

High Desert “Partnership in Academic Excellence” Foundation, Inc. dba  
**LEWIS CENTER FOR EDUCATIONAL RESEARCH**

17500 Mana Road, Apple Valley, CA 92307 (760) 946-5414 (760) 946-9193 fax

**Agenda for Regular Meeting of the Lewis Center for Educational Research Board  
November 8, 2021 - Public Meeting – 4:30 p.m.**

Meeting at 17500 Mana Rd., Apple Valley, CA, Bldg H (Multipurpose Room)

Additional Location: 230 S. Waterman Ave., San Bernardino, CA, Bldg D (Multipurpose Room)

To participate by teleconference, register for the meeting at this link:

<https://attendee.gotowebinar.com/rt/6305717194233748747>

Dial in using your phone: +1 (415) 930-5321 Passcode: 670-496-002

1. **CALL TO ORDER AND PLEDGE OF ALLEGIENCE:** Chairman Rib
2. **ROLL CALL:** Chairman Rib
3. **PUBLIC COMMENTS:** Members of the general public may address the Board during Public Comments or as items appearing on the agenda are considered. A time limit of three (3) minutes and/or 250 words per person and 15 minutes per topic shall be observed. If more than one person wishes to speak on the same topic, subsequent speakers should limit their remarks to new information only. If you are attending virtually and wish to send in a public comment to be read at this meeting, please complete a “Registration Card to Address the Board” (located on the website) and email it to the Secretary at [lcerboard@lcer.org](mailto:lcerboard@lcer.org). Your comment will be read at the meeting during public comments or as the agenda item is heard.
4. **SPECIAL PRESENTATIONS:**
  - .01 LCER Ambassadors Update – Apple Cheung and Melissa Mangold
5. **DISCUSSION ITEMS:**
  - .01 Discuss AAE and NSLA Educator Effectiveness Block Grant Program – Valli Andreasen, Fausto Barragan, Heather Juarez – Pg 3
  - .02 Discuss 2021-22 LCER Budget Revision – David Gruber
  - .03 Discuss LCER Board Strategic Planning – Lisa Lamb
  - .04 Lewis Center Foundation Update – Jessica Rodriguez
6. **CONSENT AGENDA:**
  - .01 Approve Minutes of the October 18, 2021 Regular LCER Board Meeting – Pg 4
  - .02 Approve NSLA 8<sup>th</sup> Grade Field Trip to Pali Institute, March 7 – 11, 2022 – Pg 6
  - .03 Approve AAE and NSLA California Dashboard Local Indicators – Pg 8
  - .04 Approve AAE Admission of Late Start Kindergarten Student – Pg 21
7. **ACTION ITEMS:**
  - .01 Approve Resolution 2021-04 Vaccine Mandate Opposing the Governor’s Announcement of a Vaccine Mandate for Staff and Students – Lisa Lamb – Pg 22
  - .02 Approve Vaccine Mandate Opposition Letter to be sent to Governor Newsom by the LCER Board and Administration – Lisa Lamb – Pg 23
  - .03 Approve Resolution 2021-05 2021 Bond Financing Including Transaction Documents for NSLA Gym Project not to exceed \$5.5 Million – David Gruber – Pg 24
  - .04 Approve Revision of AR 3314.3 – Credit Card Usage – David Gruber - Pg 497
  - .05 Approve Resolution 2021-06 Relating to Participating in Self-Funding Excess Liability Plan – David Gruber – Pg 499

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**8. INFORMATION INCLUDED IN PACKET:** *(Board members may ask questions on items for clarification.)*

- .01 President/CEO Report – Lisa Lamb – Pg 500
- .02 LCER Grant Tracking Report – Pg 507
- .03 LCER Financial Reports
  - Checks Over \$10K – Pg 508
  - Budget Comparisons – Pg 509
- .04 Lewis Center Foundation Financial Report
  - September 2021 – Pg 511
- .05 AAE and NSLA Enrollment Data – Pg 512
- .06 LCER Board Attendance Log – Pg 514

**9. BOARD/STAFF COMMENTS:**

- .01 Ask a question for clarification
- .02 Make a brief announcement
- .03 Make a brief report on his or her own activities
- .04 Future agenda items

