' rights generally, equity principles and laws dealing with fraudulent conveyances, and (ii) evidence of approval of such admission by the New York State Department of Education or an Opinion of Counsel that such approvals are not required.

(d) There shall be filed with the Master Trustee an Officer's Certificate to the effect that the pro forma Long-Term Debt Service Coverage Ratio for the most recently completed Fiscal Year for which Financial Statements are available (i) (A) would have been greater than or equal to 1.10 or (B) would not reduce the Long-Term Debt Service Coverage Ratio from what it otherwise was for such period, in each case, if such action had been assumed to have taken place at the start of the most recently completed Fiscal Year for which Financial Statements are available, and (ii) immediately upon such Person become a Member of the Obligated Group, taking the Person becoming a Member into account, the Obligated Group would be in compliance with the Liquidity Requirement based on the most recent annual financial statements delivered to the Master Trustee pursuant to Section 3.10 above, or that the number of Days' Cash on Hand of the Obligated Group, based on the most recent Financial Statements delivered to the Master Trustee pursuant to Section 3.10 above taking the person becoming a Member into account, is equal to or

greater than the number of Days' Cash on Hand would be without such Person becoming a Member of the Obligated Group.

(e) If all amounts due or to become due on any Tax-Exempt Related Bond or Tax-Exempt Obligation, as applicable, have not been fully paid to the holder thereof, there shall be filed with the Master Trustee an Opinion of Bond Counsel to the effect that the admission of such Person to the Obligated Group would not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest on any such Tax-Exempt Related Bond or Tax-Exempt Obligation, as applicable.

Section 3.12. Withdrawal from the Obligated Group.

(a) No Member of the Obligated Group may withdraw from the Obligated Group unless, before the taking of such action, there is delivered to the Master Trustee:

(i) if all amounts due or to become due on any Tax-Exempt Related Bond or Tax-Exempt Obligation, as applicable, have not been fully paid to the holder thereof, an Opinion of Bond Counsel to the effect that such Member's withdrawal from the Obligated Group would not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest on any such Tax-Exempt Related Bond or Tax-Exempt Obligation, as applicable;

(ii) There shall be filed with the Master Trustee an Officer's Certificate to the effect that the pro forma Long-Term Debt Service Coverage Ratio for the most recently completed Fiscal Year for which Financial Statements are available (i) would have been greater than or equal to 1.10 or (ii) would not reduce the Long-Term Debt Service Coverage Ratio from what it otherwise was for such period, in each case, if such action had been assumed to have taken place at the start of the most recently completed Fiscal Year for which Financial Statements are available; and

(iii) An Officer's Certificate stating that (A) all conditions precedent provided in this Master Indenture relating to such withdrawal have been complied with and (B) immediately after giving effect to such withdrawal, no Event of Default hereunder shall have occurred and be continuing.

(b) Upon the withdrawal of any Member from the Obligated Group under subsection (a) of this Section, all liability of such Member for all Obligations Outstanding under this Master Indenture shall cease, any guaranty by such Member under Section 3.11 shall be released and discharged in full, the Master Trustee shall execute and deliver to such Member a release of any mortgage, security agreement or other collateral assignment given by such Member, and the Master Trustee shall deliver to such Member all UCC-3 termination statements necessary to terminate or confirm the termination of the security interest in the Pledged Assets of such Member under Section 3.01.

Section 3.13. Liquidity Covenant.

(a) Each Member shall conduct its business so that as of the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, the Obligated Group shall have no less than 45 Days' Cash on Hand (the "**Liquidity Requirement**").

(b) In the event that the Obligated Group is unable to comply with the above covenant described in Section 3.13(a) as of the last day of any Fiscal Year, the Obligated Group will, upon written request of a majority of holders of Outstanding Obligations, promptly employ a Consultant to make recommendations no later than sixty (60) days following the date of engagement of such Consultant as to the methods of operation of the Obligated Group which will result in satisfying the ratio set forth in Section 3.13(a). Copies of the recommendations of the Consultant shall be filed with EMMA no later than sixty (60) days following the date of engagement of such Consultant. The Obligated Group shall, to the extent feasible, promptly upon its receipt of such recommendations and subject to the approval of such recommendations by the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations, and further subject to applicable requirements or restrictions imposed by law or regulation, revise its methods of operation and shall take such other action as shall be in conformity with such recommendations. If the Obligated Group complies in all material respects with the reasonable recommendations of the Consultant in respect to said methods of operation, the Obligated Group will be deemed to have complied with the covenants contained in paragraph (a) of this section notwithstanding that the Obligated Group's Days' Cash on Hand shall be less the Liquidity Requirement; provided that it shall be an Event of Default hereunder if any such failure shall continue for two consecutive Fiscal Years.

Section 3.14. Right to Perform Members' Covenants; Advances.

In the event any Member shall fail to (i) pay any tax, charge, assessment or imposition to the extent required hereunder, (ii) remove any Lien or terminate any lease to the extent required hereunder, (iii) maintain its Property in repair to the extent required hereunder, (iv) procure the insurance required hereby, in the manner herein described, or (v) make any other payment or perform any other act required to be performed hereunder, and is not contesting the same as permitted herein, then and in each such case the Master Trustee may (but shall not be obligated to) remedy such failure for the account of such Member and make advances for that purpose. No such performance or advance shall operate to release such Member from any such failure and any sums so advanced by the Master Trustee shall be repayable by such Member on demand and shall bear interest at the Master Trustee's announced prime rate per annum from time to time in effect, from the date of the advance until repaid. The Master Trustee shall have the right of entry on such Member's Property or any portion thereof, in order to effectuate the purposes of this Section, subject to the permission of a court of competent jurisdiction, if required by law.

Section 3.15. Affiliation Agreement.

Any Member shall be entitled to enter into an affiliation agreement, pursuant to which a Member shall pay affiliation fees. Any such affiliation fees shall constitute an operating expense of a Member and the Obligated Group.

Section 3.16. Consultant.

For the purpose of performing the duties imposed on the Consultant by this Master Indenture, the Group Representative shall employ from time to time as required by the provisions of this Master Indenture a Consultant. Any agreement or contract between a Consultant and the Group Representative pursuant to this Section shall include an acknowledgement by such Consultant, as appropriate, that the Master Trustee will rely upon the recommendations made by such Consultant.

The Group Representative shall post a notice to EMMA of its intention to employ a consultant as Consultant pursuant to this Section and the name of such consultant at least 15 days prior to such engagement.

Notwithstanding anything to the contrary contained herein or in this Master Indenture, the Group Representative shall not be required to concur with a recommendation contained in the report of a Consultant that conflicts with law or existing contracts (including the covenants and requirements of law applicable to the applicable Member for retaining its status as an organization exempt from Federal income taxation), nor shall the Group Representative or any Member be obligated to implement any such recommendation, if, in the reasonable judgment of the Group Representative, such failure to concur with or to implement such recommendation will not prevent the implementation of other recommendations that are sufficient in the aggregate to enable the Group Representative to rectify, within a reasonable period of time, the circumstance giving rise to employment of such Consultant.

ARTICLE IV EVENTS OF DEFAULT AND REMEDIES

Section 4.01. Events of Default.

Event of Default, as used herein, means any of the following events:

(a) The Members shall fail to make any payment of the principal of, the redemption premium, if any, or interest on any Obligation issued and Outstanding hereunder, and any other payments required to be made under the Supplements creating such Obligations and under such Obligations, when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, of this Master Indenture or of any Supplement;

(b) Any Member shall fail duly to perform, observe or comply with any material covenant or agreement on its part under this Master Indenture, other than as described in Section 4.01(a), for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Members by the Master Trustee, or to the Members and the Master Trustee by the Holders of not less than 25% in aggregate principal amount of Obligations then Outstanding; provided, however, that if said failure be such that it cannot be corrected within 30 days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30 day period and diligently pursued until the Event of Default is corrected and provides the Master Trustee with a written certification to that effect;

(c) Any Member shall fail to pay promptly or otherwise satisfy and discharge any Outstanding Indebtedness (other than Non-Recourse Indebtedness, Unsecured Indebtedness, Obligations issued and Outstanding hereunder, and Related Bonds), the principal amount of which as of the date of such default is in excess of 2% of Gross Revenues for the most recent Fiscal Year for which Financial Statements are available, whether such Indebtedness now exists or shall hereafter be created, as and when the same becomes due and payable and any period of grace with respect thereto shall have expired, or another event of default as defined in any instrument, indenture or mortgage evidencing or securing such Indebtedness shall occur, which event of default shall not have been waived by the holder of such instrument, indenture or mortgage, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated; provided, however, that such default shall not constitute an Event of Default if the validity, amount or collectability of such Indebtedness is being contested in good faith and the applicable Member establishes and maintains a bond or cash deposit equal to at least the amount contested for the payment of such Indebtedness pending the outcome of such contest;

(d) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against any Member or any Fee Owner, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member or Fee Owner under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of such Member or Fee Owner or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 120 consecutive days; and

(e) The institution by any Member or any Fee Owner of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of such Member or Fee Owner or of any substantial part of its Property, or the making by it of a general assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by any Member in furtherance of any such action.

The provisions of paragraph (b) of this Section are subject to the following limitations: if by reason of acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States or of any state or local jurisdiction in which the Property is located, or any department, agency, political subdivision or official thereof, or any civil or military authority, insurrections, riots, infection, epidemics, pandemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, partial or entire failure of utilities, or any cause or event not reasonably within the control of the Obligated Group, the Obligated Group is unable in whole or in part to carry out its agreements referred to in paragraph (b) of this Section, the Obligated Group shall not be deemed in default during the continuance of such inability. The Obligated Group shall use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the

discretion of the Obligated Group Members, and Obligated Group Members shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Obligated Group Members, unfavorable to the Obligated Group.

Section 4.02. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default hereunder, the Master Trustee may and, upon the written request of (i) the Holders of not less than 25% in aggregate principal amount of Obligations Outstanding or (ii) any Person properly exercising the right given to such Person under any Supplement to require acceleration of the Obligations issued under such Supplement, shall, by notice to the Members, declare all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, anything in the Obligations or in any other section of this Master Indenture to the contrary notwithstanding; provided, however, that if the terms of any Supplement give a Person the right to consent to acceleration of the Obligations issued under said Supplement, the Obligations issued under such Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained under the terms of such Supplement. If the Obligations are accelerated there shall be due and payable on such Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued on such principal amount to the date of payment of such principal.

(b) At any time after the Obligations shall have been declared to be immediately due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay all matured installments of interest or other payments and all principal or redemption prices then due (other than the principal then due only because of such declaration) of all Obligations Outstanding; (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees and liabilities of the Master Trustee (including without limitation attorneys' fees and expenses); (iii) all other amounts then payable by the Obligated Group hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of such Obligations then due only because of such declaration) shall have been remedied, then the Master Trustee may, and upon the written request of Holders of not less than a majority in aggregate principal amount of the Obligations Outstanding shall, annul such declaration and its consequences for any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 4.03. Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority of aggregate principal amount of the Obligations Outstanding, together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the

Holders hereunder by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations;
- (ii) suit upon all or any part of the Obligations;
- (iii) civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders;
- (iv) civil action to enjoin any acts or things that may be unlawful or in violation of the rights of the Holders;
- (v) enforcement of the rights of the Master Trustee as a secured party under the UCC;
- (vi) enforcement of any other right of the Holders conferred by law or hereby;
and
- (vii) enforcement of any of rights of the Master Trustee as beneficiary under any mortgage.

(b) Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than a majority of aggregate principal amount of the Obligations then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders.

Section 4.04. Application of Gross Revenues and Other Moneys after Default.

During the continuance of an Event of Default, all Gross Revenues and other moneys received by the Master Trustee under any right given or action taken under the provisions of this Article, after payment of (i) the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses and advances incurred or made by the Master Trustee with respect thereto and all other fees and expenses of the Master Trustee under this Master Indenture (including without limitation attorneys' fees and expenses) and the creation of a reasonable reserve for anticipated fees, costs, and expenses (including without limitation attorneys' fees and expenses), and (ii) in the sole discretion of the Master Trustee, the payment of the expenses of operating any Member, shall be applied as follows:

(a) Unless the principal of all Outstanding Obligations 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 Obligations in the order of the maturity of such installments, and, if the amount

available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the Persons entitled thereto, without any discrimination or preference, except Obligations evidenced and secured by Obligations that are subordinate to other Obligations; and

Third: To the payment to the Persons entitled thereto of any Obligations evidenced and secured by Obligations that are subordinate to other Obligations that shall have become due, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all such unpaid subordinate Obligations due on any date, then to the payment thereof ratably, according to the amounts of unpaid subordinate Obligations due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal of all Outstanding Obligations shall have become or have been declared due and payable:

First: To the payment of the principal and interest then due and unpaid upon Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference; and

Second: To the payment of Obligations evidenced and secured by Obligations that are subordinate to other Obligations.

(c) If the principal of all Outstanding Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, and, subject to the provisions of paragraph (b) of this Section if, the principal of all Outstanding Obligations shall later become due or be declared due and payable, then the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Master Trustee under the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date 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. The Master Trustee shall give such notice 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 unpaid Obligation until such Obligation

shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid or provided for, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Members, their respective successors, or as a court of competent jurisdiction may direct.

Notwithstanding any provision of this Master Indenture to the contrary, for the purpose of determining the amount of unpaid principal of and interest on any Outstanding Obligation, the amount paid or available to be paid to the Holder of such Obligation from a debt service reserve fund securing such Obligation shall not be included in the determination of the aggregate Outstanding principal amount of such Obligation.

Section 4.05. Remedies Not Exclusive.

No remedy by the terms hereof conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

Section 4.06. Remedies Vested in the Master Trustee.

All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.04, any recovery or judgment shall be for the equal benefit of the Holders. When the Master Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 4.07. Holders' Control of Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is not in conflict with any applicable law or the provisions hereof, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability and provided further that nothing in

this Section shall impair the right of the Master Trustee in its discretion to take any other action hereunder that it may deem proper and that is not inconsistent with such direction by Holders.

Section 4.08. Termination of Proceeding.

In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Master Trustee, the Members and the Holders shall continue as if no such proceeding had been taken.

Section 4.09. Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) Notwithstanding anything contained herein to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02, a default in the payment of the principal of, premium, if any, or interest on or other payment on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of 80% in principal amount of the Obligations (for which such payment default exists) at the time Outstanding.

(c) In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 4.10. Appointment of Receiver.

Upon the occurrence of any Event of Default, unless the same shall have been waived as herein provided, the Master Trustee shall be entitled as a matter of right if it shall so elect, or if it is directed by Holders of not less than 25% of Obligations Outstanding (i) forthwith and without declaring the Obligations to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group with such powers as the court making such appointment shall confer. Upon the occurrence of an Event of Default, each Member hereby consents and agrees, and shall if requested by the Master Trustee consent and agree at the time of application by the Master Trustee for appointment of a receiver of its Property, to the appointment of such receiver

of its Property and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds therefrom, with like effect as such Member could do so, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.11. Remedies Subject to Provisions of Law.

All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

Section 4.12. Notice of Default.

Promptly after obtaining knowledge of any Event of Default, each Member shall deliver to the Master Trustee, a written notice specifying the nature and period of existence of such Event of Default and the action the Obligated Group is taking and proposes to take with respect thereto.

The Master Trustee shall, within 30 days after it has knowledge of the occurrence of an Event of Default, mail to all Holders as the names and addresses of such Holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of, redemption premium, if any, or interest or any other payment on any of the Obligations and the Events of Default specified in subsections (d) and (e) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or any Responsible Officer of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the Holders (which such determination may be based upon an Opinion of Counsel).

ARTICLE V THE MASTER TRUSTEE

Section 5.01. Acceptance of Trusts and Obligations.

The Master Trustee hereby accepts the trusts and obligations imposed upon it by this Master Indenture and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee:

(a) The Master Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Master Trustee shall exercise such rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a prudent man ordinarily would exercise and use under the circumstances in the conduct of his own affairs.

(b) The Master Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, or receivers and shall not be responsible for the negligence or willful misconduct of any attorney, agent or receiver appointed with due care or by or through employees but shall be answerable for the conduct of such employees in accordance with the standard specified above, and shall be entitled to act or refrain from acting on the written direction of the Group Representative or on the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay and be reimbursed for reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Master Trustee may consult with counsel of its own selection regarding the Master Trustee's duties under this Master Indenture. As a condition to the taking, suffering or omission of any action hereunder, the Master Trustee may demand and act on an Opinion of Counsel and, absent its own gross negligence or willful misconduct, shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance on such written direction or Opinion of Counsel.

(c) The Master Trustee will keep on file at its office a list of the names and addresses of the last known holders of all Obligations and the serial numbers of such Obligations held by each of such holders. At reasonable times and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by any Member, any Obligation Holder or the authorized representative thereof, provided that the ownership of such holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

(d) The Master Trustee shall not be responsible for (i) any recital herein or in the Obligations (except for the certificate of the Master Trustee endorsed on the Obligations), (ii) insuring any PPE or collecting any insurance moneys, (iii) the validity of the execution by any Member of this Master Indenture or of any supplements hereto or instruments of further assurance, (iv) the sufficiency of the security for the Obligations issued hereunder or intended to be secured hereby, (v) the issuance of any Related Bonds or Obligation, as applicable, the interest on which is excludable from gross income for federal income tax purposes, (vi) the maintenance of such tax-exempt status after the issuance of such Related Bonds or Obligation, as applicable, (vii) the contents of any disclosure documents regarding Related Bonds, (viii) the filing of financing statements or continuation statements, (ix) the value of or title to any PPE, or (x) the maintenance of the security hereof, except that in the event the Master Trustee takes possession of any PPE pursuant to any provision of this Master Indenture, it shall use due diligence in preserving such PPE. The Master Trustee shall not be liable for any debts contracted or for damage to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession or managing any PPE.

(e) The bank or trust company acting as Master Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any Obligations or Related Bonds and may join in any action which any Holder may be entitled to take with like effect as if such bank or trust company were not the Master Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Obligations from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Master Trustee.

(f) The Master Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper, document or oral or telephonic communication reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Master Trustee pursuant to this Master Indenture on the request or authority or consent of any Holder shall be conclusive and binding on all future Holders of the same Obligation and on Obligations issued in exchange therefor or in place thereof.

(g) Except during an Event of Default of which the Master Trustee is notified or is deemed to have notice under Section 5.01(m), as to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, in the absence of bad faith the Master Trustee shall be entitled to rely on an Officer's Certificate as sufficient evidence of the facts therein contained, to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Master Trustee may accept a certificate of the Secretary of or Assistant Secretary of any Member under its seal to the effect that a resolution in the form therein set forth has been adopted by the Governing Body as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(h) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty, and the Master Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(i) The Master Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations hereunder.

(j) Notwithstanding any other provision of this Master Indenture, the Master Trustee shall have the right, but shall not be required, to demand, as a condition of any action by the Master Trustee in respect of the authentication of any Obligations, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Master Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof.

(k) Before taking any action under this Master Indenture the Master Trustee may require that reasonably satisfactory indemnity be furnished to it for the reimbursement of all fees, costs, and expenses (including without limitation attorneys' fees and expenses) to which it may be put and to protect it against all liability by reason of any action so taken, including costs incurred in defending itself against any and all charges, claims, complaints, allegations, assertions or demands of any nature whatsoever except liability resulting from its gross negligence or willful misconduct. The Master Trustee may refuse to perform any duty or exercise any right or power that would require it to expend its own funds or risk any liability if the Master Trustee reasonably believes that repayment of such funds or adequate indemnity against such risk is not reasonably assured to the Master Trustee.

(l) All moneys received by the Master Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received.

(m) The Master Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by any Member to make payments, if any, required to be made to the Master Trustee for Holders unless the Master Trustee shall be notified in writing of such default by any Holder. Delivery of reports, information and documents to the Master Trustee is for information purposes only and the Master Trustee's receipt thereof shall not constitute notice or constructive notice of any information contained therein or determinable therefrom, including the compliance by any Member or the Obligated Group with any of their respective covenants under this Master Indenture (as to which the Master Trustee is entitled to rely exclusively on Officer's Certificates).

(n) Before the occurrence of an Event of Default hereunder, the Master Trustee is authorized to respond in writing to all written inquiries from Holders and persons identifying themselves as prospective Holders for information concerning the status of funds and accounts held under this Master Indenture and for other information concerning the Members of the Obligated Group and the Obligations and similar matters otherwise within the knowledge of the Master Trustee, and the Master Trustee shall not be liable to any Holder or any Member by reason of its disclosures of such information to only those requesting it.

(o) Upon receipt from the Group Representative of the items required by the provisions of any mortgage, the Master Trustee shall give directions to the trustees under each applicable mortgage to execute and deliver such instruments as necessary to effect the purpose of the provisions of the applicable mortgage.

(p) The Master Trustee shall not be liable for any actions it takes or omits to take which in good faith, absent gross negligence or willful misconduct, it believes to be authorized or within its powers hereunder.

(q) (i) The Master Trustee is hereby authorized to accept and act upon instructions, including funds transfer instructions ("**Instructions**") given pursuant to this Master Indenture by the Group Representative and related financing documents and delivered using Electronic Means.

(ii) If the Master Trustee receives Instructions using Electronic Means, and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee's understanding of such Instructions shall be deemed controlling.

(iii) The Members of the Obligated Group understand and agree that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that directions that purport to have been sent by the Group Representative were actually sent by the Group Representative.

(iv) The Members of the Obligated Group shall be responsible for ensuring that only the Group Representative transmits Instructions to the Master Trustee and that the Members of the Obligated Group and all Group Representatives are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Members of the Obligated Group, as applicable.

(v) The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction.

(vi) The Members of the Obligated Group each agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Members of the Obligated Group; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(r) The Master Trustee shall not be required to provide confirmations of permitted investments for any month in which the Master Trustee provides a monthly statement to the Members of the Obligated Group. The Master Trustee shall not be required to provide the Members of the Obligated Group with a monthly statement if no activity occurred within the previous month.

(s) The Members of the Obligated Group shall indemnify the Master Trustee and its agents for and hold them harmless against, any and all loss, damage, claim, liability or expense, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Members of the Obligated Group, or any Holder, or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, or in connection with enforcing the provisions of this Section 5.01(s), except to the extent that such loss, damage, claim, liability or expense is due to its own gross negligence or willful misconduct.

(t) The Master Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, affidavit, letter, telegram or other paper or document provided for under this Master Indenture believed by it to be genuine and correct and to have been signed, presented or sent by the proper person or persons. The Master Trustee may rely conclusively on any such certificate or other document and shall not be required to make any independent investigation in connection therewith. Except as otherwise expressly provided herein, the Master Trustee shall have no duty to review and shall not be responsible for the contents for any reports, assessments, lists, contracts, agreements, evidence, or other documents as may be delivered to it hereunder, and shall hold the same solely as repository for the benefit of the Holders of the Obligations.

Section 5.02. Intervention by Master Trustee; Protection of Holders; Interests.

(a) In any judicial proceeding to which a Member is a party and which in the opinion of the Master Trustee has a substantial bearing on the interests of the Holders, the Master Trustee may intervene on behalf of the Holders and, subject to Section 5.01(k), shall do so if requested by the Holders of not less than 25% in aggregate principal amount of Obligations then outstanding.

(b) If requested in writing by the Holders of not less than 25% in aggregate principal amount of the Obligations then Outstanding, the Master Trustee shall, upon being indemnified to its reasonable satisfaction therefor, institute and maintain such suits and proceedings as it may deem to be necessary or expedient, based upon the advice of its counsel, (1) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (2) to preserve or protect the interests of the Holders.

Section 5.03. Merger or Consolidation of Master Trustee.