**10. ADJOURNMENT:** Chairman Rib

**Lewis Center for Educational Research Board  
Agenda Item Cover Sheet**

Date of meeting: 11/8/2021

Title: AAE and NSLA Educator Effectiveness Block Grant Discussion

Presentation: \_\_\_\_\_ Consent: \_\_\_\_\_ Action: \_\_\_\_\_ Discussion: x Information: \_\_\_\_\_

**Background:**

Educator Effectiveness Funds were allotted to AAE and NSLA based on the number of full-time classified and credentialed employees in 2020-21. Funds are intended for professional learning for certificated, classified, and administrators in the following ways:

- Coaching and mentoring of staff serving in an instructional setting and beginning teacher or administrator induction
- Programs that lead to effective, standards-aligned instruction and improve instruction in literacy across all subject areas
- Practices and strategies that reengage pupils and lead to accelerated learning
- Strategies to implement social-emotional learning, trauma-informed practices, suicide prevention, access to mental health services, and other approaches improving student well-being
- Practices to create a positive school climate
- Strategies to improve inclusive practices
- Instruction and education to support implementing effective language acquisition programs for English learners.
- New professional learning networks for educators
- Instruction, education, and strategies to incorporate ethnic studies for grades 7-12
- Instruction, education, and strategies for certificated and classified educators in early childhood education or development

**Fiscal Implications (if any):**

Provide a plan for spending funds on allowable purposes.

**Impact on Mission, Vision or Goals (if any):**

All budgeted expenses support the Mission, Vision, and Goals of each school.

**Recommendation:**

Approve the local priorities as recommended by staff.

Submitted by: Heather Juarez, Coordinator of Assessments & Programs, Administration

**Minutes for Regular Meeting of the Lewis Center for Educational Research Board  
October 18, 2021**

1. **CALL TO ORDER AND PLEDGE OF ALLEGIENCE:** Chairman Rib
2. **ROLL CALL:** Torii Gray, Sharon Page, Jim Morris, Kevin Porter, David Rib, Omari Onyango, Jessica Rodriguez,

LCER Board Members Pat Caldwell and Rick Wolf were Absent

3. **PUBLIC COMMENTS:** Kiasheena Perez regarding free NSLA after school program, Shauna Archuleta regarding vaccine mandates, Diane Hrabak regarding vaccine mandates and masks, Landon Applegate regarding vaccine mandates, Lyle Applegate regarding vaccine mandates, Barbara Hoover regarding Dress Code
4. **SPECIAL PRESENTATIONS:**
  - .01 LCER Ambassadors Update – Melissa Mangold, Lewis Center Ambassador President gave an update on AAE school activities and fundraisers.
5. **CLOSED SESSION – pulled from agenda.**
  - .01 Pupil Personnel Administrative Hearing Panel Recommendation on AAE Expulsion Case #10121
6. **DISCUSSION ITEMS:**
  - .01 NSLA Gym Construction Project Update – Larry Rieder provided an update on the gym project at NSLA. They hope to reduce the budget by \$300K.
  - .02 Discuss California Enterprise Development Authority Term Summary for NSLA Gym Project Funding – John Phan reported he is working on finalizing documents. Interest rates are going up and he reviewed terms. Target date to close is December 16, 2021 with construction to begin early January. It will be brought forward for approval next month.
  - .03 Discuss LCER Board Strategic Planning – Lisa Lamb discussed that the morning session will be for the LCER Board and the afternoon session will include the Lewis Center Foundation Board. The Foundation would like to align their fundraising efforts with the updated Strategic Plan Goals. She will send proposed dates.
  - .04 Lewis Center Foundation Update – Jessica Rodriguez reported that the gala went well. David reported it was a wonderful Gala but did have a little trouble with the app.

7. **CONSENT AGENDA:**
  - .01 Approve Minutes of the September 13, 2021 Regular LCER Board Meeting
  - .02 Approve Request to Donate or Dispose of Damaged Furniture
  - .03 Approve AAE Senior Grad Nite Field Trip at Disneyland June 3-4, 2022

On a motion by Jessica Rodriguez, seconded by Jim Morris, vote 7-0, the LCER Board of Directors approved Consent Agenda Items 7.01-7.03 by roll call vote.