Any corporation or association into which the Master Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall be and become successor Master Trustee hereunder and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding. No costs or expenses incurred by the predecessor Master Trustee or the successor Master Trustee from such conversion, merger, consolidation, sale or transfer shall be charged to the Members.

Section 5.04. Removal and Resignation of the Master Trustee.

The Master Trustee may resign on its motion or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Obligations then Outstanding or, if no Event of Default shall have occurred and be continuing, or no event has occurred or is continuing that, after notice or passage of time or both, would become an Event of Default, by an instrument in writing signed by the Group Representative. No such resignation or removal shall become effective unless and until a successor Master Trustee (or temporary successor trustee as provided below) has been appointed and has assumed the trusts created hereby. Written notice of such resignation or removal shall be given to the Members and each Holder at the address then reflected on the books of the Master Trustee. A successor Master Trustee may be appointed by the Group Representative or the Holders at the direction of the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding. If a successor Master Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Master Trustee, any Member or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as above provided. The Obligated Group shall pay all costs, fees, and expenses related to such application to any court.

There shall at all times be a Master Trustee hereunder, which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least \$50,000,000, either directly or by a guarantee of a corporation related to the Master Trustee. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee ceases to be eligible as above provided, it shall resign immediately in accordance with the terms of this Section 5.04.

Every successor Master Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to each Member an instrument in writing, accepting such appointment hereunder, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor. The predecessor Master Trustee, upon payment of amounts owing to it hereunder, shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all material records relating to the trust or copies thereof and, on request, communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee, not later than 10 days after its assumption of the duties hereunder, shall mail a notice of such assumption to each registered Holder.

Section 5.05. Compensation and Reimbursement.

The Master Trustee shall be entitled to payment and reimbursement for reasonable fees, charges and expenses for its services rendered hereunder and all advances, counsel fees and other expenses reasonably made or incurred by the Master Trustee in connection with such services, such payment to be made within 30 days of receipt of an invoice for such fees and expenses. Upon an Event of Default, but only upon an Event of Default, the Master Trustee shall have a first lien with right of payment prior to payment on account of principal of, or premium, if any, and interest on any Obligation upon the trust estate created hereby for the foregoing fees, charges and expenses incurred by the Master Trustee. When the Master Trustee incurs expenses or renders services after the occurrence of an Event of Default specified in subsections 4.01(d) or 4.01(e) of this Master Indenture, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. No resignation or removal of the Master Trustee or termination of this Master Indenture shall affect its right to receive fees, expenses and any indemnity due hereunder that have accrued prior to the effective date of such resignation or removal and reasonable expenses of transferring funds, records and other necessary terms and information to the successor trustee hereunder.

Section 5.06. Recitals and Representations.

Other than as provided in Section 5.09 and the Master Trustee's authentication of any Obligation, the recitals, statements and representations contained herein, or in any Obligation shall be taken and construed as made by and on the part of the Members, respectively, and not by the Master Trustee, and the Master Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Obligations or any Related Bonds, or the validity or sufficiency of any insurance to be provided. The Master Trustee shall not be deemed to have made representations as to the security afforded hereby or hereunder or to have undertaken any review or made any representations as to the validity or sufficiency of any such document or the insurance to be provided under this Master Indenture or otherwise by the Obligated Group. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys that shall be released or withdrawn in accordance with the provisions hereof. The Master Trustee shall have no duty of inquiry for any default or Events of Default described herein without actual knowledge of or receipt by the Master Trustee of written notice of a default or an Event of Default from a Member or any Holder.

Section 5.07. Separate or Co-Master Trustee.

At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of not less than 25% in aggregate principal amount of Obligations Outstanding, shall appoint, one or more Persons approved by the Master Trustee either to act as co-trustee or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms:

- (a) The Obligations shall be authenticated and delivered solely by the Master Trustee.
- (b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Master Trustee, or by the Master Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.
- (c) Any request in writing by the Master Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee at any time, by any instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section. Upon the request of the Master Trustee, the Members shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee or any paying agent hereunder shall be personally liable by reason of any act or omission of any other trustee or paying agent hereunder, nor will the act or omission of any trustee or paying agent hereunder be imputed to any other trustee or paying agent.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Master Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it shall be vested with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Master Trustee its attorney-in-fact and agent, with full power and authority to perform all acts and things and to exercise all discretion on its behalf and in its name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 5.08. Designation of Additional Paying Agents.

The Group Representative may, in its discretion, cause the necessary arrangements to be made through the Master Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder for the payment of such of the Obligations as shall be presented when due at the principal office of the Master Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate paying agents.

Section 5.09. Representations of the Master Trustee.

The Master Trustee hereby represents that it is duly organized and validly existing under the laws of the United States of America, has a corporate trust office in New York City, New York, and is duly qualified to accept and administer the trusts created in this Master Indenture.

Section 5.10. Corporate Trust Office.

The Master Trustee hereby designates its office at 100 Wall Street, Suite 600, New York, New York 10005, as the “Corporate Trust Office.” The Holders of Obligations and the Obligated Group shall recognize as the “Corporate Trust Office” any other office of the Master Trustee designated as the Corporate Trust Office by the Master Trustee in a written notice to each Member and disseminated on EMMA.

Section 5.11. Trustee Article Controlling.

Regardless of whether expressly so provided therein, every provision of this Master Indenture relating to the conduct or affecting the liability of the Master Trustee shall be subject to the provisions of this Article V.

Section 5.12. Trustee as Repository.

Except as otherwise expressly provided herein, the Master Trustee shall have no duty to review and shall not be responsible for the contents of any reports, assessments, lists, contracts, agreements, evidence or other documents s may be delivered to it hereunder, and shall hold same solely as repository for the benefit of the Holders of the Obligations.

ARTICLE VI SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders.

Each Member, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplements for one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in this Master Indenture.
- (b) To correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions for matters or questions arising hereunder and which shall not materially and adversely affect the interests of the Holders.
- (c) To grant or confer ratably upon the Master Trustee for the benefit of, or ratably upon, all of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted or conferred upon them subject to the provisions of Section 6.02(a).
- (d) To add to the covenants of the members for the benefit of the Holders or to surrender any right or power conferred hereunder upon any Member.

(e) To assign or pledge under this Master Indenture any additional revenues, properties or collateral.

(f) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(g) To create and provide for the issuance of Obligations as permitted hereunder.

(h) To obligate a successor to any Member as provided in Section 3.09, to evidence the succession of another Person to the agreements of the Master Trustee, or the successor of any thereof hereunder.

(i) To comply with the provisions of any federal or state securities law, including to comply with any secondary market disclosure requirements.

(j) To provide for the refunding or advance refunding of any Obligation.

(k) To reflect the addition to or withdrawal of a member from the Obligated Group.

(l) To provide for the issuance of Obligations with original issue discount, provided such issuance would not materially affect the Holders of Outstanding Obligations.

(m) Unless consent is otherwise required by an Obligation Holder(s) pursuant to an any existing Supplements, to permit an Obligation to be secured by security which is not extended to the Obligation Holders.

(n) To provide for the release in accordance with the Section 3.08 hereof relating to a mortgage of any Property subject to the lien of any such mortgage.

(o) To make any other change, in the Opinion of Counsel, will not prejudice in any material respect the rights of the Holders of any of the Obligations and does not materially adversely affect the holders of the Related Bonds, including without limitation, in the Opinion of Bond Counsel, any modification, amendment or supplement to this Master Indenture or any indenture supplemental hereto in such a manner as to establish or maintain exemption of interest on any Obligation or Related Bonds, as applicable, from federal income taxation under applicable provisions of the Code.

(p) To provide for amendments reflecting the election by the Group Representative to make calculations under this Master Indenture in accordance with GAAP as of the date hereof following changes to GAAP as described in Section 1.02.

(q) to add to the covenants and agreements of an issuer of Obligations contained in any Related Bond Indenture other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of any Property, or relative to the application, custody, use or disposition of the proceeds of Obligations or Subordinated Indebtedness.

(r) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by this Master Indenture), any property pledged hereunder.

(s) to obtain or to maintain any ratings on Obligations issued on a Parity Basis from any nationally recognized securities rating agency, if any such Supplement has no materially adverse effect upon Holders of the Obligations then Outstanding.

(t) to provide for the issuance of certificated bonds in coupon form or registered form.

(u) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Related Bonds or Tax-Exempt Obligation, as applicable, theretofore issued, if any such Supplement has no materially adverse effect upon Holders of the Obligations then Outstanding.

Any Supplement providing for the issuance of additional Obligations shall set forth the date thereof, the date or dates upon which principal of premium, if any, and interest on such Obligations shall be payable, the other terms and conditions of such Obligations, the form of such Obligations and the conditions precedent to the delivery of such Obligations which shall include, among other things:

(i) delivery to the Master Trustee of all materials required to be delivered as a condition precedent to the incurrence of the additional Indebtedness evidenced by such Obligations;

(ii) delivery to the Master Trustee of an opinion of Independent Counsel to the effect that all requirements and conditions to the issuance of such Obligations, if any, set forth herein and in the Supplement have been complied with and satisfied; and

(iii) delivery to the Master Trustee of an opinion of Independent Counsel to the effect that registration of such Obligations under the Securities Act of 1933, as amended, is not required, or, if such registration is required, that the Obligated Group has complied with all applicable provisions of said Act.

If at any time the Group Representative shall request the Master Trustee to enter into any Supplement pursuant to subsection (o) above, the Master Trustee shall cause notice of the proposed execution of such Supplement to be given to each Rating Agency then maintaining a rating on any Obligations or Related Bonds, in the manner provided in Section 9.08 hereof at least 15 days prior to the execution of such Supplement, which notice shall include a copy of the proposed Supplement.

Section 6.02. Supplements Requiring Consent of Holders.

(a) Other than Supplements referred to in Section 6.01 and subject to the terms and provisions and limitations contained in this Article, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by each Member, when authorized by resolution or other action of equal formality by its Governing

Body, and the Master Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a Supplement which would:

- (i) Effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, interest or any other payment on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation;
- (ii) Permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or
- (iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in this subsection (a) (and corresponding changes to any related Supplement, if any) above may be made with the consent of the Holders of at least 80% in aggregate principal amount of all Outstanding Obligations; provided, however, any such amendment shall not result in a change in preference or priority of any Obligation over any other Obligation and no such amendment described in this subsection (a) shall result in a disproportionate change, reduction or modification for any Obligation.

Notwithstanding the following subsections, it shall not be necessary for the Holders of Outstanding Obligations to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Holder shall approve the substance thereof.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into a Supplement under this Section, the Master Trustee shall (if directed by a Member of the Obligated Group) cause notice of the proposed execution of such Supplement to be mailed, postage prepaid, to all Holders, at the expense of the Obligated Group. Such notice shall be prepared by the Obligated Group, shall briefly set forth the nature of the proposed Supplement and shall state that copies thereof are on file at the Corporate Trust Office of the Master Trustee for inspection by all Holders. The Master Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplement when approved and consented to as provided in this Section. If the Master Trustee receives an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, before the execution by the Master Trustee of such Supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signer of such revocation in the manner permitted by Section 8.01 of this Master Indenture. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Master Trustee shall make and file with each Member a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, 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 Master Trustee or any Member from executing the same or from taking any action under the provisions thereof.

Section 6.03. Amendments of Supplements to the Master Indenture.

(a) Other than Supplements referred to in Section 6.01 and subject to the terms and provisions and limitations contained in this Article, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under a specific Supplement shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by each Member, and the Master Trustee of amendments or supplements to such Supplement as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained therein; provided, however, nothing in this Section shall permit or be construed as permitting any amendment or supplement to a Supplement which would:

(i) Effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, interest or any other payment on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation;

(ii) Permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or

(iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in this subsection (a) above may be made with the consent of the Holders of at least 80% in aggregate principal amount of the Obligations Outstanding under the applicable Supplement; provided, however, any such

amendment shall not result in a change in preference or priority of any Obligation issued under such Supplement over any other Obligation and no such amendment described in this subsection (a) shall result in a disproportionate change, reduction or modification for any Obligation.

Notwithstanding the following subsections, it shall not be necessary for the Holders of the Outstanding applicable Obligations to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Holder shall approve the substance thereof.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into an amendment or supplement to a Supplement under this Section, the Master Trustee shall (if directed by a Member of the Obligated Group) cause notice of the proposed execution of such Supplement to be mailed, postage prepaid, to all Holders, at the expense of the Obligated Group. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that copies thereof are on file at the Corporate Trust Office of the Master Trustee for inspection by all Holders. The Master Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplement when approved and consented to as provided in this Section. If the Master Trustee receives an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount specified in subsection (a) for the amendment or supplement in question which instrument or instruments shall refer to the proposed amendment or supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such amendment or supplement in substantially such form, without liability or responsibility to any Holder, whether such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, before the execution by the Master Trustee of such amendment or supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signer of such revocation in the manner permitted by Section 8.01 of this Master Indenture. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the amendment or supplement, the Master Trustee shall make and file with each Member a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, 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 Master Trustee or any Member from executing the same or from taking any action under the provisions thereof.

Section 6.04. Execution and Effect of Supplements.

(a) In executing any instrument permitted by this Article, the Master Trustee shall be entitled to receive and to conclusively rely upon an Opinion of Counsel stating that the execution of such instrument is authorized or permitted hereby and that all conditions precedent thereto have been satisfied. The Master Trustee may but shall not be obligated to enter into any such instrument that affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any instrument in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such instrument shall form a part hereof (or thereof) for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the issuer of such Obligation or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the issuer of any Obligations then Outstanding or the Master Trustee shall so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of such issuer to any such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

ARTICLE VII SATISFACTION AND DISCHARGE OF INDENTURE

Section 7.01. Satisfaction and Discharge of Indenture.

If (a) the Group Representative shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations that have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and not theretofore cancelled, or (b) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and money sufficient to pay the same shall have been deposited with the Master Trustee, or (c) all Obligations that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the Members shall also pay or cause to be paid all other sums payable hereunder by the Members or any thereof, then this Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members, and at the cost and expense of the Members, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture. Each Member hereby agrees, jointly and severally, to reimburse the Master Trustee for any fees, costs or expenses (including without limitation attorneys' fees and expenses) theretofore and thereafter properly incurred by the Master Trustee in connection with this Master Indenture or such Obligations. If this Master Indenture is being satisfied and discharged with Defeased Obligations, the Master Trustee shall be entitled to obtain, at the sole expense of the Obligated Group, and conclusively rely upon a verification report or similar confirmatory report from an accountant or other expert or firm of experts to the effect that the amounts necessary to defease and discharge the Obligations have been verified to be

sufficient upon receipt by the Master Trustee, and an Opinion of Counsel that all other conditions precedent to the defeasance of the Obligations have been satisfied.

Section 7.02. Payment of Obligations after Discharge of Lien.

Notwithstanding the discharge of the lien hereof as in this Article provided, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein.

Nevertheless, any moneys held by the Master Trustee or any paying agent for the payment of the principal of, premium, if any, or interest on any Obligation remaining unclaimed for four years after the principal of all Obligations has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Members as their interests may appear, and the Holders of any Obligations not theretofore presented for payment shall thereafter be entitled to look only to the Members for payment thereof as unsecured creditors and all liability of the Master Trustee for such moneys shall thereupon cease.

ARTICLE VIII CONCERNING THE HOLDERS

Section 8.01. Evidence of Acts of Holders.

(a) If any request, direction or consent is requested or permitted hereunder of the Holders, the registered owners of Related Bonds then outstanding shall be deemed to be such Holders for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Related Bonds then outstanding held by each such owner of Related Bonds bears to the aggregate principal amount of all Related Bonds then outstanding; provided, however, if the Related Bond Indenture so provides, if at any time a letter of credit or bond insurance policy secures payment of the principal of and interest on such Related Bonds, then the provider of such letter of credit or bond insurance policy shall be deemed to be the Holder of such Related Bonds except during any period when such provider has failed to honor its obligations under such letter of credit or bond insurance policy. Notwithstanding the foregoing, unless expressly permitted herein, no Supplement that would alter the priority of an Obligation for the Pledged Assets or application of moneys under Section 4.04 of this Master Indenture shall be permitted without the consent of the Holder of such Obligation.

(b) As to any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing. In connection with the initial offering and sale of Related Bonds, the underwriters (or their representative) of such Related Bonds shall be deemed to be the initial Holders thereof or, if such Related Bonds so provide, may be appointed as attorney-in-fact by the initial purchasers of such Related Bonds for the purpose of consenting to any request, direction, consent or other instrument to be signed and executed by the Holders.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Master Trustee and the Members, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained under the Related Bond Indenture.

(d) Nothing in this Section shall be construed as limiting the Master Trustee to the proof herein specified, it being intended that the Master Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(e) Any action taken or suffered by the Master Trustee under any provision hereof upon the request or with the assent of any person who at the time is the Holder of any Obligation shall be conclusive and binding upon all future Holders of the same Obligation.

Section 8.02. Obligations or Related Bonds Owned by Members of Obligated Group.

In determining whether the Holders of the requisite aggregate principal amount of Obligations have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Indenture, Obligations or Related Bonds that are owned by any Member or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member shall be disregarded and deemed not to be Outstanding or outstanding under the Related Bond Indenture, as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Obligations or Related Bonds that a Responsible Officer of the Master Trustee has actual notice or knowledge are so owned shall be so disregarded. Obligations or Related Bonds so owned that have been pledged in good faith may be regarded as Outstanding or outstanding under the Related Bond Indenture, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Obligations or Related Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with any Member. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee.

Section 8.03. Instruments Executed by Holders Bind Future Holders.

At any time before (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.01, of the taking of any action by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action, any Holder of such an Obligation or Related Bond that is shown by such evidence to be included in Obligations the Holders of which have consented to such action may, by filing written notice with

the Master Trustee and upon proof of holding as provided in Section 8.01, revoke such action so far as concerns such Obligation or Related Bond. Except upon such revocation any such action taken by the Holder of an Obligation or Related Bond in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Obligation or Related Bond that by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Obligation or Related Bond, and of any Obligation or Related Bond issued in lieu thereof, whether any notation in regard thereto is made upon such Obligation or Related Bond. Any action taken by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action shall be conclusively binding upon each Member, the Master Trustee and the Holders of all of such Obligations or Related Bonds.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.01. Limitation of Rights.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations issued hereunder is intended or shall be construed to give to any Person other than the Members, the Master Trustee, and the Holders hereunder any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and provisions herein contained; this Master Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties mentioned in this Section.

Section 9.02. Severability.

If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged invalid or unenforceable, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Obligations issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 9.03. Holidays.

Except to the extent a Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b) of this Section, when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period is not a Business Day, the action may be done on the next Business Day with effect as though done on the day or within the time period named.

(b) When the date on which principal of or interest or premium or other payment on any Obligation is due and payable is not a Business Day, payment may be made on the next Business Day with the same effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 9.04. Governing Law.

This Master Indenture is a contract made under the laws of the State and shall be governed by and construed in accordance with such laws but without regard to conflict of law principles.

Section 9.05. Counterparts.

This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.06. Immunity of Individuals.

No recourse shall be had for the payment of the principal of, premium, if any, interest on or other payment on any Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Member, and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of Obligations issued hereunder.

Section 9.07. Binding Effect.

This instrument shall inure to the benefit of and shall be binding upon each Member, the Master Trustee and their respective successors and assigns subject to the limitations contained herein.

Section 9.08. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be in writing and shall be faxed or delivered by Electronic Means followed by first class mail or by hand delivery or sent by overnight delivery or mailed by certified mail, postage prepaid, addressed as follows (or to such other address as may be designated by written notice hereunder):

- (i) If to any Member:

Riverhead Charter School
3685 Middle Country Road
Calverton, New York 11933
Attention: Board President
E-mail: rcsboard@rcsli.org

- (ii) If to the Master Trustee:

U.S. Bank Trust Company, National Association
100 Wall Street, Suite 600
New York, New York 10005
Attention: Michelle Mena-Rosado, Vice President
Email: michelle.mena@usbank.com

(iii) If to any Holder, addressed to such Holder at the address shown on the books of the Master Trustee kept pursuant hereto.

(b) Any Member or the Master Trustee may from time to time by notice in writing to the other and to the Holders designate a different address or addresses for notice hereunder.

(c) All notices, certifications or directions delivered to the Master Trustee hereunder shall be in writing and confirmed by the Group Representative that the Master Trustee has received such notice, certification or direction. All opinions required to be delivered to the Master Trustee hereunder shall be addressed to the Master Trustee.

Section 9.09. Consents and Approvals.

Unless otherwise specified herein, consents of the Obligated Group shall be executed and delivered on behalf of the Obligated Group by the Group Representative.

Section 9.10. U.S.A. Freedom Act Requirements of the Master Trustee.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, the Master Trustee will require documentation from each non-individual person such as a business entity, a charity, a trust, or other legal entity verifying its formation and existence as a legal entity. The Master Trustee may also request identifying information to sufficiently verify the identities of individuals claiming authority to represent the entity or other relevant documentation.

[Signature Pages Follow]

IN WITNESS WHEREOF, each party has signed this Master Trust Indenture, as of the day and year first above written.

RIVERHEAD CHARTER SCHOOL,
as the Group Representative

By: _____
Name:
Title:

[Signature Page to Master Trust Indenture]

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Master Trustee**

By: _____
Name: Michelle Mena-Rosado
Title: Vice President

[Signature Page to Master Trust Indenture]

EXHIBIT A

Subordinate Indebtedness

(The term “debentures” is used in the provisions set forth below to designate the instruments issued to evidence subordinated debt and the term “this Indenture” to designate the instrument, indenture or other document containing such provisions.)

All debentures issued under this Indenture shall be issued subject to the following provisions and each person taking or holding any such debenture whether upon original issue or upon transfer or assignment thereof accepts and agrees to be bound by such provisions.

All debentures issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right to the prior payment in full of Superior Indebtedness as defined in this Section. For all purposes of this Section the term “Superior Indebtedness” means all Obligations now or hereafter issued and outstanding under that certain Master Trust Indenture dated as of July 1, 2025, between Riverhead Charter School, as the Group Representative and sole initial Member of the Obligated Group, and U.S. Bank Trust Company, National Association, as trustee (the “Master Trustee”), as supplemented and modified to the date hereof, or as the same may hereafter from time to time be further supplemented and modified (the “Master Indenture”).

No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds and interest on Superior Indebtedness has been made or duly provided for in accordance with the terms of such Superior Indebtedness. No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest for any Superior Indebtedness or (ii) there shall have occurred an event of default (other than a default in the payment of principal, premium, if any, sinking funds or interest) for any Superior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holders thereof to accelerate the maturity thereof and written notice of such occurrence shall have been given to the issuer of the debentures under the instrument under which such Superior Indebtedness is outstanding and such event of default shall not have been cured or waived or shall not have ceased to exist.

Upon (i) any acceleration or maturity of the principal amount due on the debentures or (ii) any payment or distribution of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or total or partial liquidation, reorganization or arrangement of the issuer of the debentures, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due or to become due upon all Superior Indebtedness shall first be paid in full, or payment thereof provided for in accordance with the terms of such Superior Indebtedness, before any payment is made on account of the principal, premium, if any, or interest on the indebtedness evidenced by the debentures, and upon any such dissolution or winding up or liquidation, reorganization or arrangement, any

payment or distribution of any kind or character, whether in cash, property or securities, to which the holders of the debentures or the trustee under this Indenture would be entitled, except for the provisions hereof, shall be paid by the issuer of the debentures, or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, to the Master Trustee to the extent necessary to pay all Superior Indebtedness in full after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of Superior Indebtedness, before any payment or distribution is made to the holders of the indebtedness evidenced by the debentures or to the trustee under this Indenture.

If, in violation of any of the foregoing provisions, any payment or distribution of any kind or character, whether in cash, property or securities, shall be received by the trustee under this Indenture or by the holders of the debentures before all Superior Indebtedness is paid in full or provision made for such payment in accordance with the terms of such Superior Indebtedness, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to the Master Trustee for application to the payment of, all Superior Indebtedness remaining unpaid to the extent necessary to pay all such Superior Indebtedness in full in accordance with its terms, after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of such Superior Indebtedness.

No present or future holder of Superior Indebtedness shall be prejudiced in his right to enforce subordination of the indebtedness evidenced by the debentures by any act or failure to act on the part of the issuer of the debentures or anyone in custody of its assets or property.

The foregoing subordination provisions shall be for the benefit of the holders of Superior Indebtedness and may be enforced by the Master Trustee against the holders of debentures or any trustee therefor.

Provided, however, that the indentures or other instruments creating or evidencing subordinated debt or under which any subordinated debt is issued shall provide: (i) that the foregoing provisions are solely for the purpose of defining the relative rights of the holders of "Superior Indebtedness" (as defined therein) on the one hand and the holders of the subordinated debt on the other hand, and that nothing therein shall impair, as between the issuer of the debentures and the holders of the subordinated debt, the obligation of the issuer of the debentures, which is unconditional and absolute, to pay to the holders thereof the principal thereof, premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the subordinated debt or any trustee on their behalf from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights set forth above of the holders of "Superior Indebtedness" to receive cash, property or securities otherwise payable or deliverable to the holders of the subordinated debt, (ii) that upon payment or distribution of assets of the issuer of the debentures of the character referred to in the fourth paragraph of the foregoing provisions, the trustee under any indenture relating to subordinated debt shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding-up, liquidation, reorganization or arrangement proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making any such payment or distribution, delivered to said trustee for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of "Superior Indebtedness" and other indebtedness of the issuer of the debentures, the amount thereof or payable

thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to the foregoing provisions and (iii) that the trustee under any indenture relating to subordinated debt and any paying agent therefor shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by such trustee or such paying agent, unless and until such trustee or such paying agent, as the case may be, shall have received written notice thereof from the issuer of the debentures or from one or more holders of "Superior Indebtedness" or from the Master Trustee.

EXHIBIT B

Excluded Property

NONE.

EXHIBIT C

Form of Obligation

OBLIGATION NO. [] – 20 []
([], as Issuer)

No. []

\$[]

This Obligation No. [] – 20 [] has not been registered
under the Securities Act of 1933, as amended.

[RIVERHEAD CHARTER SCHOOL], a duly organized and validly existing a charter school formed under the New York State Education Law and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), having an office at 3685 Middle Country Road, Calverton, New York 11933 (the “**School**”), as the Group Representative and sole initial Member of the Obligated Group under the Master Indenture referred to below, for value received, hereby promises that the Obligated Group will pay to the order of [] (the “Related Issuer”), or registered assigns, the sum of \$[].

This Obligation No. [] – 20 [] (this “Obligation”) shall bear interest from time to time in an amount or amounts equal to the interest accruing on the Related Bonds (as defined below), issued in an original aggregate principal amount equal to the principal amount hereof, said interest to be payable by the Obligated Group as set forth in the [Loan Agreement] (as defined below).

The principal due on this Obligation shall be an amount of money which is not less than the amount of principal to become due on the Related Bonds and shall be payable on such dates as set forth in the Loan Agreement.

The Obligated Group shall pay principal, interest and any other amounts due from the School pursuant to the terms of the [Loan Agreement], dated as of [], 20 [], between the Related Issuer and the School (as the same may be amended and supplemented from time to time, the “Loan Agreement”), and to pay any other amounts due from it pursuant to the terms of the Loan Agreement.

Principal hereof, interest hereon and any applicable prepayment premium are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts.

This Obligation represents a duly authorized issue of notes of the Obligated Group limited to \$[] in principal amount (except as provided in the [] Supplemental Master Trust Indenture hereinafter identified), designated as “Obligation No. [] – 20 []” issued under and pursuant to the [] Supplemental Master Trust Indenture, dated as of [], 20 [] (the “[] Supplement”), between the Group Representative and U.S. Bank Trust Company, National Association (the “Master Trustee”), supplementing the Master Trust Indenture, dated as of [] 1, 2025, between the Group Representative, on behalf of itself and as the initial sole

Member of the Obligated Group, and the Master Trustee (the “Master Indenture”). This Obligation is issued on a parity basis with any other parity Obligations hereafter issued in accordance with the terms of the Master Indenture.

This Obligation is being issued for the purpose of evidencing the obligation of the Obligated Group and securing the obligations of the School resulting from a loan of the proceeds derived from the issuance and sale by the Related Issuer of \$[_____] of its [describe issuance], the “Related Bonds”), which Related Bonds were issued pursuant to that certain [Indenture of Trust], dated as of [_____, 20__], between the Related Issuer and U.S. Bank Trust Company, National Association., as bond trustee (as the same may be amended and supplemented from time to time, the “Bond Indenture”). The Related Bonds are being issued under and pursuant to the laws of the State of New York, including particularly, New York Not-for-profit Corporation Law, as amended.

The principal of, premium, if any, and interest on this Obligation is payable in immediately available funds, in accordance with the Loan Agreement, prior to the opening of business on the date the same shall become due and payable or the next succeeding Business Day (as defined in the Bond Indenture) if such date is not a Business Day.

The Obligated Group shall receive credit against payments due on this Obligation as provided in the Loan Agreement.

On the date upon which the Bond Indenture shall be discharged and satisfied in accordance with Article VII thereof, this Obligation shall be deemed to have been paid and to be no longer outstanding under the Master Indenture and the Loan Agreement shall terminate and the Related Issuer shall release and cancel the Loan Agreement.

Copies of the Master Indenture are on file at the designated corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holders of the Obligations issued under the Master Indenture, the terms and conditions on which, and the purposes for which, the Obligations are and are to be issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Obligation, assents.

The Master Indenture permits the issuance of additional series of Obligations under the Master Indenture subject to the covenants made therein, all of which, regardless of the times of issue or maturity, are to be of equal rank under the Master Indenture without preference, priority or distinction under the Master Indenture of any Obligation issued under the Master Indenture over any other Obligation except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, modifications to or changes of the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the parties to it and of the holders of the Obligations issued under the Master Indenture may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes which would affect the rights of the holders of this Obligation may be made only with the consent of the holders of not less than a majority in aggregate principal amount of Obligations then outstanding

under the Master Indenture. No such modification or change shall (i) effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, interest or any other payment on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation (ii) permit the preference or priority of any Obligation over any other Obligation, without the consent of the holders of all Obligations then outstanding, or (iii) reduce the aggregate principal amount of Obligations then outstanding the consent of the holders of which is required to authorize such modification or change, without the consent of the holders of all Obligations then outstanding. Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in subsections (i)-(iii) above may be made with the consent of the holders of at least 80% in aggregate principal amount of the Obligations outstanding under the applicable Supplement; provided, however, any such amendment shall not result in a change in preference or priority of any Obligation issued under such Supplement over any other Obligation and no such amendment described in subsections (i)-(iii) above shall result in a disproportionate change, reduction or modification for any Obligation. Any such consent by the holder of this Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether any notation of such consent is made upon this Obligation.

This Obligation is prepayable prior to maturity to the extent, and with respect to the corresponding payments of principal, that the Related Bonds are subject to redemption in accordance with the terms of the Bond Indenture. Mailing of a notice of redemption of the Related Bonds in accordance with the terms of the Bond Indenture shall, without further notice or action by the Master Trustee or the Obligated Group, constitute notice of prepayment of corresponding amounts of principal on this Obligation and the same shall, thereby, become due and payable on the date of payment of the Related Bonds and at a prepayment price equal to the principal and accrued interest payable with respect to the Related Bonds.

In the manner and with the effects provided in the Master Indenture, this Obligation is also subject to mandatory prepayment prior to maturity, in whole, if the Related Bonds are accelerated as a result of any Event of Default under the Bond Indenture.

If this Obligation shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Master Indenture, interest on this Obligation shall cease to accrue from the date fixed for redemption, and from and after such date this Obligation shall be deemed not to be outstanding, as defined in the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture, and the holder hereof shall have no rights in respect of this Obligation other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of Events of Default (as defined in the Master Indenture), the principal of all Obligations issued under the Master Indenture then outstanding may be declared (pursuant to the terms thereof), and thereupon shall become, due and payable as provided in the Master Indenture.

The holder of this Obligation shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

No covenant or agreement contained in this Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the Obligated Group or of the Master Trustee in his or her individual capacity, and no incorporator, member, director, trustee or officer of the Obligated Group shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

This Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Authentication Certificate.

[Signatures on following pages.]

IN WITNESS WHEREOF, the undersigned has caused this Obligation No. [] – 20 []
to be executed in the name of the School, as Group Representative, on behalf of the Obligated
Group, by the undersigned, all as of [_____, 20____].

RIVERHEAD CHARTER SCHOOL, as Group
Representative, on behalf of the Obligated Group

By: _____
Name:
Title:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this obligation designated Obligation No. [] – 20 [] is one of the Obligations described in the within-mentioned Master Indenture.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Master Trustee

By: _____
Authorized Signatory

ASSIGNMENT

Pay to the order of U.S. Bank Trust Company, National Association, as Bond Trustee, pursuant to the Bond Indenture referred to in the Obligation to which this Assignment is attached, without recourse.

[_____]

By: _____
Name:
Title:

[This Page Intentionally Left Blank]

RIVERHEAD CHARTER SCHOOL,
as Mortgagor

To

RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
Riverhead, New York, as Mortgagee

**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT**

Dated as of July 1, 2025

Relating to:

\$[_____]

Riverhead IDA Economic Job Development Corporation
Tax-Exempt Educational Revenue Refunding Bonds
(Riverhead Charter School Project), Series 2025

Affecting certain real property located at: 3685 Middle Country Road
Calverton, Town of Riverhead, Suffolk County, New
York

Tax Parcel #: 0600-099.00-02.00-009.001

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT DOES NOT COVER REAL PROPERTY PRINCIPALLY IMPROVED BY ONE OR MORE STRUCTURES CONTAINING IN THE AGGREGATE NOT MORE THAN SIX RESIDENTIAL DWELLING UNITS, EACH DWELLING UNIT HAVING ITS OWN SEPARATE COOKING FACILITIES.

NOTICE: THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS AND SECURES, INTER ALIA, OBLIGATIONS WHICH MAY PROVIDE FOR A VARIABLE RATE OF INTEREST.

THIS MORTGAGE IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A “FIXTURE FILING” WITHIN THE MEANING OF SECTION 2A 309(1)(B) OF THE NEW YORK UNIFORM COMMERCIAL CODE. PORTIONS OF THE MORTGAGED PROPERTY (AS HEREINAFTER DEFINED) ARE OR ARE TO BECOME FIXTURES UPON THE REAL PROPERTY DESCRIBED ON SCHEDULE A ATTACHED HERETO. THIS MORTGAGE IS TO BE RECORDED IN THE OFFICE OF THE SUFFOLK COUNTY CLERK, WHERE MORTGAGES ON REAL PROPERTY ARE RECORDED, AND SHOULD BE FILED IN THE REAL PROPERTY RECORDS OF SAID OFFICE AND INDEXED AGAINST RIVERHEAD CHARTER SCHOOL, AS “DEBTOR,” IN FAVOR OF RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION, AS “SECURED PARTY,” AS BOTH A MORTGAGE AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESS OF DEBTOR AND SECURED PARTY ARE SET FORTH IN ARTICLE XXIX OF THIS MORTGAGE.

PREPARED BY AND UPON RECORDATION RETURN TO:

Nixon Peabody LLP
1300 Clinton Square
Rochester, New York 14604
Attention: Terance V. Walsh, Esq.

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THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT (this “**Mortgage**”), dated as of July 1, 2025, by **RIVERHEAD CHARTER SCHOOL**, a duly organized and validly existing charter school formed under the New York State Education Law (and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”)), having an office at 3685 Middle Country Road, Calverton, New York 11933 (the “**Mortgagor**” or “**Institution**”), to **RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION**, a not-for-profit corporation constituting a local development corporation duly incorporated and existing under the laws of the State of New York and having an office at 4 West Second Street, Riverhead, New York 11901 (together with its successors and assigns, the “**Mortgagee**” or “**Issuer**”).

RECITALS:

WHEREAS, the Mortgagee has determined at the request of the Mortgagor to make a loan to the Mortgagor, such loan to be applied by the Mortgagor, to finance and refinance the costs of the Project (as defined below), which will consist of financing or refinancing (a) approximately \$14,630,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013A (Tax-Exempt Bonds) that were issued in the original aggregate principal amount of \$16,105,000 (the “**Series 2013A Bonds**”), and approximately \$2,845,000 of outstanding Riverhead IDA Economic Job Development Corporation Educational Revenue Bonds (Riverhead Charter School Project), Series 2013B (Federally Taxable Qualified School Construction Bonds) that were issued in the original aggregate principal amount of \$5,000,000 (the “**Series 2013B Bonds**” and collectively with the Series 2013A Bonds, the “**Series 2013 Bonds**”) the proceeds of which Series 2013 Bonds financed the acquisition and construction by the Institution of an approximately 50,000 square foot, two-story building and related infrastructure improvements, including a parking area and driveways (collectively, the “**2013 Facility**”), which 2013 Facility replaced an existing modular building and is located adjacent to the Institution’s two remaining buildings containing approximately 8,200 square feet of space (the “**Existing Facility**”, and with the 2013 Facility, hereinafter referred to as the “**Facility**”), located on approximately six acres of Institution-owned land at 3685 Middle Country Road, Calverton, Suffolk County, New York 11933 (the “**Land**”), together with related machinery, equipment and furniture (the “**Equipment**”) (the Facility, the Land and the Equipment being hereinafter collectively referred to as the “**Project Facility**”); (ii) refinancing of certain existing indebtedness of the Institution previously incurred in connection with the Existing Facility; (iii) funding the Series 2013A Account of the Debt Service Reserve Fund; (iv) funding capitalized interest on the Series 2013A Bonds; and (v) paying the costs of issuing the Series 2013 Bonds (collectively, the “**Refunded Project**”), (b) funding a debt service reserve fund and/or a working capital reserve, if required; and (c) paying for certain costs and expenses associated with the issuance of the Series 2025 Bonds (collectively (a) through (c), the “**Project**”). The Project Facility includes general education classrooms, art room, science room, music room, cafeteria/gym with stage, kitchen, library, faculty room, administrative offices, parking lots and related facilities. The Facility will continue to be owned and/or operated by the Institution as a charter school for children in grades kindergarten through grade 8.

WHEREAS, the Mortgagee is prepared to issue its Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 (the “**Series 2025 Bonds**” or the “**Bonds**”), for the purpose of providing funds to finance the Project, which are to be issued

under and secured by a certain Indenture of Trust dated as of July 1, 2025 (as the same may be amended, modified, restated, or supplemented from time to time in accordance with its terms, the **“Indenture”**) between the Mortgagee and U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character therein set out under the laws of the State of New York, as trustee (the **“Trustee”**).

WHEREAS, the Mortgagor and the Mortgagee entered into a certain Loan Agreement dated as of July 1, 2025 (as the same may be amended, modified, restated or supplemented from time to time, the **“Loan Agreement”**), pursuant to which, among other things, the Mortgagee will make a loan to the Mortgagor to finance certain costs of the Project; and

WHEREAS, the payment obligations of the Institution to the Issuer pursuant to the Loan Agreement are evidenced, in part, by a Promissory Note, dated July [], 2025, from the Institution to the Issuer in the aggregate principal amount of \$[] (the **“Note”** or **“Promissory Note”**); and

WHEREAS, as a source of payment and security for the Series 2025 Bonds, the Issuer will assign (i) its rights under the Promissory Note, and (ii) its rights under the Series 2025 Obligation to the Master Trustee pursuant to the Master Indenture (each as hereinafter defined); and

WHEREAS, the Institution has agreed to secure the payment obligations of the Institution under the Loan Agreement and the Series 2025 Bonds by (i) the issuance of the Institution’s Obligation No. 1 - 2025, dated July [], 2025 (**“Series 2025 Obligation”**), pursuant to the terms of the Master Trust Indenture, dated as of July 1, 2025 (the **“Master Trust Indenture”**), by and between the Institution and U.S. Bank Trust Company, National Association, as master trustee (the **“Master Trustee”**), as amended and supplemented, including as amended and supplemented by the First Supplemental Master Trust Indenture, dated as of July 1, 2025 (the **“Series 2025 Supplemental Indenture”** and, together with the Master Trust Indenture, as amended and supplemented, the **“Master Indenture”**); and

WHEREAS, the Series 2025 Obligation issued pursuant to the Master Indenture will be secured by, among other security, this Mortgage, which Mortgage shall be assigned by the Issuer to the Master Trustee pursuant to an Assignment of Mortgage, Assignment of Leases and Rents and Security Agreement, dated July [], 2025 (the **“Assignment”**), from the Issuer to the Master Trustee; and

WHEREAS, the Indenture, the Loan Agreement, the Promissory Note, the Tax Regulatory Agreement, dated July [], 2025 (the **“Tax Regulatory Agreement”**), between the Issuer and the Institution, the Mortgage, the Assignment, the Master Indenture, the Series 2025 Obligation, and any other documents executed by the Institution in connection with the issuance of, or the security for, the Series 2025 Bonds are hereafter collectively referred to as the **“Financing Documents”**; and

WHEREAS, all things necessary to constitute this Mortgage as a valid first priority Lien on and pledge of the Mortgaged Property herein described in accordance with the terms hereof

have been done and performed, and the creation, execution and delivery of this Mortgage, as security for the payment of the principal of, and premium, if any, and interest on, the Series 2025 Obligation, the payment of all other sums required to be paid hereunder and under the Series 2025 Obligation and the Master Indenture, and the performance and observance by the Mortgagor under the Series 2025 Obligation and the Master Indenture.

KNOW BY THESE PRESENTS, that the Mortgagor, in order to secure (a) the payments of the principal of premium, if any, redemption price, if any, and interest on the Series 2025 Obligation, according to the Series 2025 Obligation and the Master Indenture, (b) payment of all other sums required to be paid under the Master Indenture or the Series 2025 Obligation, (c) the performance and observance by the Mortgagor of all of the covenants, agreements, representations and warranties contained in this Mortgage and under the Master Indenture and the Series 2025 Obligation, (d) payment by the Mortgagor to the Mortgagee of all sums expended or advanced by the Mortgagee pursuant to any and all of the terms, covenants and/or provisions of this Mortgage, and (e) payment and performance of all obligations, requirements and responsibilities of the Mortgagor arising from the Series 2025 Obligation and the Master Indenture (clauses (a)-(e) above are, collectively, referred to as the “**Obligations**”), and that the maximum principal indebtedness secured hereby shall not exceed [] MILLION [] THOUSAND AND NO/100 (\$[]) DOLLARS, does hereby covenant and agree as follows:

GRANTING CLAUSES

NOW, THEREFORE, in order to secure payment of the principal sum of [] MILLION [] THOUSAND AND 00/100 DOLLARS (\$[]) in lawful money of the United States of America, the maximum principal amount which is or under any contingency may be secured by this Mortgage, to be paid according to the terms of the Series 2025 Obligation and the Master Indenture, with interest thereon to be computed at the per annum rate specified in the Series 2025 Obligation and the Master Indenture, together with redemption premium, if any, and any and all other sums which may from time to time become due and payable to the Mortgagee by reason of the exercise of any of its rights and remedies under the Master Indenture, as the case may be (such principal, interest, fees, expenses and other amounts being collectively referred to as the “**Mortgage Indebtedness**”), and to secure the payment and performance of all obligations of the Institution under the Obligations, the Series 2025 Obligation and the Master Indenture, and in consideration of Ten Dollars (\$10.00) in hand paid, receipt whereof is hereby acknowledged, Mortgagor does hereby mortgage, grant, bargain, sell, assign, transfer, pledge, warrant and grant a security interest unto the Mortgagee, its successors and assigns, its interest in and to the following described property, property rights and proceeds thereof (collectively, the “**Mortgaged Property**”) whether now owned or held or hereafter acquired:

(1) all of the Mortgagor’s right, title and interest in and to that certain real property described on Exhibit A hereto (the “**Land**”), together with all rights appurtenant to the Land, including the easements over certain other adjoining land granted by any easement agreements, covenant or restrictive agreements and all air rights, zoning rights, mineral rights, water rights, oil and gas rights and development rights, if any, relating thereto, and also together with all of the other easements, rights, titles, gores of land, liberties, tenements, privileges, interests, hereditaments and appurtenances thereunto

belonging or in any way appertaining and all of the estate, right, title, interest, claim or demand whatsoever of the Mortgagor therein and in the streets, alleys, passages, sewer rights and ways adjacent thereto, either in law or in equity, in possession or expectancy, now or hereafter acquired (collectively, the “**Premises**”);

(2) all of the Mortgagor’s right, title and interest in and to, and its estates in and to all buildings, improvements, appurtenances, structures, paving, parking areas, walkways and landscaping now or hereafter erected or located upon the Land, and all fixtures of every kind and type affixed to the Premises or attached to or forming part of any structures, buildings or improvements and replacements thereof now or hereafter erected or located upon the Land (collectively, the “**Improvements**”);

(3) all of the Mortgagor’s right, title and interest in and to all fixtures, apparatus, appliances, building materials, equipment, fittings, furnishings, furniture, machinery and articles of tangible personal property of every kind and nature, and replacements thereof, now or at any time hereafter placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Improvements or the Premises, including all of the Mortgagor’s books and records relating thereto and including all pumps, tanks, goods, machinery, tools, equipment, lifts (including fire sprinklers and alarm systems, fire prevention or control systems, cleaning rigs, air conditioning, heating, boilers, refrigerating, electronic monitoring, water, loading, unloading, lighting, power, sanitation, waste removal, entertainment, communications, computers, recreational, window or structural, maintenance, truck or car repair and all other equipment of every kind), all indoor or outdoor furniture (including tables, chairs, booths, serving stands, planters, desks, sofas, racks, shelves, lockers and cabinets), bar equipment, glasses, cutlery, uniforms, linens, memorabilia and other decorative items, furnishings, appliances, supplies, inventory, rugs, carpets and other floor coverings, draperies, drapery rods and brackets, awnings, venetian blinds, partitions, chandeliers and other lighting fixtures, freezers, refrigerators, walk-in coolers, signs (indoor and outdoor), computer systems, cash registers and inventory control systems, and all other apparatus, equipment, furniture, furnishings, and articles used in connection with the use or operation of the Improvements or the Premises, it being understood that the enumeration of any specific articles of property shall in no way result in or be held to exclude any items of property not specifically mentioned (collectively, the “**Property**”);

(4) all of the Mortgagor’s right, title and interest in and to all general intangibles owned by the Mortgagor and relating to design, development, operation, management and use of the Premises and/or the Improvements, all certificates of occupancy, zoning variances, building, use or other permits, approvals, authorizations and consents obtained from and all materials prepared for filing or filed with any governmental agency in connection with the development, use, operation or management of the Property, all construction, service, engineering, consulting, leasing, architectural and other similar contracts concerning the design, construction, management, operation, occupancy and/or use of the Property, all architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, environmental studies, engineering reports and similar materials relating to any portion of or all of the Property, and all payment and performance bonds or

warranties or guarantees relating to the Property, all to the extent assignable (the “**Permits, Plans and Warranties**”);

(5) all of the Mortgagor’s right, title and interest in and to all now or hereafter existing leases or licenses (under which the Mortgagor is landlord or licensor) and subleases (under which the Mortgagor is sub landlord), concession, management, mineral or other agreements of a similar kind that permit the use or occupancy of the Premises or the Improvements for any purpose in return for any payment, or the extraction or taking of any gas, oil, water or other minerals from the Premises in return for payment of any fee, rent or royalty (collectively, “**Leases**”), and all agreements or contracts for the sale or other disposition of all or any part of the Premises or the Improvements, now or hereafter entered into by the Mortgagor, together with all charges, fees, income, issues, profits, receipts, rents, revenues or royalties payable thereunder (“**Rents**”), but nothing in this subparagraph (5) is intended to constitute the consent of the Mortgagee to any of the foregoing;

(6) all of the Mortgagor’s right, title and interest in and to all real estate tax refunds and all proceeds of the conversion, voluntary or involuntary, of any of the Mortgaged Property into cash or liquidated claims (“**Proceeds**”), including Proceeds of insurance maintained by the Mortgagor and condemnation awards, any awards that may become due by reason of the taking by eminent domain or any transfer in lieu thereof of the whole or any part of the Premises or Improvements or any rights appurtenant thereto, and any awards for change of grade of streets, together with any and all moneys now or hereafter on deposit for the payment of real estate taxes, assessments or common area charges levied against the Mortgaged Property, unearned premiums on policies of fire and other insurance maintained by the Mortgagor covering any interest in the Mortgaged Property or required by any of the Financing Documents;

(7) all of the Mortgagor’s right, title and interest in and to all extensions, improvements, betterments, renewals, substitutes and replacements of and all additions and appurtenances to the Land, the Premises, the Improvements, the Property, the Permits, Plans and Warranties, and the Leases, hereinafter acquired by or released to the Mortgagor, or constructed, assembled or placed by the Mortgagor on the Land, the Premises or the Improvements, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, deed of trust, conveyance, assignment or other act by the Mortgagor, all of which shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the Mortgagor and specifically described herein;

(8) all Gross Revenues, subject to any restriction in the Charter School’s Act (but only to the extent applicable) with respect to the pledge and assignment of the portion of the Gross Revenues constituting Education Aid; and

(9) all further estate, right, title, interest, property, claim and demand whatsoever of the Mortgagor in and to any of the above.