8. **ACTION ITEMS:**
  - .01 Approve AAE and NSLA ESSER III Expenditure Plans That Address the Academic, Social, Emotional and Mental Health Needs of Students Who Have Been Most Impacted by COVID-19 – Valli Andreasen and Fausto Barragan presented information on the plans. AAE needs and wants exceed the amount given. Stakeholder input was used to determine use of funds, including HVAC system replacements, ionizers were installed on units, additional health clerk for IS and contact tracing, 5 resident subs, increased sub rates, shade structures, addressing learning loss in science, 1<sup>st</sup> grade Para educators, summer academy, suicide prevention plan, and EL learners. NSLA gathered stakeholder input to determine how best to use ESSER funds to meet student's social-emotional and academic needs and ensure that they could return to in-person instruction in an environment where safety protocols mitigate COVID19. As a result, NSLA stakeholders determined that ESSER funds

be used for summer academy, increase substitute teacher pay rates, hire additional staff to support with supervision, purchase content, and mitigate learning loss. On a motion by Sharon Page, seconded by Kevin Porter, vote 7-0, the LCER Board of Directors approved the AAE ESSER III Expenditure Plan by roll call vote; on a motion by Sharon Page, seconded by Jim Morris, vote 7-0, the LCER Board of Directors approved the NSLA ESSER III Expenditure Plan by roll call vote.

.02 Approve TSK Proposal for NSLA Gym Project – On a motion by Jim Morris, seconded by Torii Gray, vote 7-0, the LCER Board of Directors approved the TSK proposal for the NSLA Gym Project by roll call vote.

.03 Approve Revision of BP 6158 Independent Study to Reflect New AB 167 Guidelines – On a motion by Omari Onyango, seconded by Jessica Rodriguez, vote 7-0, the LCER Board of Directors approved Revision of BP 6158 Independent Study by roll call vote.

**9. INFORMATION INCLUDED IN PACKET:** *(Board members may ask questions on items for clarification.)*

.01 President/CEO Report – Lisa Lamb reported about the Noche de Estrella night at NSLA November 13, 2021.

.02 LCER Grant Tracking Report

.03 LCER Financial Reports

- Checks Over \$10K
- Budget Comparisons

.04 AAE and NSLA Enrollment Data

.05 LCER Board Attendance Log

**10. BOARD/STAFF COMMENTS:**

.01 Ask a question for clarification

.02 Make a brief announcement – Lisa apologized for audio and that we are working on a new system.

.03 Make a brief report on his or her own activities

.04 Future agenda items

**11. ADJOURNMENT:** Chairman Rib adjourned the meeting at 6.07 p.m.

Lewis Center for Educational Research Board  
Agenda Item Cover Sheet

Date of meeting: November 8, 2021

Title: NSLA 8<sup>th</sup> grade - Pali Institute (Camp)

Presentation:      Consent: X Action:      Discussion:      Information:     

Background:

Yearly 8<sup>th</sup> grade overnight trip for outdoor education  
\* team building activities

Fiscal Implications (if any):

Students will be asked to donate towards the trip  
\* the 8<sup>th</sup> grade class will be fundraising

Impact on Mission, Vision or Goals (if any):

- \* Will support hands on learning in the area of science, and strengthen their experience with STEAM activities.
- \* Team Building/Relationships/Communication = SEL components

Recommendation:

Trip is planned for Monday, March 7<sup>th</sup> - Friday, March 11<sup>th</sup>.