TO HAVE AND TO HOLD the Mortgaged Property unto the Mortgagee, its successors and assigns, forever;

PROVIDED, HOWEVER, that, if (A) there shall be no Event of Default under the Master Indenture or any of the other Financing Documents, (B) the Mortgagor shall perform and observe all the covenants to be performed and observed hereunder and perform all obligations under the Master Indenture and the other Financing Documents to which the Mortgagor is a party, and (C) the Mortgagor has paid or caused to be paid to the Mortgagee all Mortgage Indebtedness and all other sums of money due or to become due to the Mortgagee in accordance with the terms and provisions of this Mortgage, the Master Indenture and the other Financing Documents, including, without limitation, all amounts owed under all indemnification provisions, then upon such final payments and such performance and observance, this Mortgage and the rights hereby granted shall be discharged as contemplated by and in accordance with Section 41.01.

This Mortgage shall constitute a first lien mortgage on the Mortgaged Property and the proceeds from the Series 2025 Obligation shall be disbursed pursuant to the terms and conditions of the Master Indenture.

ARTICLE I

DEFINITIONS

SECTION 1.01. Capitalized Terms. All capitalized terms used in this Mortgage and not otherwise defined herein shall have the meanings assigned thereto in Section 1.01 of the Master Indenture. Said definitions, to the extent applicable, are hereby incorporated herein by reference.

SECTION 1.02. General Construction of Terms. 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; the term “hereafter” shall mean after; and the term “heretofore” shall mean before the date of the execution and delivery of this Mortgage.

(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), limited liability companies, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any certificates, notices, letters or opinions required to be given pursuant to this Mortgage shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Mortgage.

(e) 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.

ARTICLE II

SECURITY AGREEMENT

SECTION 2.01. Security Agreement. This Mortgage shall constitute both a real property mortgage and a “security agreement” within the meaning of the Uniform Commercial Code (“UCC”), as adopted in the State of New York (the “**State**”). The Mortgaged Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Mortgaged Property, including, but not limited to, personal property used by the Mortgagor in connection with the operation of the Mortgaged Property. This Mortgage shall also constitute a “fixture filing” for the purposes of the UCC. As such, this Mortgage covers all items of the Mortgaged Property that are or are to become fixtures. Mortgagor by executing and delivering this Mortgage has granted and hereby grants to Mortgagee, as security for the Mortgage Indebtedness, a security interest in the Mortgaged Property to the full extent that the Mortgaged Property may be subject to the UCC (said portion of the Mortgaged Property so subject to the UCC being called in this Section the “**Collateral**”). The Mortgagor, simultaneously with the recording of this Mortgage, has filed or shall file all requisite and necessary UCC financing statements to perfect the security interests contemplated by this Section 2.01, and will file continuation statements prior to the lapse thereof, at the appropriate offices to perfect the security interest granted by this Mortgage in all the Collateral. The Mortgagor hereby appoints the Mortgagee as its true and lawful attorney-in-fact and agent for the Mortgagor, and in its name, place and stead, in any and all capacities, to execute any document and to file the same in the appropriate offices (to the extent it may lawfully do so), and to perform each and every act and thing reasonably requisite and necessary to be done to perfect the security interest contemplated by this Section 2.01. Such appointment of the Mortgagee as the Mortgagor’s attorney-in-fact is coupled with an interest and irrevocable. The Mortgagor shall reimburse the Mortgagee for any advances or expenditures that the Mortgagee makes or incurs in performing any such obligation or exercising any such right of the Mortgagor. Nothing in this paragraph shall impose any obligation or duty on the Mortgagee.

SECTION 2.02. Remedies. If an Event of Default shall occur, the Mortgagee, in addition to any other rights and remedies which it may have under the Master Indenture, or any of the other Financing Documents, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Collateral and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including, but not limited to, reasonable attorneys’ fees and disbursements, incurred or paid by Mortgagee in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral. Any notice of sale, disposition or other intended action by the

Mortgagee with respect to the Collateral sent to the Mortgagor in accordance with the provisions hereof at least five (5) business days prior to such action, shall constitute commercially reasonable notice to the Mortgagor. The proceeds of any disposition of the Collateral, or any part thereof, may be applied by the Mortgagee to the payment of the Obligations in such priority and proportions as Mortgagee in its sole discretion shall elect.

SECTION 2.03. Fixture Filing Information. The information in this Article II is provided in connection with the filing of this Mortgage as a financing statement as referred to above, and the Mortgagor hereby represents and warrants such information to be true and complete as of the date of this Mortgage. The name, type of organization and jurisdiction of organization of the debtor for purposes of this financing statement is the name, type of organization and jurisdiction of organization of the Mortgagor set forth in the first paragraph of this Mortgage, and the name of the secured party for purposes of this financing statement is the name of the Mortgagee set forth in the first paragraph of this Mortgage. The mailing address of the Mortgagee/secured party from which information concerning the security interest hereunder may be obtained is the address of the Mortgagee set forth in the first paragraph of this Mortgage. The record owner of the real property is the Mortgagor. The organization identification number for the Mortgagor is: 11-3533719. This fixture filing is to be filed in the real property records of the Suffolk County Clerk's Office and indexed against the Mortgagor/debtor in favor of the Mortgagee/secured party.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01. The Mortgagor does hereby represent and warrant as follows:

(a) The Mortgagor is duly organized and validly existing under the laws of the jurisdiction of its organization, and all required actions have been taken and completed to duly authorize, execute, deliver and perform this Mortgage.

(b) The Mortgagor is authorized and has power under the laws of the State to enter into this Mortgage and the transactions contemplated hereby and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Mortgage. The Mortgagor has duly authorized the execution, delivery and performance of this Mortgage and the consummation of the transactions herein contemplated. The Mortgagor is not prohibited from entering into this Mortgage and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Mortgage by Mortgagee. The execution, delivery and performance of this Mortgage, the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the provisions of this Mortgage will not conflict with or violate or constitute a breach of or a default under the terms, conditions or provisions of the Mortgagor's organizational documents or agreements or any other restriction of any law, rule, regulation or order of any court or other authority, or any contractual limitation or restriction or outstanding indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which the Mortgagor is a party or by which it or any of its property is bound. The discharge and performance of all covenants and obligations on the part of Mortgagor to be performed under and pursuant to this Mortgage shall not conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any of the foregoing,

or result in the creation or imposition of any lien (other than pursuant to this Mortgage or the Master Indenture) of any nature upon any of the property of the Mortgagor under the terms of any of the foregoing, and this Mortgage is a legal, valid and binding obligation of the Mortgagor enforceable in accordance with its terms.

(c) No consent, approval or authorization of, or filing, registration or qualification with, any governmental or public authority on the part of the Mortgagor (which has not been obtained or completed) is required as a condition to the execution, delivery or performance of this Mortgage by the Mortgagor.

(d) The Mortgagor is the fee owner of the Land. The Mortgagor has good and marketable title to the Mortgaged Property free and clear of all Liens, subject only to Permitted Encumbrances. This Mortgage is and will remain a valid and enforceable Lien on the Mortgaged Property.

(e) The Mortgaged Property and the operation thereof currently complies in all material respects with all laws, statutes, ordinances, codes (including building and fire codes and the Americans with Disability Act), rules, regulations, requirements, rulings, decrees, executive, judicial and other orders and directives of any or all of the Federal, State, county and city governments and all agencies, authorities, bureaus, courts, departments, subdivisions, or offices thereof, and of any other governmental, public or quasi-public authorities (including the board of fire underwriters or other insurance body) having jurisdiction over the Land, the Improvements and/or the Premises (collectively, **“Legal Requirements”**).

(f) The execution and delivery of this Mortgage by the Mortgagor does not constitute a “fraudulent conveyance” within the meaning of Title 11 of the United States Code as now constituted or under any other applicable statute, and no bankruptcy or insolvency proceedings are pending or contemplated by or against the Mortgagor.

(g) The Land is not located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards pursuant to the terms of the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as same may have been amended to date.

(h) The Mortgagor has all necessary certificates, licenses, authorizations, registrations, permits and approvals necessary for the commencement of the construction, renovation, equipping and the operation of the Mortgaged Property, including, but not limited to, all required environmental permits, all of which are in full force and effect and are not (and will not be), to the knowledge of the Mortgagor, subject to any revocation, amendment, release, suspension, forfeiture or the like; and the present and contemplated use and occupancy of the Mortgaged Property does not conflict with or violate any such certificate, license, authorization, registration, permit or approval.

ARTICLE IV

COVENANTS; PERFORMANCE AND COMPLIANCE

SECTION 4.01. Mortgagor Covenants. The Mortgagor covenants to timely pay all of the Mortgage Indebtedness in accordance with the terms of this Mortgage, the Master Indenture and the other Financing Documents, and to faithfully observe, comply with and perform, or cause to be observed, complied with and performed, at all times, any and all covenants, undertakings, stipulations and provisions on the Mortgagor's part to be observed or performed contained in this Mortgage, the Master Indenture and the other Financing Documents. Without limitation of the foregoing, the Mortgagor hereby covenants and agrees that it will promptly pay, or cause to be paid, payments pursuant to the Master Indenture in an amount sufficient to pay the principal of, and premium, if any, and interest on, the Series 2025 Obligation at the place, on the dates and in the manner provided therein, and the Mortgagor shall promptly pay all other amounts due under this Mortgage and the Master Indenture and other Financing Documents. All covenants, conditions and agreements contained in the Series 2025 Obligation, the Master Indenture and the other Financing Documents are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein. The Mortgagor irrevocably designates the Mortgagee as the Mortgagor's agent and attorney-in-fact, in accordance with this Mortgage, and irrevocably authorizes the Mortgagee to perform or observe on the Mortgagor's behalf any obligation that the Mortgagor fails to perform hereunder, the Master Indenture or under any other Financing Document. Such appointment of the Mortgagee as the Mortgagor's attorney-in-fact is coupled with an interest and irrevocable. The Mortgagor shall reimburse the Mortgagee for any advances or expenditures that the Mortgagee makes or incurs in performing any such obligation or exercising any such right of the Mortgagor. In performing any such obligation or right, the Mortgagee may enter the Mortgaged Property during normal business hours upon reasonable prior notice to the Mortgagor. Nothing in this paragraph shall impose any obligation or duty on the Mortgagee.

SECTION 4.02. Inspection of Books. The Mortgagor hereby covenants that all books and documents in its possession relating to the Mortgaged Property and the revenues derived from the Mortgaged Property shall at all reasonable times and upon reasonable notice be open to inspection by such accountants or other agents, employees or representatives as the Mortgagee or the Master Trustee may from time to time designate. The Mortgagor agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Mortgagor.

SECTION 4.03. Agreement to Provide Information. The Mortgagor agrees, whenever requested by the Mortgagee, to provide and certify, or cause to be provided and certified, such information concerning the Mortgagor, as the case may be, its finances and other topics as the Mortgagee from time to time reasonably considers necessary or appropriate, including, but not limited to, such information as to enable the Mortgagee to make any reports required by applicable law.

SECTION 4.04. Compliance with Legal Requirements. The Mortgagor shall, at all times prior to the termination of this Mortgage, promptly and fully comply in all material respects with all (1) Legal Requirements, (2) any covenants, conditions and restrictions of record relating

to the ownership, use, operation or leasing of the Mortgaged Property, (3) covenants, conditions and restrictions set forth in any document or instrument creating a mortgage, security interest, lien or charge upon all or any portion of the Mortgaged Property, and (4) policies of insurance at any time in force with respect to the Mortgaged Property. None of the foregoing shall prevent the Mortgagor from contesting in good faith the validity, existence or applicability of any of the foregoing if (1) such contest shall not result in the Mortgaged Property or any part thereof or interest therein being in any danger of being sold, forfeited or lost; (2) such contest shall not result in the Mortgagor or the Mortgagee being in any danger of any civil or any criminal liability other than normal accrual of interest, for failure to comply therewith; and (3) the Mortgagor shall have furnished such security, if any, as may be reasonably requested by the Mortgagee to protect the security intended to be offered by this Mortgage. This Section 4.04 shall not be deemed to apply to the payment of Real Estate Taxes and Impositions, as to which Article V of this Mortgage shall govern.

SECTION 4.05. Recording of Mortgage and Filing of Security Instruments. The Mortgagor hereby covenants that it shall, at the sole cost and expense of the Mortgagor, cause this Mortgage, the Assignment, the other Financing Documents and all supplements hereto and thereto, together with all other security instruments and financing statements, as applicable, to be recorded and filed, as the case may be, in such manner and in such places as may be requested by the Mortgagee in order to perfect the Liens created by the Financing Documents. The Mortgagor covenants that it will cause to be filed all documents, including, without limitation, continuation statements, amendments and/or assignments under the UCC of the State, in such manner and in such places as may be required by law in order to protect and maintain in force the mortgage, security interests, liens and charges of the Master Indenture and other Financing Documents. Without limiting the foregoing, the Mortgagor hereby irrevocably appoints the Master Trustee as attorney-in-fact for the Mortgagor to, or cause to, execute, deliver and file at the Mortgagor's sole cost and expense such instruments as are described in this Section 4.05 hereof for and on behalf of the Mortgagor without the necessity of the signature of the Mortgagor or anyone claiming under or through the Mortgagor. Such appointment of the Master Trustee as the Mortgagor's attorney-in-fact is coupled with an interest and irrevocable. The Mortgagor shall reimburse the Master Trustee for any advances or expenditures that the Master Trustee makes or incurs in performing any such obligation or exercising any such right of the Mortgagor. Nothing in this paragraph shall impose any obligation or duty on the Master Trustee.

SECTION 4.06. Mortgagor to Record and File. Subsequent to the initial recording of this Mortgage by the Mortgagor, the Mortgagor shall, from time to time, cause this Mortgage and all other security instruments creating a lien or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect, preserve and perfect the lien hereof upon, and the interest of the Mortgagee in the Mortgaged Property. The Mortgagor shall pay, and shall protect, defend, indemnify and hold harmless the Mortgagee and its successors and assigns and beneficiaries from and against any and all liability incurred by reason of all filing, registration and recording fees and other charges, all recording taxes, if any, all costs and expenses incident to the preparation, execution and acknowledgement of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property and any instrument of further assurance, and all Federal, State, county and municipal taxes, if any, duties, imposts, assessments and other charges arising

out of or in connection with the execution, delivery and/or filing or recording of this Mortgage, any supplement hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance; the foregoing shall apply regardless of the identity of the person causing any such instruments to be recorded, registered or otherwise filed. Further, this Mortgage shall be re-recorded and re-indexed whenever in the reasonable opinion of the Mortgagee such action is necessary to preserve the lien and security interest hereof. Any said re-recordings, re-indexings, filings and re-filings shall be prepared by the Mortgagor and accompanied by any requisite fees or charges.

SECTION 4.07. Indemnity. The Mortgagor shall, and does hereby agree to, indemnify and hold the Mortgagee harmless of and from any and all liability, loss or damage which the Mortgagor may or might incur under by reason of this Mortgage and the assignment thereof, and of and from any and all claims and demands whatsoever which may be asserted against the Mortgagor by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained herein. Should the Mortgagee incur any such liability, loss or damage hereunder or under or by reason of this Mortgage or the assignment thereof, or in the defense of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and the Mortgagor shall reimburse the Mortgagee therefor immediately upon demand.

SECTION 4.08. Assignment of Mortgage. Immediately after the execution and delivery of this Mortgage, the Mortgagee shall assign its interest as mortgagee hereunder to the Master Trustee for the benefit of the holders of the Series 2025 Obligation and all Obligations (as defined in the Master Indenture), except as set forth in the Master Indenture, issued pursuant to the Master Indenture, and thereafter all references within this Mortgage to the "Mortgagee" shall be deemed to refer to the Master Trustee.

ARTICLE V

REAL ESTATE TAXES AND IMPOSITIONS

SECTION 5.01. Repair and Maintenance. The Mortgagor shall, at all times during the term of this Mortgage, (A) keep the Mortgaged Property in good condition and repair and preserve the same against waste, loss, and damage, ordinary wear and tear excepted, provided that, in the case of an insured casualty, insurance proceeds received by Mortgagee are made available by the Mortgagee; (B) make all necessary repairs and replacements to the Mortgaged Property or any part thereof (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), provided that, in the case of an insured casualty, insurance proceeds received by Mortgagee are made available by the Mortgagee; (C) not remove or demolish any portion of the Mortgaged Property or alter in any material respect the character of any improvement without the prior written consent of the Master Trustee, except as permitted in the Master Indenture; (D) not permit the Mortgaged Property to become deserted or abandoned; and (E) operate the Mortgaged Property in a sound and economical manner.

SECTION 5.02. Insurance. At all times throughout the term of this Mortgage, including, without limitation, during any period of construction, renovation or reconstruction of the Mortgaged Property, the Mortgagor shall maintain or cause to be maintained the insurance

described in the Master Indenture and the Loan Agreement regardless of whether the Master Indenture or the Loan Agreement shall be terminated or shall be for any reason not in full force and effect, and shall within ten (10) days of request therefor by the Mortgagee deliver proof to the Mortgagee that such insurance has been and is being maintained.

SECTION 5.03. Taxes. The Mortgagor shall pay or cause to be paid, as the same respectively become due, all taxes (including, but not limited to, ad valorem taxes), assessments, water and sewer rents and charges and all license or permit fees, levies and governmental charges, payments in lieu of any of the foregoing, several or special, ordinary or extraordinary, foreseen or unforeseen, of any kind or nature whatsoever, which are or may be charged, assessed, levied, confirmed or imposed upon, against or with respect to the Mortgaged Property (“**Real Estate Taxes and Impositions**”), provided that, with respect to any such Real Estate Taxes and Impositions that may lawfully be paid in installments over a period of years, the Mortgagor shall be obligated under this Mortgage to pay or cause to be paid only such installments as are required to be paid during the term of this Mortgage. The Mortgagor shall pay immediately all taxes, if required by law, imposed pursuant to Article II of the New York Tax Law or any other statute, order or regulation, whether said tax is imposed at time of recording hereof or subsequent thereto. This obligation shall survive the satisfaction or termination of the Mortgage. None of the foregoing shall prevent the Mortgagor from contesting in good faith the validity, existence or applicability of any Real Estate Taxes and Impositions if (1) such contest shall not result in the Mortgaged Property or any part thereof or interest therein being in any danger of being sold, forfeited or lost; (2) such contest shall not result in the Mortgagor or the Mortgagee being in any danger of any civil or any criminal liability other than normal accrual of interest, for failure to comply therewith; and (3) the Mortgagor shall have furnished such security, if any, as may be requested by the Mortgagee to protect the security intended to be offered by this Mortgage.

SECTION 5.04. Ownership; Instruments of Further Assurance. At the written direction of the Mortgagee, the Mortgagor, at its sole cost and expense, shall defend the title to its interest in and to the Mortgaged Property and every part thereof for the benefit of the Mortgagee, and the Mortgagor shall warrant and defend such title against the claims and demands of all Persons whomsoever. The Mortgagor covenants and agrees that (at its sole cost and expense): (a) it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such supplements hereto and such further acts, instruments and transfers as the Mortgagee may reasonably require for (i) the better assuring, transferring, conveying, pledging, assigning and confirming unto the Mortgagee all and singularly the title to its respective interest in and to the Mortgaged Property, (ii) carrying out the intention of or facilitating the performance of the provisions of this Mortgage, and (iii) filing, registering, or recording this Mortgage; and (b) on demand, the Mortgagor shall execute and deliver, and hereby authorizes the Mortgagee to execute and deliver, in the name of the Mortgagor or the Mortgagee, as the case may be, to the extent the Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or other comparable security instruments to evidence more effectively the lien hereof upon the Mortgaged Property and to file such financing statements, chattel mortgages or other comparable security instruments, with or without the signature of the Mortgagor, in all public offices where such filing may be necessary or desirable in order to preserve, protect and perfect the lien of this Mortgage on the Mortgaged Property. Any and all property hereafter acquired by the Mortgagor shall, *ipso facto*, and without any further conveyance, assignment or act on the part of the Mortgagor, 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 contained in this sentence shall be deemed to modify or change the obligations of the Mortgagor heretofore made by this Section 5.04. The Mortgagor hereby appoints the Mortgagee as its true and lawful attorney-in-fact and agent for the Mortgagor, and, in the Mortgagor's name, place and stead, in any and all capacities, to perform each and every act and contemplated by this Section 5.04. Such appointment of the Mortgagee as the Mortgagor's attorney-in-fact is coupled with an interest and irrevocable. The Mortgagor shall reimburse the Mortgagee for any advances or expenditures that the Mortgagee makes or incurs in performing any such obligation or exercising any such right of the Mortgagor. Nothing in this paragraph shall impose any obligation or duty on the Mortgagee.

ARTICLE VI

PROTECTIVE ACTION

SECTION 6.01. Reimbursement of Costs to Defend. If any action or proceeding be commenced (except an action to foreclose this Mortgage or to collect the Mortgage Indebtedness and Obligations secured hereby), to which action or proceeding the Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by the Mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this Mortgage (including reasonable attorneys' fees and all costs and disbursements incurred in connection with such litigation) shall be paid by the Mortgagor, together with interest thereon at the applicable rate prescribed by Title I of Article 18-A of the New York State General Municipal Law, and any such sum and the interest thereon shall be a lien on the Mortgaged Property prior to any right, title to, interest in or claim upon the Mortgaged Property attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to foreclose this Mortgage, the provisions of law respecting the recovery of costs, disbursements and allowance shall apply unaffected by this covenant.