Submitted by: Name, Title, Department

Stacy Brunson - MS Teacher - 8<sup>th</sup> grade

Rodolfo Remigio - MS Teacher - 8<sup>th</sup> grade



**LEWIS CENTER FOR EDUCATIONAL RESEARCH**  
**Academy for Academic Excellence**

**FIELD TRIP REQUEST FORM**

Date Submitted: 10/14/2021

Office use only	
Date/Time submitted:	
Initials:	
Transportation Booked:	
Initials:	
Calendared:	
Initials:	

Requested by: Brunzu/Remigio  
 Destination: Bali Institute  
 Date(s) of trip: 3/7/2022 - 3/11/2022  
 School departure time: 9:30 am - 3/7/2022  
 Destination departure time: 11:00 am - 3/11/2022  
 Overnight/Out-of-State stay: YES NO  
 Number of students: 76 adults: 3

Phone: (909) 939-0888  
 Grade Level: 8<sup>th</sup> grade  
 Destination arrival time: 10:30 am  
 School return time: 12:00 noon  
 Water activities involved: YES NO  
 Admission students: 55<sup>00</sup> adults: —

(not all students might attend - # may be lower)

**Transportation**

Bus requested? (circle one) YES NO      Bus company name: \_\_\_\_\_  
 Number of busses requested: 1      Bus company contact name: \_\_\_\_\_  
 \*\*\*Bus Passenger information: Number of students: 76 adults: 3

Private Vehicle Used?\*      YES NO  
 ASB/Club Sponsored? (paid by club)      YES NO      Name of Club: \_\_\_\_\_  
 Proper Insurance Coverage?      YES NO      Other Transportation: \_\_\_\_\_

\*Must be on approved driver list, list names below or attach separate sheet with driver names:

_____	_____
_____	_____
_____	_____
_____	_____

**Brief Description of Educational Benefit to be derived from this activity:**  
Outdoor Education camp to enhance science learning & team building / SEL components good for promoting 8<sup>th</sup> graders

I have followed the checklist prior to submitting this form: \_\_\_\_\_  
 Principal Signature: \_\_\_\_\_  
 Teacher Signature: \_\_\_\_\_

Funding Code: \_\_\_\_\_ Date: 10/19/2021

BOARD APPROVAL REQUIRED FOR OVERNIGHT/OUT-OF-STATE STAYS and WATER ACTIVITIES  
 A DETAILED ITINERARY MUST BE INCLUDED FOR EACH FIELD TRIP  
 THREE MONTHS PRIOR BOARD APPROVAL FOR OUT OF THE COUNTRY TRIPS

**Lewis Center for Educational Research Board  
Agenda Item Cover Sheet**

Date of meeting: 11/8/2021

Title: AAE and NSLA California Dashboard Indicators 2021

Presentation: \_\_\_\_\_ Consent: x Action: \_\_\_\_\_ Discussion: \_\_\_\_\_ Information: \_\_\_\_\_

**Background:**

For the 2021-2022 school year, the CDE received a waiver for the 2020-2021 data reported through the California School Dashboard. Schools are still required to publish local indicator data on the California School Dashboard fall of 2021. Performance determinations (i.e. Met, Not Met, Not Met for Two or More Years) will not be made.

**Fiscal Implications (if any):**

Part of our LCAP which is tied to our LCFF.

**Impact on Mission, Vision or Goals (if any):**

Represents how the school satisfies the 7 LCFF priorities.

**Recommendation:**

Approve

Submitted by: Heather Juarez, Coordinator of Assessments & Programs, Administration



## AAE California Dashboard Local Indicators Fall 2021

Prompts in bold print and AAE's responses in regular font.

<b>Priority 1-Appropriately Assigned Teachers, Access to Curriculum-Aligned Instructional Materials, and Safe, Clean and Functional School Facilities</b>	<b>Response</b>
<b>Number/percentage of misassignments of teachers of English learners, total teacher misassignments, and vacant teacher positions</b>	0/0% 5/7% 1/1%
<b>Number/percentage of students without access to their own copies of standards-aligned instructional materials for use at school and at home</b>	0/0%
<b>Number of identified instances where facilities do not meet the "good repair" standard (including deficiencies and extreme deficiencies)</b>	-2

### **Priority 2-Implementation of State Academic Standards**

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**1. Rate the local educational agency's progress in providing professional learning for teaching to the recently adopted academic standards and/or curriculum frameworks identified below. Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability**

English Language Arts – Common Core State Standards for English Language Arts: 5

English Language Development (Aligned to English Language Arts Standards): 4 (Partial training on ELD implementation with curriculum)