SECTION 6.02. Permitted Contests. After an Event of Default, the Mortgagee may, but shall have no obligation whatsoever to, take such action as the Mortgagee deems appropriate to protect the Mortgaged Property or the status or priority of the lien of this Mortgage thereon, including, without limitation, entry upon the Premises to protect them from deterioration or damage to the extent not being operated and maintained by the Mortgagor in compliance with its obligations under the Master Indenture and the other Financing Documents, or to cause the Mortgaged Property to be put in compliance with any governmental, insurance rating or contract requirements; payments of amounts due on liens having priority over this Mortgage; payment of any tax, charge or lien, including any laborer's, mechanic's or materialman's lien, for purposes of assuring the priority or enforceability of this Mortgage; obtaining insurance on the Mortgaged Property to the extent not being maintained by the Mortgagor in compliance with its obligations under this Mortgage, the Master Indenture, and the other Financing Documents, 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 Mortgagor agrees to reimburse the Mortgagee for all reasonable expenses in taking any such action, on demand, with interest at the applicable rate prescribed by Title I of Article 18-A of the New York State General Municipal Law, and the amount thereof shall be secured by this Mortgage and shall, to the extent permitted by law, be in addition to the Obligations and Mortgage Indebtedness secured hereby.

ARTICLE VII

AFTER-ACQUIRED PROPERTY

SECTION 7.01. After-Acquired Property. All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions and replacements of, and all additions, accessions and appurtenances to, the Mortgaged Property, or any part thereof, hereafter acquired, constructed, assembled or placed by or at the direction of the Mortgagor on or in the Mortgaged Property, 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 Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same force and effect, as though now owned by the Mortgagor and specifically described in the Granting Clauses hereof, but at any and all times the Mortgagor (at the sole cost and expense of the Mortgagor), on demand, will execute, acknowledge and deliver to the Mortgagee, and will cause to be recorded or filed, 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 lien of this Mortgage.

ARTICLE VIII

BENEFIT OF SECTIONS 254 AND 271 OF REAL PROPERTY LAW.

SECTION 8.01. Additional Benefits. In connection with this Mortgage, the Mortgagee shall have, in addition to those rights set forth herein, any additional rights set forth in Sections 254 and 271 of the Real Property Law of the State.

ARTICLE IX

ADDITIONAL TAXES OR CHARGES

SECTION 9.01. New Laws. If any law or ordinance is enacted or adopted that imposes a tax (other than an income tax) either directly or indirectly on this Mortgage, the Mortgagor will pay on demand such tax with interest and penalties thereon, if any, directly to the Mortgagee who will promptly pay or cause to be paid such tax or charge to the appropriate governmental authority. 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, the Mortgagor agrees to pay for the same with interest and penalties thereon, if any.

SECTION 9.02. Changes in Taxation. In the event of the passage after the date of this Mortgage of any law deducting from the value of real property for the purpose of taxation, the amount of any lien or other encumbrance thereon or changing in any way the law governing the taxation of mortgages or debts secured by mortgages (including the manner of the collection of any such taxes), and imposing a tax, either directly or indirectly on this Mortgage, the Obligations and/or the Mortgage Indebtedness, and/or any instrument evidencing the Obligations and/or the Mortgage Indebtedness, the Mortgagor shall, if permitted by law, pay any tax imposed as a result

of any such law within the statutory period or within thirty (30) days after demand by the Mortgagee, whichever is less.

ARTICLE X

LIMITATIONS ON ACTIONS OF MORTGAGOR

SECTION 10.01. Sole Remedy. If at any time the Mortgagor believes that the Mortgagee has not acted reasonably in granting or withholding any consent or approval where the Mortgagee has expressly agreed in this Mortgage to act reasonably or absent such agreement, a court of law having jurisdiction over the subject matter would require the Mortgagee to act reasonably, the sole remedy of the Mortgagor shall be to seek injunctive relief or specific performance, and no action for monetary damages or punitive damages shall in any event or under any circumstance be maintained by the Mortgagor against the Mortgagee, and the Mortgagor shall have no claim or charge against the payment or performance of the Obligations and/or the Mortgage Indebtedness.

ARTICLE XI

EVENTS OF DEFAULT

SECTION 11.01. Any one or more of the following shall constitute an event of default hereunder (each, an “**Event of Default**” and, collectively, “**Events of Default**”):

(a) Failure of the Mortgagor in the due and punctual payment of principal of, and premium, if any, and interest on, the Series 2025 Obligation or any amount required to be paid by the Mortgagor under the Master Indenture or the other Financing Documents.

(b) Failure of the Mortgagor to observe or perform any other covenant, condition or agreement performed under the terms of this Mortgage, the Series 2025 Obligation, the Master Indenture or any other Financing Document involving the payment of money (except as otherwise provided in Clause (a) above) on the Mortgagor’s part to be observed or performed and such failure shall continue for a period of ten (10) business days after notice from the Mortgagee or the Master Trustee, as may be applicable, is given to the Mortgagor.

(c) Failure of the Mortgagor to observe or perform any other covenant, condition or agreement performed under the terms of this Mortgage, the Master Indenture, the Series 2025 Obligation, or any other Financing Document, monetary and non-monetary (except as otherwise provided in Clauses (a) and (b) above) on the Mortgagor’s part to be observed or performed and such failure shall continue for a period of thirty (30) days after notice from the Mortgagee or the Master Trustee, as may be applicable, is given to the Mortgagor; provided, that, if by reason of the nature of such default the same can be remedied, but not within said 30-day period, then no Event of Default shall be deemed to exist hereunder so long as the Mortgagor shall have promptly commenced, and shall proceed with reasonable diligence, after receipt of said notice to cure the same; provided, however, in any event such failure must be remedied within ninety (90) days after receipt by the Mortgagor of the notice referred to above.

(d) The Mortgagor shall create, grant or suffer to exist any other mortgage covering the Mortgaged Property or any part thereof which is not expressly permitted by this Mortgage, whether it be superior or inferior to the lien of this Mortgage.

(e) The occurrence of any default beyond any applicable notice and cure period, or the occurrence of an Event of Default, under the Master Indenture, or any other Project Document.

(f) The Mortgagor shall conceal, remove or permit to be concealed or removed all or any part of its Mortgaged Property with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Mortgaged Property which is fraudulent under any bankruptcy, fraudulent conveyance or similar law, or make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid, or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Mortgaged Property through legal proceedings or distraint which is not vacated within sixty (60) days from the date thereof.

(g) Any warranty, representation or other statement made or given by or on behalf of the Mortgagor contained in this Mortgage, the Master Indenture, or any other Financing Document is or proves to be false, misleading or incorrect in any material respect as of the date when made.

ARTICLE XII

REMEDIES

SECTION 12.01. Available Actions. Upon the occurrence of an Event of Default hereunder, the Mortgagee may, but shall not be obligated to, in addition to any other rights or remedies available to it hereunder, at law, in equity or elsewhere, take such action, without notice, presentment, protest or demand (all of which are hereby waived), with or without entry or taking possession of the Mortgaged Property, as it deems advisable in its sole discretion to protect and enforce its rights against the Mortgagor in and to the Mortgaged Property, including, without limitation, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine, in its sole discretion, 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, designees or attorneys, and dispossess the Mortgagor and its employees, agents, tenants, subtenants and licensees therefrom, and thereupon the Mortgagee may:

(i) complete any construction, equipping, repairing, renovation, restoring and/or rebuilding of the Facility in such manner and form as the Mortgagee deems advisable;

(ii) make such alterations, additions and other improvements to or in respect of the Project as may be necessary or desirable to protect the Mortgagee's interest in the Mortgaged Property;

(iii) 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; and

(iv) exercise all rights and powers of the Mortgagor with respect to the Mortgaged Property as may be necessary or desirable to protect the Mortgagee's interest in the Mortgaged Property, whether in the name of the Mortgagor or otherwise, including the right to evict tenants, subtenants, licensees and other occupants of the Mortgaged Property, including the Mortgagor.

(b) with or without entry into or upon the Mortgaged Property, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage in respect of the portion of the Obligations and/or the Mortgage Indebtedness then due and payable, subject to the continuing lien of this Mortgage in respect of the balance of the Obligations and/or the Mortgage Indebtedness not then due and payable;

(c) without entry, institute proceedings to foreclose the lien of this Mortgage against all or, from time to time, 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 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, in each case of the Mortgagor;

(d) sell, assign or transfer the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of the Mortgagor and/or the Mortgagor therein and right of redemption thereof pursuant to the 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) declare the whole of the Mortgage Indebtedness immediately due and payable, whereupon the same shall become and be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Mortgagor, anything in this Mortgage, the Master Indenture or any other Financing Document to the contrary notwithstanding. In such event, there shall be due and payable the total amount of the Mortgage Indebtedness plus all accrued but unpaid interest thereon and all interest which will accrue thereon to the date of payment, together with any premium payable thereon;

(f) the Mortgagor, upon demand of the Mortgagee, shall forthwith surrender the possession of, and it shall be lawful for the Mortgagee, by such officer or agent as it may appoint, to take possession of, all or any part of the Mortgaged Property, together with the books, papers and accounts of the Mortgagor pertaining thereto, and to hold, operate and manage the same, and from time to time to make all needed repairs and improvements as the Mortgagee shall deem wise, the Mortgagee may sell the Mortgaged Property or any part thereof, or lease the Mortgaged Property or any part thereof in the name and for the account of the Mortgagor, collect, receive and sequester the rents, revenues, earnings, income, products and profits therefrom, and

pay out of the same all proper costs and expenses of taking, holding, leasing, selling and managing the Mortgaged Property, including reasonable compensation to the Mortgagee and its agents and counsel, and any charges of the Mortgagee hereunder, and any taxes and other charges prior to the Lien of this Mortgage which the Mortgagee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the Master Indenture;

(g) sue for, enforce payment of and receive any amounts due or becoming due from the Mortgagor for principal, premium, interest or otherwise under any of the provisions of this Mortgage, the Master Indenture or the other Financing Documents, without prejudice to any other right or remedy of the Mortgagee. The Mortgagee may take any action permitted at law or in equity, without notice or demand, as it deems advisable to protect and enforce its rights against the Mortgagor and the Mortgaged Property;

(h) the Mortgagee shall be entitled, as a matter of right, without notice and without regard to the adequacy of any security for the debt secured hereby, to the appointment of a receiver or receivers of the Mortgaged Property and of the revenues and receipts thereof, pending the conclusion of such proceedings and any appeal therefrom, with such powers as the court making such appointment shall confer. The receiver shall be entitled to occupational rent from an owner/occupant and may upon non-payment of said rent evict the owner/occupant, and the proceeds derived by the receiver shall be applied in accordance with the Master Indenture;

(i) take all actions and exercise all rights and remedies permitted under the UCC;

(j) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein; and/or pursue such other rights and remedies as the Mortgagee may have under at law or in equity; or

(k) The Mortgagee shall have the right to recover judgment on the Series 2025 Obligation either before, during or after any proceedings for the enforcement of this Mortgage, the Master Indenture or the other Financing Documents.

SECTION 12.02. Recovery of Costs. Mortgagee shall be entitled to collect all costs and expenses allowed by New York law, including attorneys' fees, costs of documentary evidence, abstracts, title reports, statutory costs and any additional allowance made pursuant to Section 8303 of the Civil Practice Law and Rules. The rights and remedies of Mortgagee specified in this Mortgage shall be in addition to Mortgagee's rights and remedies under New York law, specifically including Sections 254, 271, 272 and 291f of the Real Property Law. In the event of any conflict between the provision of this Mortgage and the provisions of Section 254 of the Real Property Law, the provisions of this Mortgage shall control.

SECTION 12.03. Waiver and Non-Waiver of Event of Default.

(a) The Mortgagee may, in its discretion, agree to waive any Event of Default hereunder and its consequences and annul any acceleration in accordance with Section 12.01(e) hereof. No such waiver shall extend to or affect any other existing or any subsequent Event of Default.

(b) The failure of the Mortgagee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. The Mortgagor shall not be relieved of its obligations hereunder by reason of (1) the release, regardless of consideration, of the whole or any part of the Mortgaged Property; or (2) any agreement or stipulation by the Mortgagee or the Master Trustee, as the case may be, extending the time of payment or otherwise modifying or supplementing the terms of this Mortgage, the Master Indenture or any of the other Financing Documents. The Mortgagee may resort for the payment of the Mortgage Indebtedness to any other security held by the Mortgagee pursuant to the Master Indenture in such order and manner as the Mortgagee, in its discretion, may elect. The Mortgagee may take action to recover the Mortgage Indebtedness, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of the Mortgagee thereafter to foreclose this Mortgage. The rights of the Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of the Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. No waiver of any right of the Mortgagee shall be effective unless it is in a writing signed by an officer of the Mortgagee.

SECTION 12.04. Waiver of Extension and Moratorium. Notwithstanding anything herein contained to the contrary, to the extent permitted by law, the Mortgagor and anyone claiming through or under the Mortgagor (1) will not (i) 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, a statute of limitation, a notice of intention to declare due the entire Obligation, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, (ii) claim, take or insist upon any benefit or advantage of any law now or hereafter in force 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 provision hereof, or pursuant to the decree, judgment or order of any court of competent jurisdiction, or (iii) after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the Mortgaged Property so sold or any part thereof; (2) hereby expressly waive all benefit or advantage of any such law or laws; and (3) covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any foreclosure hereof.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Special Obligation. Notwithstanding any other term or condition contained in this Mortgage, no order or decree of specific performance with respect to any of the obligations of the Mortgagee hereunder shall be sought or enforced against the Mortgagee unless the party seeking such order or decree shall first have requested the Mortgagee in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Mortgagee shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than

ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period. If the Mortgagee refuses to comply with such request and the Mortgagee's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree may, at its option, place in an account with the Mortgagee an amount, as determined by the Mortgagee in its sole discretion, or undertaking sufficient to cover such fees and expenses whereupon the Mortgagee shall agree to comply with such request. If the Mortgagee refuses to comply with such request and the Mortgagee's refusal to comply is based on its reasonable expectation that it or any of its members, officers, directors, servants, agents or employees shall be subject to potential liability, the party seeking such order or decree may, at its option, (i) agree to protect, defend, indemnify and hold harmless the Mortgagee and its members, officers, directors, servants, agents and employees against any liability incurred as a result of its compliance with such request, and (ii) if requested by the Mortgagee, furnish to the Mortgagee reasonably satisfactory security, as determined by the Mortgagee in its sole discretion, to protect the Mortgagee and its members, officers, directors, servants, agents and employees against all liability reasonably expected to be incurred as a result of compliance with such request, whereupon the Mortgagee shall agree to comply with such request. This agreement on the part of the Mortgagee shall not be construed in any way so as to affect or impair the lien of this Mortgage or the Mortgagee's right to foreclose hereunder as provided by law or construed in any way so as to limit or restrict any of the rights or remedies of the Mortgagee in any foreclosure proceedings.

ARTICLE XIV

FORECLOSURE

SECTION 14.01. Sale of Mortgaged Property. In the 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, in its sole and absolute discretion, may elect, subject to and in accordance with the terms and provisions of the law of the State of New York, including without limitation, Article 14 of the New York Real Property Actions and Proceedings Law (the "**RPAPL**").

SECTION 14.02. Adjournment. The Mortgagee may adjourn from time to time any foreclosure sale to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales and, except as otherwise provided by any applicable provision of law, the Mortgagee, without further notice or publication, may prosecute such sale in court at the time and place to which the same shall be so adjourned as the same may be so ordered.

SECTION 14.03. Delivery of Deed. Upon the completion of any foreclosure sale, an officer of any court empowered to do so shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, granting, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold.

SECTION 14.04. Mortgagee May Buy. Upon any sale made under or by virtue of the foreclosure of this Mortgage, the Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the Mortgage Indebtedness the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums that the Mortgagee is entitled to receive under the Mortgage Indebtedness, together with interest and late charges thereon.

SECTION 14.05. No Impact on Lien. No recovery of any judgment by the Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of the Mortgagor shall affect in any manner or to any extent the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of the Mortgagee hereunder, but such liens, rights, powers and remedies of the Mortgagee shall continue unimpaired, unless and until all Obligations are paid in full.

SECTION 14.06. Application of Proceeds. The proceeds of any sale made under or by virtue of this Article XIV shall be applied as follows:

First: To payment of the reasonable costs and expenses of any such sale, including reasonable out-of-pocket costs of the Mortgagee, its agents and counsel, and of any judicial proceedings wherein the same may be made;

Second: To the payment of the Mortgage Indebtedness, together with interest and late charges thereon;

Third: To the payment of any and all other sums secured by this Mortgage; and

Fourth: The surplus, if any, to the Mortgagor or to such other Person or Persons as may be lawfully entitled to receive the same.

SECTION 14.07. No Extinguishment. One or more exercises of the powers herein granted shall neither extinguish nor exhaust such powers until all of the Mortgaged Property is sold or the Obligations and the Mortgage Indebtedness secured hereby are paid in full or otherwise provided for in accordance with their terms.

ARTICLE XV

NO MERGER

SECTION 15.01. No Merger. It is the intention of the parties to this Mortgage that if the Mortgagee shall now or 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 and the Mortgage Indebtedness and all interest and late charges thereon have been paid in full or otherwise discharged or satisfied in accordance with their terms, the interest of the Mortgagee hereunder and the lien created by this Mortgage shall not merge or become merged in or with the estate and interest of the Mortgagee as the holder 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 lien 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 Mortgagee, and the same shall be considered as granted, released, assigned, transferred, pledged, conveyed and set over to the Mortgagee, and this Mortgage shall be 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, that the Mortgagor shall pay any and all transfer, recording or other taxes in connection therewith.

ARTICLE XVI

NON-IMPAIRMENT

SECTION 16.01. Limitation. No provision of this Mortgage (a) is or shall be deemed to be a release or impairment of any of the Obligations and the Mortgage Indebtedness secured hereby, (b) shall require the Mortgagee to accept a part of the Mortgaged Property (as distinguished from its entirety) as payment of any of the Obligations and the Mortgage Indebtedness secured hereby, or (c) shall compel the Mortgagee to accept or allow any apportionment of any of the Obligations and the Mortgage Indebtedness secured hereby to or among any separate parts of the Mortgaged Property.

ARTICLE XVII

NO RIGHT OR REMEDY EXCLUSIVE

SECTION 17.01. No Exclusive Remedy. No right or remedy conferred upon or reserved to the Mortgagee hereunder is or shall be deemed to be exclusive of any other available rights or remedies, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Mortgage, the Master Indenture or under any other Financing Document or now or hereafter existing at law or in equity. Each such right or remedy shall be distinct, separate and cumulative, shall not be deemed to be inconsistent with or in exclusion of any other available rights or remedies, may, to the fullest extent permitted by applicable law, 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 right or remedy given the Mortgagee under this Mortgage, the Master Indenture or under any other Financing Document or now or hereafter existing at law or in equity. Without limiting the generality of the foregoing, the Mortgagee shall have the right to exercise any available remedy provided hereunder to recover any amount due and payable hereunder without regard to whether any other amount is due and payable hereunder, and without prejudice to the Mortgagee to exercise any available remedy provided hereunder for other Events of Default existing hereunder at the time the earlier action was commenced. In order to entitle the Mortgagee to exercise any remedy reserved to it in Article XII, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Mortgage.

ARTICLE XVIII

DELAY NOT TO CONSTITUTE WAIVER

SECTION 18.01. No Waiver. Any delay, omission or failure by the Mortgagee to insist upon the strict performance by the Mortgagor of any of the covenants, conditions and agreements herein set forth to be performed by it or to exercise any right or remedy available to the Mortgagee upon the occurrence and during the continuation of any 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 compliance by the Mortgagor with all of the covenants, conditions and agreements herein to be performed by the Mortgagor, or of the right to exercise any such rights or remedies if such Event of Default be continued or repeated. Any forbearance to exercise any right or remedy of the Mortgagee or any withdrawal or abandonment of the Mortgagee of any of its rights or remedies in any one circumstance shall not be construed as a waiver of any rights or remedies 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. To the extent permitted by applicable law, the election of one or more rights or 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 shall bind the Mortgagor and its successors and permitted assigns and shall inure to the benefit of the Mortgagee and its successors and assigns.

ARTICLE XIX

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 Mortgagor, the Mortgagee and the Mortgagee 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.

ARTICLE XX

MARSHALING

To the fullest extent permitted by applicable law, the Mortgagor waives and releases any right to have the Mortgaged Property marshaled, or to a sale in inverse order of alienation upon any foreclosure thereof.

ARTICLE XXI

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 that the Mortgagee, in its discretion, reasonably determines to be brought to preserve and protect the lien of this Mortgage. The Mortgagee shall further have the right, from time to time, to sue to collect any sums required to be paid under the terms of this Mortgage, as the same become due, without regard to whether or not any other sums secured by this Mortgage shall then be due and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure or any other action by reason of the occurrence of any Event of Default hereunder at the time such earlier action was commenced.

ARTICLE XXII

WAIVERS AND AGREEMENTS REGARDING REMEDIES

To the fullest extent permitted by applicable law, the Mortgagor:

(a) agrees that the Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any laws now or hereafter in force providing for any appraisal or appraisement, valuation, stay, extension or redemption, and waives and releases all rights of redemption, valuation, appraisal or appraisement, stay of execution, extension and notice of election to accelerate or declare due the whole of the Obligations and the Mortgage Indebtedness;

(b) waives any right to bring or utilize any defense (including, without limitation, any equitable defense), counterclaim or setoff, other than one brought in good faith, which denies the existence or sufficiency of the facts upon which the foreclosure action is grounded or which is based on the Mortgagee's wrongful actions. If any defense (including, without limitation, any equitable defense), counterclaim or setoff (other than one permitted by the preceding sentence) is raised by the Mortgagor in such foreclosure action, such defense, counterclaim or setoff shall be dismissed. If such defense, counterclaim or setoff is based on a claim which could be tried in an action for money damages, the foregoing waiver shall not bar a separate action for such damage (unless such claim is required by law or applicable rules of procedure to be pleaded in or consolidated with the action initiated by the Mortgagee), but such separate action shall not thereafter be consolidated with the Mortgagee's foreclosure action. The bringing of such separate action for money damages shall not be deemed to afford any grounds for staying the Mortgagee's foreclosure action;

(c) waives and relinquishes any and all rights and remedies which the Mortgagor may have or be able to assert by reason of the provisions of any laws pertaining to the rights and remedies of sureties; and

(d) waives the defense of laches and any applicable statutes of limitation.

ARTICLE XXIII

ATTORNEYS' FEES AND OTHER COSTS

The Mortgagor agrees to bear all costs, fees and expenses, including court costs and reasonable attorneys' fees and disbursements for legal services of or incidental to the enforcement of any provisions hereof, or enforcement, compromise or settlement of any of the Mortgage Indebtedness, or for the curing of any Event of Default hereunder, or defending or asserting the rights and claims of the Mortgagee in respect thereof, by litigation or otherwise, and, upon demand therefor, will pay to the Mortgagee any such expenses incurred, and such expenses shall be deemed part of the Mortgage Indebtedness secured by this Mortgage, and from the date due shall be collectible in like manner as the Mortgage Indebtedness secured by this Mortgage and, until so paid, shall bear interest at the Default Rate.

ARTICLE XXIV

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.

ARTICLE XXV

NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER

In the event any covenant or agreement contained in this Mortgage shall be breached by the Mortgagor or the Mortgagee 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 among any of the Mortgagee, the Mortgagor, the Mortgagee and/or any other Person or any delay or omission on the part of the Mortgagee in exercising any rights or remedies hereunder shall operate as a waiver.

ARTICLE XXVI

WAIVER OF NOTICE

The Mortgagor shall not be entitled to any notices of any nature whatsoever under this Mortgage 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 Mortgagor, and, except as otherwise provided by applicable law, the Mortgagor 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 XXVII

ASSIGNMENT OF LEASES AND RENTS

SECTION 27.01. Assignment of Leases and Rents. The Mortgagor hereby assigns to the Mortgagee the rents, issues and profits of the Mortgaged Property as further security for the payment of the Mortgage Indebtedness, and the Mortgagor grants to the Mortgagee the right to enter upon and take possession of the Mortgaged Property for the purpose of collecting the same and to let the Mortgaged Property or any part thereof, and to apply the rents, issues and profits, after payment of all necessary charges and expenses on account of the Mortgage Indebtedness. This assignment and grant shall continue in effect until the Mortgage Indebtedness is paid. The Mortgagee hereby waives the right to enter upon and to take possession of the Mortgaged Property for the purpose of collecting said rents, issues and profits, and the Mortgagor shall be entitled to collect and receive said rents, issues and profits and apply same in payment of the amounts becoming due on the Mortgage Indebtedness and operating expenses related to the Mortgaged Property until the occurrence of an Event of Default hereunder. The Mortgagor will not, without the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld, receive or collect rent from any tenant of the Mortgaged Property or any part thereof for a period of more than one month in advance of the due date therefor. Upon the occurrence of an Event of Default hereunder, the Mortgagor shall pay monthly in advance to the Mortgagee or any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupancy of the Mortgaged Property or of such part thereof as may be in the possession of the Mortgagor, and upon default may be evicted by summary proceedings.

SECTION 27.02. Lease Requirements. The Mortgagor shall not, without prior written consent of the Mortgagee, which consent shall not be unreasonably withheld, make or suffer to be made any leases, cancel or modify any leases, accept prepayments of installments of rent more than one month in advance of the due date therefor, or further assign the whole or any part of the rents. No lease or contract 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 lessees of the Mortgaged Property as set forth in Section 291-f of the Real Property Law of the State. 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 Mortgagor and any tenant shall, at the Mortgagee's option, furnish the Mortgagee with an estoppel and attornment letter as to the leases in form and substance reasonably acceptable to the Mortgagee. The Mortgagor shall observe and comply with all of its obligations as lessor under any lease, license or occupancy agreement, shall promptly notify the Mortgagee if Mortgagor receives any default notice thereunder and forward a copy of the default notice to the Mortgagee, and enforce any default thereunder by a tenant under a lease, license or occupancy agreement. Nothing contained in this Mortgage shall be deemed to impose upon the Mortgagee any of the obligations under any lease, license or occupancy agreement with respect to the Mortgaged Property.

ARTICLE XXVIII

USURY

SECTION 28.01. Usury. Notwithstanding anything to the contrary contained in this Mortgage, in no event shall the aggregate amount of all charges payable hereunder, under the Master Indenture and/or under any of the Financing Documents which are or could be held to be in the nature of interest exceed the maximum rate permitted to be charged under applicable law. Should the Mortgagee receive any payment which is or would be in excess of that permitted to be charged under any applicable law, such payment shall have been, and shall be deemed to have been, made in error and shall automatically be applied to reduce the Mortgage Indebtedness.

ARTICLE XXIX

NOTICES

SECTION 29.01. Notice Address. Except as otherwise provided herein, any notice, certificate, request or other communication required to be given by or under this Mortgage shall be deemed to have been sufficiently given or filed for all purposes of this Mortgage if and when delivered or sent by registered or certified mail, return receipt requested, postage prepaid:

To the Mortgagor:	With Copy to:
Riverhead Charter School 3685 Middle Country Road Calverton, NY 11933 Attention: Board President Email: rcsboard@rcsli.org EIN number 11-3533719	Keane & Beane P.C. 445 Hamilton Avenue, Suite 1500 White Plains, New York 10601 Attention: Sharon N. Berlin, Esq. Email: sberlin@kblaw.com and Riverhead Charter School 3685 Middle Country Road Calverton, New York 11933 Attention: Nicola Graham, Chief Financial Officer Email: ngraham@rcsli.org
To the Mortgagee:	With Copy to:
Riverhead IDA Economic Job Development Corporation 4 West Second Street Riverhead, New York 11901 Attention: Chief Financial Officer Email: director@riverheadida.org	Terance V. Walsh, Esq. Nixon Peabody LLP 1300 Clinton Square Rochester, New York 14604 Email: twalsh@nixonpeabody.com

Copies of all notices, demands and other communication required or permitted to be given or made pursuant to the terms hereof shall also be sent to the offices of U.S. Bank Trust Company, National Association, as Master Trustee, 100 Wall Street, Suite 600, New York, New York 10005, Attention: Corporate Trust Services.

The Mortgagor and the Mortgagee may, by like notice, designate any further or different addresses to which subsequent notices, certificates, requests or other communications hereunder shall be sent. Any notice, request, or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given as of the date it shall have been received (or if delivery is refused, the date of such refusal).

ARTICLE XXX

MORTGAGE FOR BENEFIT OF MORTGAGOR AND MORTGAGEE

The covenants and agreements contained in this Mortgage (including all indemnities set forth herein) shall run with the Mortgaged Property and bind the Mortgagor and its successors and permitted assigns and each Person constituting the Mortgagor, and shall inure solely to the benefit of the Mortgagor and the Mortgagee, their respective successors and assigns, and to no other Persons, and shall survive the foreclosure of this Mortgage.

ARTICLE XXXI

AMENDMENTS AND MODIFICATIONS

This Mortgage shall be amended, modified or supplemented only by a written agreement executed by the Mortgagor and the Mortgagee.

ARTICLE XXXII

GOVERNING LAW

This Mortgage shall be governed by, and construed in accordance with, the laws of the State, without reference to any conflicts of law provisions thereof, except Sections 5-1401 and 5-1402 of the General Obligations Law of the State.

ARTICLE XXXIII

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 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.

ARTICLE XXXIV

SEVERABILITY

If any provision of this Mortgage shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions hereof.

ARTICLE XXXV

CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

SECTION 35.01. Jurisdiction. Mortgagor and, by its acceptance of this Mortgage, Mortgagee hereby agree that all actions or proceedings arising directly or indirectly out of this Mortgage shall be litigated in the Supreme Court of the State of New York, Suffolk County, or the United States District Court for the Eastern District of New York. Mortgagor and, by its acceptance of this Mortgage, Mortgagee hereby expressly submit and consent in advance to such jurisdiction and waive any claim that Suffolk County, New York or the Eastern District of New York is an inconvenient forum or an improper forum based on improper venue. Mortgagor and, by its acceptance of this Mortgage, Mortgagee hereby agree to service of process by certified mail, return receipt requested, postage prepaid, addressed to it as set forth in Article XXIX of this Mortgage. Mortgagor and, by its acceptance of this Mortgage, Mortgagee hereby agree not to institute suit arising out of this Mortgage against the other party hereto in a court in any jurisdiction, except as stated above, without the consent of the other party. Mortgagor and, by its acceptance of this Mortgage, Mortgagee hereby agree that a true, correct and complete copy of this Mortgage kept in Mortgagor's or Mortgagee's course of business may be admitted into evidence as an original.

SECTION 35.02. Waiver Of Jury Trial. MORTGAGOR, BY EXECUTING THIS MORTGAGE, AND MORTGAGEE, BY ITS ACCEPTANCE OF THIS MORTGAGE, HEREBY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY ACTION, WHETHER ARISING IN CONTRACT OR TORT, BY STATUTE OR OTHERWISE, IN ANY WAY RELATED TO THIS MORTGAGE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR MORTGAGOR TO EXECUTE AND FOR MORTGAGEE TO ACCEPT THIS MORTGAGE, AND NO WAIVER OR LIMITATION OF ANY OF THEIR RIGHTS UNDER THIS SECTION 35.02 SHALL BE EFFECTIVE UNLESS IN WRITING AND SIGNED BY THE PARTY TO BE CHARGED. MORTGAGOR AND, BY ITS ACCEPTANCE OF THIS MORTGAGE, MORTGAGEE AGREE THAT THE OTHER PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 35.02 WITH ANY COURT AS WRITTEN EVIDENCE OF THIS WAIVER OF THE RIGHT TO TRIAL BY JURY. MORTGAGOR AND, BY ITS ACCEPTANCE OF THIS MORTGAGE, MORTGAGEE ACKNOWLEDGE THAT THIS SECTION 35.02 HAS BEEN EXPRESSLY BARGAINED FOR BY MORTGAGOR AND MORTGAGEE AND THAT, BUT FOR THEIR AGREEMENT, AS SET FORTH IN THIS SECTION 35.02, MORTGAGOR WOULD NOT HAVE EXECUTED AND MORTGAGEE WOULD NOT HAVE ACCEPTED THIS MORTGAGE.

ARTICLE XXXVI

LIEN LAW COVENANT

This Mortgage is made subject to the trust fund provisions of Section 13 of the Lien Law of the State. Mortgagor covenants that it shall receive all monies and advances secured by this Mortgage 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 improvement before using any part of the same for any other purpose.

ARTICLE XXXVII

RELATIONSHIP; NATURE OF DOCUMENTS

Nothing contained in this Mortgage or any other instrument now or hereafter executed and delivered in connection herewith or otherwise in connection with this transaction shall in any event or under any circumstance be construed as creating a partnership, joint venture, tenancy in common, joint tenancy or other similar relationship of any nature whatsoever between the Mortgagor or between the Mortgagor and the Mortgagee.

ARTICLE XXXVIII

CONDEMNATION AND INSURANCE PROCEEDS

Mortgagor shall give Mortgagee prompt written notice of any casualty or other damage to the Mortgaged Property or any proceeding for the taking of the Mortgaged Property or any portion thereof or interest therein under power of eminent domain or by condemnation or any similar proceeding. Any Proceeds received by or on behalf of the Mortgagor in respect of any such casualty, damage, condemnation and/or taking shall be applied in accordance with the Master Indenture.

ARTICLE XXXIX

DISCHARGE

Upon the indefeasible payment in full of the Mortgage Indebtedness and all other sums secured by, and the performance and observance in all respects of all of the terms, provisions, covenants and agreements by Mortgagor under, this Mortgage, the Master Indenture and the other Financing Documents, including, without limitation, payments of all amounts owed under all indemnification provisions, the Mortgagee, at the request and the expense of the Mortgagor, shall promptly execute and deliver to the Mortgagor, in respect of this Mortgage, a satisfaction of mortgage suitable for recording in the Suffolk County Clerk's Office, together with such other documents as may be reasonably requested by the Mortgagor to evidence the satisfaction and discharge of this Mortgage.

[NO FURTHER TEXT ON THIS PAGE; SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Mortgage has been duly executed and delivered to Mortgagee by Mortgagor as of day and year first written above.

RIVERHEAD CHARTER SCHOOL

By: _____
Name:
Title:

STATE OF NEW YORK)
)
COUNTY OF SUFFOLK) SS.:

On the ____ day of _____, in the year 2025 before me, the undersigned, personally appeared _____, 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/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

SCHEDULE A

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING AT CALVERTON, TOWN OF RIVERHEAD, COUNTY OF SUFFOLK AND STATE OF NEW YORK BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY SIDE OF MIDDLE COUNTRY ROAD (NYS ROUTE 25) DISTANT THE FOLLOWING TWO COURSES AND

DISTANCES FROM THE CORNER FORMED BY THE INTERSECTION OF THE SOUTHERLY SIDE OF MIDDLE COUNTRY ROAD (NYS ROUTE 25) AND THE EASTERLY SIDE OF EDWARDS AVENUE:

1. SOUTH 67° 16' 00" EAST 342.77 FEET;
2. SOUTH 75° 04' 00" EAST 163.37 FEET;

RUNNING THENCE ALONG THE SOUTHERLY SIDE OF MIDDLE COUNTRY ROAD (NYS ROUTE 25) SOUTH 75° 04' 00" EAST 86.08 FEET;

THENCE STILL ALONG THE SOUTHERLY SIDE OF MIDDLE COUNTRY ROAD (NYS ROUTE 25) SOUTH 72° 28' 00" EAST 345.50 FEET TO A POINT;

THENCE SOUTH 05° 36' 20" WEST 785.47 FEET;

THENCE NORTH 87° 50' 00" WEST 265.00 FEET TO A POINT;

THENCE THE FOLLOWING FIVE COURSES AND DISTANCES:

- (1) NORTH 02° 10' 00" EAST 41.87 FEET;
- (2) NORTH 04° 45' 00" EAST 107.00 FEET;
- (3) NORTH 06° 24' 00" EAST 105.30 FEET;
- (4) NORTH 04° 45' 00" EAST 126.00 FEET;
- (5) NORTH 07° 20' 00" EAST 222.00 FEET;

THENCE THE FOLLOWING TWO COURSES AND DISTANCES:

1. NORTH 77° 10' 00" WEST 165.70 FEET;
2. NORTH 06° 24' 30" EAST 263.95 FEET TO THE SOUTHERLY SIDE OF MIDDLE COUNTRY ROAD (NYS ROUTE 25) AT THE POINT OR PLACE OF BEGINNING.

Property Address: 3685 Middle Country Road, Calverton, Suffolk County, New York

Tax Map No. 0600-099.00-02.00-009.001

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of July 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and between Riverhead Charter School, a New York nonprofit education corporation (the “Institution”), and U.S. Bank Trust Company, National Association, as dissemination agent, New York, New York (the “Dissemination Agent”), in connection with the issuance by the Riverhead IDA Economic Job Development Corporation (the “Issuer”) of its Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025 (the “Series 2025 Bonds”), in the original aggregate principal amount of \$ _____. The Series 2025 Bonds are being issued by the Issuer pursuant to (i) a resolution of the governing body of the Issuer, and (ii) an Indenture of Trust, dated as of July 1, 2025 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Capitalized terms used but not otherwise defined in this Disclosure Agreement shall have the meanings assigned thereto in the Indenture.

Section 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Institution for the benefit of the Registered Owners, as maintained in the register of the Trustee, of the Series 2025 Bonds (for such purpose Beneficial Owners of the Series 2025 Bonds shall also be considered Registered Owners of the Series 2025 Bonds) and to assist Roosevelt & Cross, Incorporated, New York, New York (the “Underwriter”), in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the “Rule”).

Section 2. Defined Terms.

“Annual Report” means the financial information and operating data required to be transferred by the Institution to the Dissemination Agent pursuant to the Section 3(a)(1) of this Disclosure Agreement.

“Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Series 2025 Bonds for federal income tax purposes.

“Disclosure Report” means any of the Annual Reports, Quarterly Reports, or Operations Reports required by this Disclosure Agreement.

“Dissemination Agent” initially means U.S. Bank Trust Company, National Association, as dissemination agent under this Disclosure Agreement, and its successors and assigns.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

“Events Notices” means the notices required to be given by the Institution pursuant to Section 5 of this Disclosure Agreement.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” means those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Commencement Date, so as to properly reflect the financial position of the 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.

“Indenture” means the Indenture of Trust, dated as of July 1, 2025, between the Issuer and the Trustee.

“Institution” means Riverhead Charter School, a New York nonprofit education corporation and its successors and assigns.

“Institution’s Audited Financial Statements” means the Institution’s annual financial statements, prepared in accordance with GAAP.

“Institution’s Disclosure Representative” means the Principal or Board President of the Institution or his designee or such other person as the Institution shall designate in writing to the Trustee or Dissemination Agent from time to time.

“Institution’s Fiscal Year” means the fiscal year of the Institution, presently beginning on July 1 of each calendar year and ending on the following June 30th.

“Issuer” means Riverhead IDA Economic Job Development Corporation and its successors and assigns.

“Loan Agreement” means the Loan Agreement, dated as of July 1, 2025, between the Issuer and the Institution.

“MSRB” means the Municipal Securities Rulemaking Board, located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, and its successors and assigns.

“Majority Holder” means a Beneficial Owner of at least a majority in aggregate principal amount of the Series 2025 Bonds outstanding.

“Official Statement” means the Official Statement, dated June [], 2025, relating to the Series 2025 Bonds.

“Participating Underwriter” means the Underwriter, as original purchaser of the Series 2025 Bonds, and its successors and assigns.

“Quarterly Report” means the financial information and operating data required to be transferred by the Institution to the Dissemination Agent pursuant to the Section 3(a)(2) of this Disclosure Agreement.

“Registered Owner” means a holder of the Series 2025 Bonds whose name is maintained in the registration books of the Trustee, as Bond Registrar.

“Repository” means EMMA and any successor thereto.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

“SEC” means the Securities and Exchange Commission and its successors and assigns. “Series 2025 Bonds” means the Issuer’s Series 2025 Bonds.

“Series 2025 Bonds” means the Issuer’s Educational Revenue Bonds (Riverhead Charter School Project), Series 2025 (Tax-Exempt Bonds) issued in the original aggregate principal amount of \$_____.

“Trustee” means U.S. Bank Trust Company, National Association and its successors and assigns. “Underwriter” means Raymond James & Associates, Inc., and its successors and assigns.

Section 3. Provision of Annual Reports, Quarterly Reports and Conference Calls.

(a) (1) Annual Reports. Not later than the subsequent December 31 after the end of the Institution’s fiscal year (or, should there be a change in the Institution’s fiscal year, not later than the last day of the sixth month after the end of the Institution’s fiscal year), commencing with the fiscal year ended June 30, 2025, the Institution shall provide to the Repository (or shall cause the Dissemination Agent to provide to the Repository), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Institution’s Audited Financial Statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The Institution may change its current fiscal year, but must notify the Issuer and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year or the end of the fiscal year that occurs before the former fiscal year would have ended.

(2) Quarterly Reports. On or before February 15, May 15, August 15 and November 15 of each fiscal year (each a “Quarterly Submission Date”), commencing on November 15, 2025, the Institution shall provide to the Repository (or shall cause the Dissemination Agent to provide to the Repository), certain financial and operating information relating to the Institution as specified in Section 4(b) hereof (the “Quarterly Reports”). In each case, the Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(3) Conference Calls. The Institution shall hold a conference call with the Beneficial Owners only if requested by a Majority Holder. Upon request of any Majority Holder, such conference call shall take place within forty-five (45) days of such request. Notice of the conference call shall be sent to the Repository at least three (3) Business Days prior to the occurrence of the call. Such call shall be recorded and instructions for accessing such recording shall be filed with the Repository for at least a 30-day period following occurrence of the call.

(b) If the Institution does not provide to the Dissemination Agent a copy of the Disclosure Report by the applicable dates required in Section 3(a) above, the Dissemination Agent shall send a notice to the Institution and the Repository. In the event that the Institution files the Disclosure Reports directly with the Repository on or before the dates required in Section 3(a) above, the Institution shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Disclosure Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

(c) The Dissemination Agent shall, provided the Annual Report has been provided to the Dissemination Agent by the Institution, file a report with the Institution and the Trustee that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports and Quarterly Reports.

(a) Annual Reports. The Annual Report shall contain or include by reference the Institution's Audited Financial Statements for the prior fiscal year, prepared in accordance with GAAP as promulgated from time to time. If the Institution's Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain financial statements that have not been reviewed in a format similar to the Institution's Audited Financial Statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the Institution's Audited Financial Statements, the Annual Report shall also include a certificate substantially in the form attached hereto as Exhibit A that provides certain Institution data and demonstrates the Institution's compliance with certain operating covenants contained in the Loan Agreement.

(b) Quarterly Reports. The Quarterly Report shall contain:

(i) Quarterly Unaudited Financials. Unaudited financial statements of the Institution for such fiscal quarter consisting of at least a statement of financial position as of the end of such quarter and a year-to-date statement of activities for such fiscal quarter, each prepared in accordance with the format typically provided to the Board of Trustees of the Institution. The Quarterly Report shall include a comparison of revenues and expenditures to budgeted revenues and expenditures;

(ii) Reports Provided to New York State Education Department: Copies of any reports on enrollment, headcount, membership, attendance and similar statistics with

respect to the Institution submitted by the Institution to the New York State Education Department during the previous calendar quarter; and

(iii) Authorizer Notices: Any notices or information from the Institution's authorizer (i.e., charter entity) concerning the status of the charter contract. Furthermore, the Institution shall cause the Dissemination Agent to post to EMMA any notice from the Institution's authorizer that has a material effect on the charter contract within ten (10) Business Days of receipt of said notice.

(c) Any or all of the Disclosure Reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Institution is to include in the next Disclosure Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Section 5. Listed Events. The Institution agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days, to the Repository or to any other filing system approved by the SEC, notice of the occurrence of any of the following events ("Events Notice") with respect to the Series 2025 Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Bonds, or other material events affecting the tax status of the Series 2025 Bonds;
- (g) Modifications to rights of Series 2025 Bond holders, if material;
- (h) Series 2025 Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the Series 2025 Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a Financial Obligation of the Institution, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Institution, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Institution, any of which reflect financial difficulties.

Each Events Notice shall be so captioned and shall prominently state the date, title and (to the extent less than all of the Series 2025 Bonds are affected by the related material event) CUSIP numbers of the affected Series 2025 Bonds. The Institution may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above.

Section 6. EMMA. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Institution or the Dissemination Agent shall make all filings required under this Disclosure Agreement solely with EMMA.

Section 7. Dissemination Agent. The Institution is appointing U.S. Bank Trust Company, National Association, as Dissemination Agent, to assist the Institution in disseminating information hereunder. The Institution shall send all Disclosure Reports required by Section 3 hereof, and Event Notices required by Section 5 hereof, to the Dissemination Agent. The Dissemination Agent shall, within five (5) Business Days of receipt of such Disclosure Report and within ten (10) Business Days of the occurrence of the events requiring an Events Notice, forward such information to the Repository and/or the MSRB or any other filing system approved by the SEC, as appropriate.

The Institution agrees to pay any reasonable costs incurred by the Dissemination Agent as a result of disseminating information to any requesting Registered or Beneficial Owners of the Series 2025 Bonds. The Institution may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials.

Section 8. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the Institution's obligation to provide the Disclosure Reports and any Events Notice, as set forth in this Disclosure Agreement, shall terminate if and when the Institution no longer remains an obligated person with respect to the Series 2025 Bonds, which shall occur upon either payment of

the Series 2025 Bonds in full or the legal defeasance of the Series 2025 Bonds in accordance with the Indenture.

Section 9. Enforceability and Remedies. This Disclosure Agreement is intended to be for the sole benefit of the Registered Owners of the Series 2025 Bonds (for such purpose Beneficial Owners of the Series 2025 Bonds shall also be considered Registered Owners of the Series 2025 Bonds), the Issuer, and the Underwriter and shall create no rights in any other person or entity.

This Disclosure Agreement shall be enforceable by or on behalf of any such Registered Owner of the Series 2025 Bonds, provided that the right of any Registered Owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Registered Owners representing at least 25% of the aggregate outstanding principal amount of the Series 2025 Bonds. This Disclosure Agreement is also enforceable on behalf of the Registered Owners of the Series 2025 Bonds by the Trustee, and the Trustee, upon the written direction of either (i) the Registered Owners of not less than 25% of the aggregate outstanding principal amount of the Series 2025 Bonds or (ii) the Underwriter, shall proceed to protect and enforce the rights of the Registered Owners of the Series 2025 Bonds pursuant to this Disclosure Agreement; provided that in all cases the Trustee shall be entitled to the indemnification and other provisions of the Indenture with regard to any actions. Prior to proceeding at the request or direction of the Underwriter, the Trustee may require the same types of indemnification and related protections from the Underwriter to which the Trustee would otherwise be entitled under the Indenture if so requested or directed by the Registered Owners under the terms of the Indenture. Any failure by the Institution to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Loan Agreement or the Indenture.

The Registered Owners' and the Trustee's rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Institution to perform the Institution's obligations under this Disclosure Agreement, and the Institution, its directors, officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section 9 entitles the Trustee or any other person to attorneys fees, financial damages of any sort or any other relief other than an order or injunction compelling performance; provided that the Trustee shall nevertheless be entitled to attorneys' fees and such other rights and amounts as provided in the Indenture.

Section 10. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Institution and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, without the consent of the Registered Owners but with the consent of the Trustee, under the following conditions:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Institution, or type of business conducted;

(b) This Disclosure Agreement, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interest of Registered Owners of the Series 2025 Bonds, as determined either by parties unaffiliated with the Institution (which shall include the Trustee or Bond Counsel, or any other party determined by any of them to be unaffiliated), or by approving vote of Registered Owners of the Series 2025 Bonds pursuant to the terms of the Indenture at the time of the amendment or waiver.

The Institution shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial Disclosure Reports provided by the Institution after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the Disclosure Reports, if any, being provided.

Section 11. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 12. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New York, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 13. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 14. Other Instruments. The Institution and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 15. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 16. Entire Agreement. This Disclosure Agreement contains the entire understanding between the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

Section 17. Misconduct. The Dissemination Agent may act through agents and shall not be responsible for the willful misconduct or gross negligence of any agent appointed with due care.

Section 18. Force Majeure. In no event shall the Dissemination Agent be responsible or liable for any failure or delay in the performance of any act or obligation hereunder arising out

of or caused by, directly or indirectly, force majeure events beyond its control, including without limitation, strikes, work stoppages, accidents, acts of war, other military disturbances or terrorism, earthquakes, fire, flood, sabotage, epidemics, riots, nuclear or natural catastrophes or acts of God, labor disputes, acts of civil or military authority and governmental action, or the unavailability of the Federal Reserve Board wire systems and interruptions, loss or malfunctions of utilities, communication facilities or computer (software and hardware) services; it being understood that the Dissemination Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 19. Actions, Suits or Proceedings. Each of the parties hereto hereby irrevocably agrees that any action, suit or proceeding against any of them by any of the aforementioned parties arising out of or in connection with this Disclosure Agreement shall be brought before the jurisdiction of any federal or state court of competent jurisdiction located in the Borough of Manhattan, New York City, New York.

Section 20. Waiver of Trial by Jury. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS DISCLOSURE AGREEMENT OR ANY MATTER ARISING HEREUNDER.

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IN WITNESS WHEREOF, we have set our hands as of the date set forth above.

RIVERHEAD CHARTER SCHOOL, a New
York nonprofit education corporation

By: _____
Its: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Dissemination Agent

By: _____
Its: _____

[Signature Page to the Riverhead Charter School Continuing Disclosure Agreement]

EXHIBIT A

FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN INSTITUTION OPERATING COVENANTS

Name of Issuer: Riverhead IDA Economic Job Development Corporation

Name of Bond Issue: Tax-Exempt Educational Revenue Refunding Bonds (Riverhead Charter School Project), Series 2025

Dissemination Agent: U.S. Bank Trust Company, National Association

Name of Institution: Riverhead Charter School

Date of Issuance: July [____], 2025

NOTICE IS HEREBY GIVEN that the Institution is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of July 1, 2025 (the “Disclosure Agreement”), between the Dissemination Agent and the Institution. The Disclosure Agreement requires that the Institution provide this information to the Dissemination Agent on or before December 31 following the end of each fiscal year (or, should there be a change in the Institution’s fiscal year, not later than the last day of the sixth month following the end of the Institution’s fiscal year). Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Disclosure Agreement or the Master Trust Indenture, dated as of July 1, 2025, between the Institution, as initial sole Member of the Obligated Group (as defined therein), and U.S. Bank Trust Company, National Association, as master trustee. The information contained in Section 1 below is unaudited, but is derived from the Institution’s Audited Financial Statements. The tables in Section 2 below have been prepared by the Institution.

1. As of the fiscal year ending June 30, 20__ (the “Fiscal Year”) the Institution’s:
 - (a) Days’ Cash on Hand was equal to _____ days.
 - (b) The Days Cash on Hand required to comply with the covenant contained in Section 7.31 of the Loan Agreement for the Fiscal Year is 45 days and the Institution [is/ is not] in compliance with such covenant.
 - (c) The Institution’s Long-Term Debt Service Coverage Ratio for the Fiscal Year was _____x.
 - (d) The Long-Term Debt Service Coverage Ratio required to comply with the covenant contained in Section 7.31 of the Loan Agreement for the Fiscal Year is 1.10 to 1.0 and the Institution [is/ is not] in compliance with such covenant.

2. (a) Historical Enrollment by Grade Level

Grade	20 -20	20 -20	20 -20	20 -20
K				
1				
2				
3				
4				
5				
6				
7				
8				
Total:				

(b) Wait List Data

School Year	Students on Wait List
20 -20	
20 -20	
20 -20	
20 -20	

(c) Student Retention Rates

School Year	Percentage of Students Re-Enrolled/ Retained
20 -20	
20 -20	
20 -20	
20 -20	

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW

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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 “CERTAIN BONDHOLDERS’ RISKS - Legislative Risk and Local School Districts Risk” in this Official Statement.

Purpose (New York Education Law § 2850(2))

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))¹

(1) 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) (Issuance of charter) of the Act, or operate or manage a charter school for a charter issued pursuant to § 2852(9-a) 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.

(2) The information provided on the application shall be consistent with the provisions of the Act and other applicable laws, rules and regulations. Such information shall include:

¹ Proposed amendments to New York Education Law § 2851(1)-(3) are pending in the State legislature.

(a) A mission statement for the school and a description of an educational program that implements one or more of the purposes described in § 2850(2).

(b) A description of student achievement goals for the school's educational program and the chosen methods of evaluating that students have attained the skills and knowledge specified for those goals. Such educational program shall meet or exceed the student performance standards adopted by the board of regents for other public schools.

(c) The proposed governance structure of the school, including a list of members of the initial board of trustees, a description of the qualifications, terms and method of appointment or election of trustees, the organizational structure of the school, a procedure for conducting and publicizing monthly board of trustee meetings at each charter school, and the processes to be followed by the school to promote parental and staff involvement in school governance.

(d) Admission policies and procedures for the school, which shall be consistent with the requirements of subdivision two of section twenty-eight hundred fifty-four of this article.

(e) A proposed budget and fiscal plan for the school, including supporting evidence that the fiscal plan is sound and that sufficient start-up funds will be available to the charter school.

(f) Requirements and procedures for programmatic and independent fiscal audits at least once annually, with such audits being comparable in scope to those required of other public schools.

(g) The hiring and personnel policies and procedures of the school, including the qualifications to be used in the hiring of teachers, school administrators and other school employees, and a description of staff responsibilities.

(h) The rules and procedures by which students may be disciplined, including but not limited to expulsion or suspension from the school, which shall be consistent with the requirements of due process and with federal laws and regulations governing the placement of students with disabilities.

(i) The number of students to be served by the school, which number shall be at least fifty at a single site and the minimum number of teachers to be employed at the school, which shall be at least three. Provided, however, that a charter school may serve fewer than fifty students or employ fewer than three teachers in the school's first year of operation or if the applicant presents a compelling justification, such as the school would serve a geographically remote region.

(j) Information regarding the facilities to be used by the school, including the location of the school, if known, and the means by which pupils will be transported to and from the school. If the facilities to be used by the proposed school are not known at the time the application is submitted, the applicant shall notify the charter entity and, if applicable, the board of regents within ten business days of acquiring facilities for such school; provided, however, that the charter school must obtain a certificate of occupancy for such facilities prior to the date on which instruction is to commence at the school.

(k) The name of the proposed charter school, which shall include the words "charter school" and which shall not include the name or identification of a for-profit business or corporate entity.

(l) A description of the ages and grade levels to be served by the school.

(m) Identification and background information on all applicants and proposed members of the board of trustees.

(n) The school calendar and school day schedule, which shall provide at least as much instruction time during a school year as required of other public schools.

(o) Types and amounts of insurance coverage to be obtained by the school, which shall include adequate insurance for liability, property loss and the personal injury of students. The commissioner and the superintendent of financial services may jointly promulgate regulations to implement the provisions of this paragraph.

(p) The term of the proposed charter, which shall not exceed five years; provided however, in the case of charters issued pursuant to § 2852(9-a) the term of such proposed charter shall not exceed five 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.

(q) Evidence of adequate community support for and interest in the charter school sufficient to allow the school to reach its anticipated enrollment, and an assessment of the projected programmatic and fiscal impact of the school on other public and nonpublic schools in the area.

(r) A description of the health and food services to be provided to students attending the school.

(s) Methods and strategies for serving students with disabilities in compliance with all federal laws and regulations relating thereto.

(t) Procedures to be followed in the case of the 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 for the disposition of the school's assets to the school district in which the charter school is located or another charter school located within the school district. Notwithstanding any other provision of law or of a charter to the contrary, such procedures shall ensure that upon dissolution of a charter school, any funds remaining in the possession of the charter school that can be attributed to public funding, after all of its debts and obligations have been paid, shall be paid over to each school district having resident children served by the charter school in the school year in which the charter was dissolved or the last year in which students were enrolled in the charter school, in the same proportion as the number of students placed by each school district and served by the charter school in the last school year in which children were served by the charter school, bears to the total number of students served by the charter school in such school year. Provided, however, that nothing in this subdivision shall be construed to require a charter school to pay to such districts any remaining funds that can be attributed to gifts, donations, grants or other authorized charitable contributions.

(u) Requirements for the grant of a diploma, if the school serves the twelfth grade.

(v) A code of ethics for the charter school, setting forth for the guidance of its trustees, officers and employees the standards of conduct expected of them including standards with respect to disclosure of conflicts of interest regarding any matter brought before the board of trustees.

(w) A description of the residential facilities, if any, provided by the charter school.

(x) Any other information relevant to the issuance of a charter required by the charter entity.

(3) 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 subdivision 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 subdivision. Notwithstanding any law, rule or regulation to the contrary, any such application for conversion shall be consistent with this section but shall not be subject to the process pursuant to § 2852(9-a) of 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))²

Charters may be renewed, upon application, for a term of up to five years in accordance with the provisions of the Act for the issuance of such charters pursuant to § 2852 (Issuance of charter) 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) (notice; review and assessment) 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

² Proposed amendments to New York Education Law § 2851(4) are pending in the State legislature.

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 having 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.

If a school's application for renewal of its charter is denied, New York case law holds that schools are not entitled to judicial review of a non-renewal decision nor do schools have a constitutional right to an administrative review of a non-renewal decision. *See Matter of Fahari Academy Charter School v. Bd. Of Educ. Of City School Dist. Of City of New York*, 27 N.Y.S.3d 688 (2d Dept 2016) (citing *Pinnacle Charter Sch. v. Board of Regents of the Univ. of the State of N.Y.*, 969 N.Y.S.2d 318 (4th Dept 2013)).

Charter School Organization (New York Education Law § 2853(1))³

(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 years, provided however in the case of charters issued pursuant to § 2852(9-a) (Issuance of charter) of the Act, the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five 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 years. Upon termination or nonrenewal of the charter of a charter school pursuant to § 2855 (causes for revocation or termination) 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.

³ Proposed amendments to New York Education Law § 2853(1) are pending in the State legislature.

(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:

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

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

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

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

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

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

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

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

(a) *[Effective until June 30, 2027]* For purposes of §§ 701 (power to designate text-books; purchase and loan of text-books; purchase of supplies), 711 (aid for purchase of school library materials), 751 (aid for computer software purchases) and 912 (health and welfare services to all children) of the New York Education Law, a charter school shall be deemed a nonpublic school in the school district within which the charter school is located. Special education programs and services shall be provided to students with a disability attending a charter school in accordance with the individualized education program recommended by the committee or subcommittee on special education of the student's school district of residence. The charter school may arrange to have such services provided by such school district of residence or by the charter school directly or by contract with another provider. Where the charter school arranges to have the school district of residence provide such special education programs or services, such

⁴ Proposed amendments to New York Education Law § 2853(4) are pending in the State legislature.

school district shall provide services in the same manner as it serves students with disabilities in other public schools in the school district, including the provision of supplementary and related services on site to the same extent to which it has a policy of practice of providing such services on the site of such other public schools.

(a) [Effective June 30, 2027] 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))⁵

(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 subdivision shall affect the requirements of compulsory education of minors established by Part 1 of Article 65 (compulsory education) of the New York Education Law.

⁵ Proposed amendments to New York Education Law § 2854(1) are pending in the State legislature.

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

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

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

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

Admission; Enrollment; Students (New York Education Law § 2854(2))⁶

(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 the 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

⁶ Proposed amendments to New York Education Law § 2854(2) are pending in the State legislature.

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 (public notice) of the New York 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.

Charter School Personnel (New York Education Law § 2854(3))⁷

(a) An employee of a charter school shall be an employee of the education corporation formed to operate the charter school and not an employee of the local school district in which the charter school is located. An employee of a charter school shall be deemed to be a public employee solely for purposes of Article 14 (public employees' fair employment act) of the New York Civil Service Law, except for § 212 of such law, and for no other purposes unless otherwise specified in the Act, the board of trustees of the charter school shall constitute a board of education solely for purposes of Article 14 of the New York Civil Service Law, except for § 212 of such law, and for no other purposes unless otherwise specified in the Act, a charter school shall be deemed to be a public employer solely for purposes of Article 14 of the New York Civil Service Law, except for § 212 of such law, and for no other purposes unless otherwise specified in the Act, and the chief executive officer of the charter school shall be the person designated as such by the board of trustees of the charter school.

(a-1) The board of trustees of a charter school shall employ and contract with necessary teachers, administrators and other school personnel. Such teachers shall be certified in accordance with the requirements applicable to other public schools; provided, however, that a charter school may employ as teachers (i) uncertified teachers with at least three years of elementary, middle or secondary classroom teaching experience; (ii) tenured or tenure track college faculty; (iii) individuals with two years of satisfactory experience through the Teach for America program; and (iv) individuals who possess exceptional business, professional, artistic, athletic, or military experience, provided, however, that such teachers described in clauses (i), (ii), (iii), and (iv) of this paragraph shall not in total comprise more than the sum of: (A) 30 per centum of the teaching staff of a charter school, or five teachers, whichever is less; plus (B) five teachers of mathematics, science, computer science, technology, or career and technical

⁷ Proposed amendments to the language of New York Education Law § 2854(3) and to add a new paragraph are pending in the State legislature.

education; plus (C) five additional teachers. A teacher certified or otherwise approved by the Commissioner shall not be included in the numerical limits established by the preceding sentence.

(a-2)(i) The board of trustees of a charter school shall require, for purposes of a criminal history record check, the fingerprinting of all prospective employees pursuant to § 3035 (duties of commissioner; submission of fingerprints) of the New York Education Law, who do not hold valid clearance pursuant to such section or pursuant to § 3004-b (special procedures for certification) of the New York Education Law, or § 509-cc (disqualification of drivers of school buses), or § 1229-d (school bus attendant) of the New York Vehicle and Traffic Law. Prior to initiating the fingerprinting process, the prospective employer shall furnish the applicant with the form described in § 305(30)(c) (general powers and duties) of the New York Education Law and shall obtain the applicant's consent to the criminal history records search. Every set of fingerprints taken pursuant to this paragraph shall be promptly submitted to the Commissioner for purposes of clearance for employment.

(ii) Upon the recommendation of the chief executive officer of the charter school, the board of trustees of a charter school may conditionally appoint a prospective employee. A request for conditional clearance shall be forwarded to the commissioner along with the prospective employee's fingerprints, as required by subparagraph (i) of this paragraph. Such appointment shall not commence until notification by the commissioner that the prospective employee has been conditionally cleared for employment and shall terminate 45 days after such notification of conditional clearance or when the prospective employer is notified of a determination by the commissioner to grant or deny clearance, whichever occurs earlier, and may not be extended or renewed unless the commissioner issues a new conditional clearance after finding that there was good cause for failing to obtain clearance within such period, provided that if clearance is granted, the appointment shall continue and the conditional status shall be removed. Prior to commencement of such conditional appointment, the prospective employer shall obtain a signed statement for conditional appointment from the prospective employee, indicating whether, to the best of his or her knowledge, he or she has a pending criminal charge or criminal conviction in any jurisdiction outside the state.

(iii) Upon the recommendation of the chief executive officer of the charter school, the board of trustees of a charter school may make an emergency conditional appointment when an unforeseen emergency vacancy has occurred. When such appointment is made, the process for conditional appointment pursuant to subparagraph (ii) of this paragraph must also be initiated. Emergency conditional appointment may commence prior to notification from the commissioner on conditional clearance but shall terminate 20 business days from the date such appointment commences or when the prospective employer is notified by the commissioner regarding conditional clearance, whichever occurs earlier, provided that if conditional clearance is granted, the appointment shall continue as a conditional appointment. Prior to the commencement of such appointment, the prospective employer must obtain a signed statement for emergency conditional appointment from the prospective employee, indicating whether, to the best of his or her knowledge, he or she has a pending criminal charge or criminal conviction in any jurisdiction. An unforeseen emergency vacancy shall be defined as: (1) a vacancy that occurred less than ten business days before the start of any school session, including summer school, or during any school session, including summer school, without sufficient notice to allow for clearance or conditional clearance; (2) when no other qualified person is available to fill the vacancy temporarily; and (3) when emergency conditional appointment is necessary to maintain services which the charter school is legally required to provide or services necessary to protect the health, education or safety of students or staff. The provisions of clause one of this subparagraph shall not apply if the board finds that the charter school has been unable to fill the vacancy despite good faith efforts to fill such

vacancy in a manner which would have allowed sufficient time for clearance or conditional clearance.

(iv) Shall develop a policy for the safety of the children who have contact with an employee holding conditional appointment or emergency conditional appointment.

(a-3) The board of trustees of a charter school shall upon commencement and termination of employment of an employee by the charter school district, provide the Commissioner with the name of and position held by such employee.

(b) The school employees of a charter school that has been converted from an existing public school who are eligible for representation under Article 14 (public employees' fair employment act) of the New York Civil Service Law shall be deemed to be included within the negotiating unit containing like titles or positions, if any, for the school district in which such charter school is located and shall be subject to the collective bargaining agreement covering that school district negotiating unit; provided, however, that a majority of the members of a negotiating unit within a charter school may modify, in writing, a collective bargaining agreement for the purposes of employment in the charter school with the approval of the board of trustees of the charter school.

(b-1) The employees of a charter school that is not a conversion from an existing public school shall not be deemed members of any existing collective bargaining unit representing employees of the school district in which the charter school is located, and the charter school and its employees shall not be subject to any existing collective bargaining agreement between the school district and its employees. Provided, however, that (i) if the student enrollment of the charter school on the first day on which the charter school commences student instruction exceeds 250 or if the average daily student enrollment of such school exceeds 250 students at any point during the first two years after the charter school commences student instruction, all employees of the school who are eligible for representation under Article 14 of the New York Civil Service Law shall be deemed to be represented in a separate negotiating unit at the charter school by the same employee organization, if any, that represents like employees in the school district in which such charter school is located; (ii) the provisions of subparagraph (i) of this paragraph may be waived in up to ten charters issued on the recommendation of the charter entity set forth in of § 2851(3)(b) (eligible applicants; applications; submission) of the Act; (iii) the provisions of subparagraph (i) of this paragraph shall not be applicable to the renewal or extension of a charter; and (iv) nothing in this sentence shall be construed to subject a charter school subject to the provisions of this paragraph or its employees to any collective bargaining agreement between any public school district and its employees or to make the employees of such charter school part of any negotiating unit at such school district. The charter school may, in its sole discretion, choose whether or not to offer the terms of any existing collective bargaining to school employees.

(c) The employees of the charter school may be deemed employees of the local school district for the purpose of providing retirement benefits, including membership in the teachers' retirement system and other retirement systems open to employees of public schools. The financial contributions for such benefits shall be the responsibility of the charter school and the school's employees. The Commissioner, in consultation with the comptroller, shall develop regulations to implement the provisions of this paragraph in a manner that allows charter schools to provide retirement benefits to its employees in the same manner as other public school employees.

(c-1) Reasonable access.

(i) If employees of the charter school are not represented, any charter school chartered pursuant to the Act must afford reasonable access to any employee organization during the reasonable proximate period before any representation question is raised; or

(ii) If the employee organization is a challenging organization, reasonable access must be provided to any organization seeking to represent employees beginning with a date reasonably proximate to a challenge period. Reasonableness is defined, at a minimum, as access equal to that provided to the incumbent organization.

(c-2) Employer neutrality. It shall be an improper practice for a charter school board of directors, chief administrative officer and their agents to commit any of the acts set forth in § 209-a(1) (improper employer practices; improper employee organization practices; application) of the New York Civil Service Law and could in accordance with § 2855 (causes for revocation or termination) of the Act, result in the revocation of the charter.

(d) A teacher employed by a school district may make a written request to the board of education for an extended leave of absence to teach at a charter school. Approval for such a leave of absence for a period of three years or less shall not be unreasonably withheld. If such approval is granted to a teacher by the school district, the teacher may return to teach in the school district during such period of leave without the loss of any right of certification, retirement, seniority, salary status or any other benefit provided by law or by collective bargaining agreement. If an appropriate position is unavailable, the teacher's name shall be placed on a preferred eligible list of candidates for appointment to a vacancy that may thereafter occur in an office or position similar to the one such teacher filled in such school district immediately prior to the leave of service.

(d-1) In a school district of a city having a population of 1,000,000 or more, a principal employed by such school district may make a written request to the board of education for an extended leave of absence to serve as a principal of a charter school. Approval for such a leave of absence for a period of three years or less shall not be unreasonably withheld. If such approval is granted to a principal by the school district, the principal may return to serve as a principal in the school district during such period of leave without the loss of any right of certification, retirement, seniority, salary status or any other benefit provided by law or by collective bargaining agreement. If an appropriate position is unavailable, the principal's name shall be placed on a preferred eligible list of candidates for appointment to a vacancy that may thereafter occur in an office or position similar to the one such principal filled in such school district immediately prior to the leave of service.

Causes for Revocation or Termination (New York Education Law § 2855)⁸

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;

⁸ Proposed amendments to New York Education Law § 2855 are pending in the State legislature.

(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(1) (improper employer practices) of the New York Civil Service Law involving interference with or discrimination against employee rights under Article 14 (Public Employees' Fair Employment Act) 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 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 this section 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.

Notice, Review and Assessment (New York Education Law §§ 2857(1), 2857(2), 2857(3), 2857(4) and 2857(5))⁹

(1) The Board of Regents shall distribute information announcing the availability of the charter school process described in the Act to each local school district and public postsecondary educational institution. At each significant stage of the chartering process, the charter entity and the Board of Regents shall provide appropriate notification to the school district in which the charter school is located and to public and nonpublic schools in the same geographic area as the proposed charter school. Such notification shall be provided by each charter entity within thirty days of its receipt of an application for formation of a new charter school or for renewal of an existing charter school, and at least forty-five days prior to initial approval of the charter application by the charter entity. Prior to the issuance, revision, or renewal of a charter, the school district in which the charter school is located shall hold a public hearing to solicit comments from the community in connection with the foregoing. Such hearing shall be held within the community potentially impacted by the proposed charter school. When a revision involves the relocation of a charter school to a different school district, the proposed new school district shall also hold such hearing. In addition, such school districts shall be given an opportunity to comment on the proposed charter to the charter entity and such charter entity shall consider any comments raised and submit any such comments to the board of regents with the application for issuance, revision, or renewal of a charter.

(1-a) In the event the school district fails to conduct a public hearing, the Board of Regents shall conduct a public hearing to solicit comments from the community in connection with the issuance, revision, or renewal of a charter.

(2) 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,

⁹ Proposed amendments to New York Education Law § 2857 are currently pending in the State legislature.

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.

(3) 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.

(4) The Board of Regents shall review the educational effectiveness of the charter school approach authorized by the Act and the effect of charter schools on the public and nonpublic school systems. Not later than December thirty-first, two thousand three, the Board of Regents shall report to the governor, the temporary president of the senate, the speaker of the assembly and the Board of Regents with recommendations to modify, expand, or terminate that approach. Such report shall include, for each charter school, a copy of the school's mission statement, attendance statistics and dropout rates, student performance on standardized assessment tests, projections of financial stability, and, wherever practicable, comparisons to other public schools.

(5) 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))¹⁰

(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.

¹⁰ Proposed amendments to New York Education Law § 2853(3) are pending in the State legislature.

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

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

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

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

(2) The building usage plan shall be developed by the chancellor for each school that has been definitively identified for a location or co-location. The building usage plan shall include, but need not be limited to, the following information:

(A) the actual allocation and sharing of classroom and administrative space between the charter and non-charter schools;

(B) a proposal for the collaborative usage of shared resources and spaces between the charter school and the non-charter schools, including but not limited to, cafeterias, libraries, gymnasiums and recreational spaces, including playgrounds which assures equitable access to such facilities in a similar manner and at reasonable times to non-charter school students as provided to charter school students;

(C) justification of the feasibility of the proposed allocations and schedules set forth in clauses (A) and (B) of this subparagraph and how such proposed allocations and shared usage would result in an equitable and comparable use of such public school building;

(D) building safety and security;

(E) communication strategies to be used by the co-located schools; and

(F) collaborative decision-making strategies to be used by the co-located schools including the establishment of a shared space committee pursuant to § 2853(3)(a-4).

(3) A building usage plan developed by the chancellor in accordance with this paragraph shall be included within the educational impact statement required by § 2590-h(2-a)(b) of the Act and be subject to the requirements of § 2590-h(2-a) prior to approval by the board of education pursuant to § 2590-g(1)(h) of the Act.

(4) A building usage plan developed by the chancellor in accordance with this paragraph may be revised and such revision shall require board of education approval consistent with the requirements pursuant to § 2590-g(7) of the Act.

(5) The building usage plan shall be made publicly available by the chancellor, including via the city board's official internet website, and a copy shall also be filed with the city board, the impacted community district education council, community boards, community superintendent, and school based management team.

(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 § 2853(3)(a-3) of the Act.

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

(b) A charter school may pledge, assign or encumber its assets to be used as collateral for loans or extensions of credit; provided, however, that a charter school shall not pledge or assign moneys 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 this paragraph for such charter schools that first commence instruction or that require additional space due to an expansion of grade level, pursuant to the Act, approved by their charter entity for those grades newly provided.

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

(2) No later than 30 days after approval by the board of education or expiration of the offer period prescribed in paragraph (1) above, the charter school shall either accept the city school district's offer or appeal in accordance with paragraph (3) below. If no appeal is taken, the city's offer or refusal to make an offer is final and non-reviewable. The charter school may appeal as early as issuance of an educational impact statement for the proposed co-location.

(3) The charter school shall have the option of appealing the city school district's offer or failure to offer a co-location site through binding arbitration in accordance with the Act, an expedited appeal to the Commissioner pursuant to New York Education Law §§ 310 and 2853(3)(a-5), or a special proceeding pursuant to New York Civil Practice Law and Rules Article 78 (proceeding against body or officer) of the New York Civil Practice Law and Rules. In any such appeal, the standard of review is the standard prescribed in New York Civil Practice Law and Rules § 7803 (questions raised).

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

(5) For a new charter school whose charter is granted or for an existing charter school whose expansion of grade level, pursuant to the Act, is approved by their charter entity, if the appeal results in a determination in favor of the charter school, the city school district will pay the charter

school an amount attributable to the grade level expansion or the formation of the new charter school that is equal to the lesser of:

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

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

(6) An arbitration in an appeal pursuant to this paragraph shall be conducted by a single arbitrator selected in accordance with the Act from a list of arbitrators from the American arbitration association's panel of labor arbitrators, with relevant biographical information, submitted by such association to the commissioner pursuant to § 3020-a(3)(a) of the Act. Upon request by the charter school, the commissioner shall forthwith send a copy of such list and biographical information simultaneously to the charter school and city school district. The parties shall, by mutual agreement, select an arbitrator from the list within fifteen days from receipt of the list, and if the parties fail to agree on an arbitrator within such fifteen day period or fail within such fifteen day period to notify the commissioner that an arbitrator has been selected, the commissioner shall appoint an arbitrator from the list to serve as the arbitrator. The arbitration shall be conducted in accordance with the American arbitration association's rules for labor arbitration, except that the arbitrator shall conduct a pre-hearing conference within ten to fifteen days of agreeing to serve and the arbitration shall be completed and a decision rendered within the time frames prescribed for hearings pursuant to § 3020-a of the Act. The arbitrator's fee shall not exceed the rate established by the commissioner for hearings conducted pursuant to § 3020-a of the Act, and the cost of such fee, the arbitrator's necessary travel and other reasonable expenses, and all other hearing expenses shall be borne equally by the parties to the arbitration.

Financing of Charter Schools (New York Education Law § 2856)¹¹

Effective until July 1, 2027:

(1) (a) The enrollment of students attending charter schools shall be included in the enrollment, attendance, membership¹² 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(l)(f) of the New York Education Law for the school district for the year prior to the Base Year increased by the percentage change in the State Total Approved Operating Expense calculated pursuant to § 3602(1)(t) of the New York Education Law from two years prior to the Base Year to the Base Year;

¹¹ Proposed amendments to New York Education Law § 2856 are pending in the State legislature.

¹² Effective July 1, 2027, the word "membership" will be removed from New York Education Law § 2856(1)(a).

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

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

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

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

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

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

(viii) for the 2020-2021 and 2021-2022 school years, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved

Operating Expense for such district for the immediately preceding year multiplied by, for the 2020-2021 school year only, (iii) nine hundred forty-five one-thousandths (0.945) or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.

(ix) for the 2022-2023 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)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.

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

For the purposes of this subdivision, the “supplemental basic tuition” shall be (A) for a school district for which the Charter School Basic Tuition computed for the current year is greater than or equal to the Charter School Basic Tuition for the 2010-2011 school year pursuant to the provisions of subparagraph (i) of this paragraph, (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) Notwithstanding any other provision of this subdivision to the contrary, payment of the federal aid attributable to a student with a disability attending a charter school shall be made in accordance with the requirements of § 8065-a of Title 20 of the United States Code and §§ 76.785 through 76.799 and § 300.209 of Title 34 of the Code of Federal Regulations.¹³

(d) School districts shall be eligible for an annual apportionment equal to the amount of the supplemental basic tuition for the charter school in the Base Year for the expenses incurred in the 2014-2015, 2015-2016, and 2016-2017 school years and thereafter. Provided that for expenses incurred in the 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. Provided further that for expenses incurred in the 2023-2024 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.

(2) In the event of the failure of the school district to make payments required by this section, the New York State Comptroller shall deduct from any state funds which become due to such school district an amount equal to the unpaid obligation. The New York State 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.

(3) 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.

Effective July 1, 2027:

Education Law § 2856(1)(b) will be revised as follows:

(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

¹³ Effective July 1, 2027, New York Education Law § 2856(1)(c) will be deleted and now-existing New York Education Law § 2856(1)(d) will be renumbered as subsection (c).

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.

Charter School Basic Tuition (New York Education Law § 3602)¹⁴

Education Law § 3602(1). Definitions¹⁵

“Current year” shall mean the school year during which the apportionment is to be paid pursuant to this section.

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

“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. Average daily attendance shall include the equivalent attendance of the school district. For the purposes of secondary school weighting, such equivalent attendance shall be considered as average daily attendance in grades seven through twelve.

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

(1) “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.

(2) “Declassification pupils” shall mean pupils enrolled in a full-time regular education program, who were enrolled in a special education program in the prior year. Services to pupils shall be provided on a regular basis and may include, but not be limited to psychological, social work, speech and language services and noncareer counseling services provided by qualified professional personnel as defined in regulations of the commissioner. Services for teachers of such pupils may include the assistance of teacher aides or consultation with appropriate personnel. When a committee on special education determines that a pupil no longer needs special education services and is ready for a full-time regular education program, such committee shall identify and recommend the appropriate declassification support services for the first year in the regular education program.

¹⁴ Proposed amendments to New York Education Law § 3602 are pending in the State legislature. Also, note that the sections summarized here do not encompass the entire statute.

¹⁵ The definitions summarized here do not include all the definitions that are contained in New York Education Law § 3602(1).

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

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

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

“Expense per pupil” shall mean 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.

“Enrollment” shall mean the unduplicated count of all children registered to receive educational services in grades kindergarten through 12, including children in ungraded programs, as registered on the date prior to November first that is specified by the Commissioner as the enrollment reporting date for the school district or nonpublic school, as reported to the Commissioner.

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

“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 § 3602(1)(n) of the New York Education Law, with the result carried to three places without rounding.

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 125,000 inhabitants its

expenditures from the special aid fund of grant moneys for improving pupil performance and categorical aid for special reading programs as provided in the aid to localities budget during the applicable year as approved by the Commissioner, and in accordance with the classification of expenditures in use by the Commissioner for the reporting by school districts of receipts, expenditures and other financial data. For the purpose of this paragraph "Operating Expense" shall be defined as total cash expenditures during the applicable year, but shall exclude:

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

(10) any funds received from the federal government except the federal share of Medicaid subject to the provisions of § 3609-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 §§ 2 and 6 or any law superseding such law in any such district which received aid pursuant to both such sections; provided further, however, that there shall be excluded from such federal funds or other apportionments any payments from such funds already deducted pursuant to this paragraph;

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

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

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

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

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

(16) any tuition payments made pursuant to a contract under the provisions of § 4401(2) ("special services or programs" definition) of the New York Education Law or any tuition payments on behalf of pupils attending a state school under § 4401(2)(d) of the New York Education Law;

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

(18) any payments to the Commissioner of taxation and finance pursuant to Article 23 (metropolitan commuter transportation mobility tax) of the tax law.

Education Law § 3602(2). Computation of Pupil Counts and Related Factors¹⁶

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 set forth 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:

(1) Adjusted Average Daily Attendance shall be determined by using the average daily attendance of public school pupils in a full-day kindergarten and grades 1-12 as the basic unit, with the

¹⁶ There are additional provisions contained in New York Education Law § 3602(2) that are not summarized in this section.

attendance of such pupils in one-half day kindergartens measured at one-half of such basic unit. The sum of all such units of attendance shall be the Adjusted Average Daily Attendance.

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

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

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.

Education Law § 3602(4)(k): Foundation Aid

Effective until July 1, 2025:

(4)(k) Foundation aid payable in the 2023-2024 school year. Notwithstanding any provision of law to the contrary, foundation aid payable in the two thousand twenty-three--two thousand twenty-four school year shall be equal to the sum of the total foundation aid base computed pursuant to paragraph j of subdivision one of this section plus the greater of (a) the positive difference, if any, of (i) total foundation aid computed pursuant to paragraph a of this subdivision less (ii) the total foundation aid base computed pursuant to § 3602(4)(j)(1),¹⁷ or (b) the product of three hundredths (0.03) multiplied by the total foundation aid base computed pursuant to paragraph j of subdivision one of this section.

Effective July 1, 2025, Education Law § 3602(4)(k) is repealed.

Education Law § 3602(6): Apportionment for Capital Outlays and Debt Service for School Building Officials

Effective April 17, 2025, the opening paragraph to § 3602(6) was revised to state the following:

(6) Apportionment for capital outlays and debt service for school building purposes. Any apportionment to a school district pursuant to this subdivision shall be based upon base year approved expenditures for capital outlays incurred prior to July 1, 2021 from its general fund, capital fund or reserved funds and current year approved expenditures for debt service, including debt service for refunding bond issues eligible for an apportionment pursuant to paragraph g of this subdivision and lease or other annual payments to the New York city educational construction fund created by article ten of this chapter or the city of Yonkers educational construction fund created by article ten-B of this chapter which have been

¹⁷ Effective July 1, 2024, New York Education Law § 3602(4)(j) was also repealed.

pledged to secure the payment of bonds, notes or other obligations issued by the fund to finance the construction, acquisition, reconstruction, rehabilitation or improvement of the school portion of combined occupancy structures, or for lease or other annual payments to the New York state urban development corporation created by chapter one hundred seventy-four of the laws of nineteen hundred sixty-eight, pursuant to agreement between such school district and such corporation relating to the construction, acquisition, reconstruction, rehabilitation or improvement of any school building, or for annual payments to the dormitory authority pursuant to any lease, sublease or other agreement relating to the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise provide for school district capital facilities or school district capital equipment made under the provisions of § 1680 of the New York Public Authorities Law, or for annual payments pursuant to any lease, sublease or other agreement relating to the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for educational facilities of a city school district under the provisions of section sixteen of chapter six hundred five of the laws of two thousand, or for payments, pursuant to any assignment authorized by § 2799-tt of the New York Public Authorities Law, of debt service in furtherance of funding the five-year educational facilities capital plan of the city of New York school district or related debt service costs and expenses as set forth in such section, for annual payments pursuant to any lease, sublease or other agreement relating to the financing, refinancing, design, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for projects authorized pursuant to the city of Syracuse and the board of education of the city school district of the city of Syracuse cooperative school reconstruction act, for annual payments pursuant to any lease, sublease or other agreement relating to the financing, refinancing, design, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for projects authorized pursuant to the city of Rochester and the board of education of the city school district of the city of Rochester school facilities modernization program act, for annual payments pursuant to any lease, sublease or other agreement relating to the financing, refinancing, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for projects authorized pursuant to the Yonkers city school district facilities modernization program act, or for lease, lease-purchase or other annual payments to another school district or person, partnership or corporation pursuant to an agreement made under the provisions of section four hundred three-b, § 403-b(8) of § 2503 of the New York Education Law, or § 2554(6) of the New York Education Law, provided that the apportionment for such lease or other annual payments under the provisions of § 403-b(8) of § 2503 of the New York Education Law, or § 2554(6) of the New York Education Law, other than payments under a lease-purchase agreement or an equivalent agreement, shall be based upon approved expenditures in the current year. Approved expenditures for capital outlays from a school district's general fund, capital fund or reserved funds that are incurred on or after July first, two thousand two, and are not aidable pursuant to subdivision six-f of this section, shall be aidable as debt service under an assumed amortization established pursuant to § 3206(e) and (j) of the New York Education Law. In any such case approved expenditures shall be only for new construction, reconstruction, purchase of existing structures, for site purchase and improvement, for new garages, for original equipment, furnishings, machinery, or apparatus, and for professional fees and other costs incidental to such construction or reconstruction, or purchase of existing structures. In the case of a lease or lease-purchase agreement entered pursuant to § 403-b(8) of § 2503 of the New York Education Law or § 2554(6) of the New York Education Law, approved expenditures for the lease or other annual payments shall not include the costs of heat, electricity, water or other utilities or the costs of operation or maintenance of the leased facility. An apportionment shall be available pursuant to this subdivision for construction, reconstruction, rehabilitation or improvement in a building, or portion thereof, being leased by a school district only if the lease is for a term of at least ten years subsequent to the date of the general construction contract for such construction, reconstruction, rehabilitation or improvement. Each school district shall prepare a five year capital facilities plan, pursuant to regulations developed by the commissioner for such purpose, provided that in the case of a city school district in a city having a population of one million inhabitants or more, such facilities plan shall comply with the provisions of section §2590-p of the New York Education Law and this subdivision. Such plan shall include, but not

be limited to, a building inventory, and estimated expense of facility needs, for new construction, additions, alterations, reconstruction, major repairs, energy consumption and maintenance by school building, as appropriate. Such plan shall consider the incorporation of design principles and strategies, pursuant to guidance issued by the commissioner, as part of a comprehensive approach to provide a safe, secure and healthy school environment.¹⁸ Such five year plan shall include a priority ranking of projects and shall be amended if necessary to reflect subsequent on-site evaluations of facilities conducted by state supported contractors.

Education Law § 3602(7)(e): Apportionment for Pupil Transportation

Effective until July 1, 2025:

(7)(e) In determining approved transportation capital, debt service and lease expense for aid payable in the 2005-2006 school year and thereafter, the commissioner, after applying the provisions of § 3602(7)(c) of the New York Education Law to such expense, shall establish an assumed amortization pursuant to this paragraph to determine the approved capital, debt service and lease expense of the school district that is aidable in the current year, whether or not the school district issues debt for such expenditures, subject to any deduction pursuant to paragraph d of this subdivision. Such assumed amortization shall be for a period of five years, and for the 2022-2023 school year and thereafter such assumed amortization for zero-emission school buses as defined in § 3638 of the New York Education Law and related costs pursuant to § 3623-a(2)(f) of the New York Education Law shall be for a period of 12 years, and shall commence 12 months after the school district enters into a purchase contract or lease of the school bus, charging station, hydrogen fueling station, or equipment, or a general contract for the construction, reconstruction, lease or purchase of a transportation storage facility or site in an amount less than ten thousand dollars. Such assumed amortization shall provide for equal semiannual payments of principal and interest based on an assumed interest rate established by the commissioner pursuant to this paragraph. By the first day of September of the current year commencing with the 2005-2006 school year, each school district shall provide to the commissioner in a format prescribed by the commissioner such information as the commissioner shall require for all capital debt incurred by such school district during the preceding school year for expenses allowable pursuant to § 3623-a(2) of the New York Education Law. Based on such reported amortizations and a methodology prescribed by the commissioner in regulations, the commissioner shall compute an assumed interest rate that shall equal the average of the interest rates applied to all such debt issued during the preceding school year. The assumed interest rate shall be the interest rate of each such school district applicable to the current year for the purposes of this paragraph and shall be expressed as a decimal to five places rounded to the nearest eighth of one-one hundredth.

Effective July 1, 2025:

(7)(e) In determining approved transportation capital, debt service and lease expense for aid payable in the 2005-2006 school year and thereafter, the commissioner, after applying the provisions of § 3602(7)(c) of the New York Education Law to such expense, shall establish an assumed amortization pursuant to this paragraph to determine the approved capital, debt service and lease expense of the school district that is aidable in the current year, whether or not the school district issues debt for such expenditures, subject to any deduction pursuant to paragraph d of this subdivision. Such assumed amortization shall be for a period of five years, and for the 2022-2023 school year and thereafter such assumed amortization for zero-emission school buses as defined in § 3638 of the New York Education Law and related costs pursuant to § 3623-a(2)(f) of the New York Education Law shall be for a period of eight years, and shall commence 12 months after the school district enters into a purchase contract or lease of the school bus, charging station,

¹⁸ Only added language that went into effect on April 17, 2025.

hydrogen fueling station, or equipment, or a general contract for the construction, reconstruction, lease or purchase of a transportation storage facility or site in an amount less than ten thousand dollars. Such assumed amortization shall provide for equal semiannual payments of principal and interest based on an assumed interest rate established by the commissioner pursuant to this paragraph. By the first day of September of the current year commencing with the 2005-2006 school year, each school district shall provide to the commissioner in a format prescribed by the commissioner such information as the commissioner shall require for all capital debt incurred by such school district during the preceding school year for expenses allowable pursuant to § 3623-a(2) of the New York Education Law. Based on such reported amortizations and a methodology prescribed by the commissioner in regulations, the commissioner shall compute an assumed interest rate that shall equal the average of the interest rates applied to all such debt issued during the preceding school year. The assumed interest rate shall be the interest rate of each such school district applicable to the current year for the purposes of this paragraph and shall be expressed as a decimal to five places rounded to the nearest eighth of one-one hundredth.

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:

(1) *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.

(2) *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.

(3) *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 (4) weeks of enrollment may be counted in any calendar month.

(4) *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.

(5) *Approved operating expense* shall mean the amount calculated pursuant to § 3602(1) of the New York Education Law as established by the Commissioner based on the most recent electronic data file prepared by the Commissioner on May 15th of each school year available.

(6) *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.

(7) *Charter basic tuition per pupil* shall be equal to the amount calculated pursuant to § 2856 of the New York Education Law, as established by the Commissioner based on the electric data file prepared by the Commissioner on May 15th of the Base Year pursuant to § 305(21)(b) of the New York Education Law.

(8) *State aid attributable to a student with a disability attending a charter school* shall mean:

(i) Through the 2024-2025 school year, 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.

(ii) Beginning in the 2025-2026 school year, the sum of the following as established by the Commissioner based on the most recent electronic data file prepared by the commissioner on May 15th of each school year available:

(a) Excess cost aid payable to a public school district pursuant to § 3602(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, plus

(b) Funds payable under § 3602(5-a) of the New York Education Law, prorated by the enrollment in the charter school of pupils with disabilities receiving special services or programs provided directly or indirectly by the charter school as a proportion of public school district enrollment of students as computed pursuant to § 3602(1)(n) of the New York Education Law, plus

(c) The product of (1) the weighting for students with disabilities specified in § 3602(1)(i)(4)(i) of the New York Education Law multiplied by (2) current year enrollment of pupils with disabilities receiving special services or programs provided directly or indirectly by the charter school and further multiplied by (3) the school district selected foundation aid calculated pursuant to § 3602(4) of the New York Education Law. Provided, however, that if total foundation aid calculated pursuant to § 3602(4)(a)(5) of the New York Education Law for the current school year exceeds foundation aid payable in the current school year pursuant to § 3602 of the New York Education Law, the amount of

aid attributable calculated pursuant to this clause shall be pro-rated by the quotient arrived at when dividing the total foundation aid by foundation aid payable.

(9) *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, 2017 edition; Office of the Law Revision Counsel of the United States House of Representatives, U.S. Government Printing Office, Washington, DC 20402-9328; 1998 - available at the Office of Counsel, Education Building, Room 148, State Education Department, Albany, NY 12234) for a pupil who is identified as a student with a disability, as such term is defined in § 200.1 of the New York Education Law Regulations, 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, 2017 edition; Office of the Law Revision Counsel of the United State House of Representatives, U.S. Government Printing Office, Washington, DC 20402-9328; 1998 - available at the Office of Counsel, Education Building, Room 148, State Education Building, Albany, NY 12234) for a pupil who is identified as a student with a disability, as such term is defined in § 200.1 of the New York Education Law Regulations, 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:

(1) 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 § 2856(1) 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.

(2) 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.

(3) 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 based on the final report of actual enrollment required pursuant to 8 N.Y.C.R.R. § 119.1(c), the charter school shall notify the Commissioner no later than December 31st immediately following the school year in which the financial obligation was incurred and shall submit all documentation required by the Commissioner to complete a state aide intercept to the department no later than June 30th one year after the close of the school in which the financial obligation was incurred.

Public school district of residence obligations:

(1) 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 § 2856(1) 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.

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

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

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

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

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

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

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

(3) 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 8 N.Y.C.R.R. § 119.1(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 8 N.Y.C.R.R. §§ 119.1(b)(8) and (9) of this subsection, or the amount established pursuant to an agreement between the charter school and the school district as authorized pursuant to § 2856(1)(b) of the New York Education Law.

(4) 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.

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

Department obligations:

(1) 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.

(2) 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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RIVERHEAD

Charter School



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