Mathematics – Common Core State Standards for Mathematics: 5

Next Generation Science Standards: 5

History-Social Science: 4 (Included in Benchmark Advance; Secondary teachers attending annual social studies conference; Activate Learning (6-9) curriculum full implementation 21-22)

**2. Rate the local educational agency's progress in making instructional materials that are aligned to the recently adopted academic standards and/or curriculum frameworks identified below available in all classrooms where the subject is taught. Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability**

English Language Arts – Common Core State Standards for English Language Arts: 5

English Language Development (Aligned to English Language Arts Standards): 5

Mathematics – Common Core State Standards for Mathematics: 5

Next Generation Science Standards: 5

History-Social Science: 4

**3. Rate the local educational agency's progress in implementing policies or programs to support staff in identifying areas where they can improve in delivering instruction aligned to the recently adopted academic standards and/or curriculum**

frameworks identified below (e.g., collaborative time, focused classroom walkthroughs, teacher pairing) *Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability*

English Language Arts – Common Core State Standards for English Language Arts: 5

English Language Development (Aligned to English Language Arts Standards): 5

Mathematics – Common Core State Standards for Mathematics: 5

Next Generation Science Standards: 5

History-Social Science: 5

**4. Rate the local educational agency's progress implementing each of the following academic standards adopted by the State Board of Education for all students. *Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability***

Career Technical Education: 5

Health Education Content Standards: 4 (not fully implemented due to distance learning)

Physical Education Model Content Standards: 5

Visual and Performing Arts: 5

World Language: 5

**5. Rate the LEA's success at engaging in the following activities with teachers and school administrators during the prior school year (including the summer preceding the prior school year). *Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability***

Identifying the professional learning needs of groups of teachers or staff as a whole: 5

Identifying the professional learning needs of individual teachers: 5

Providing support for teachers on the standards they have not yet mastered: 5

### **Priority 3-Parent Engagement (Parent Climate Survey used for narratives)**

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#### **Building Relationships-Responses Bold and Underlined**

**1. Rate the LEA's progress in developing the capacity of staff (i.e. administrators, teachers, and classified staff) to build trusting and respectful relationships with families. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; **5 – Full Implementation and Sustainability**

**2. Rate the LEA's progress in creating welcoming environments for all families in the community. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; **5 – Full Implementation and Sustainability**

**3. Rate the LEA's progress in supporting staff to learn about each family's strengths, cultures, languages, and goals for their children. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

**4. Rate the LEA's progress in developing multiple opportunities for the LEA and school sites to engage in 2-way communication between families and educators using language that is understandable and accessible to families. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

Narrative:

AAE continues to engage families with 2-way communication through multiple means including in-person, multiple social media platforms, email through the student information system, and telephonically. The school provides translation services in Spanish and correspondence in both Spanish and English. The school is exploring translation services in other languages to ensure all families are engaged in communication.

## **Building Partnerships for Student Outcomes-Responses Bold and Underlined**

**5. Rate the LEA's progress in providing professional learning and support to teachers and principals to improve a school's capacity to partner with families. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

**6. Rate the LEA's progress in providing families with information and resources to support student learning and development in the home. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

**7. Rate the LEA's progress in implementing policies or programs for teachers to meet with families and students to discuss student progress and ways to work together to support improved student outcomes. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; **5 – Full Implementation and Sustainability**

**8. Rate the LEA's progress in supporting families to understand and exercise their legal rights and advocate for their own students and all students. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

Narrative:

The AAE actively works to build positive relationships with all members of the learning community. During the pandemic, multiple forms of engagement were used to ensure all families had access to their child's teacher(s) and school administrators. The use of virtual parent forums increased the opportunities for families to be made aware of decisions and participate in making these decisions that affect the school and students. Families in need of devices and wifi to access these meetings were given both either at the school or delivered to them directly. Families were provided written materials and contacted telephonically if requested.

Online surveys were essential in providing feedback while keeping families and staff safe. The school discovered that participation was improved with the online surveys and forums and plans to continue to use these in combination with in-person forums to engage stakeholders.

## **Seeking Input for Decision Making-Responses Bold and Underlined**

**9. Rate the LEA's progress in building the capacity of and supporting principals and staff to effectively engage families in advisory groups and with decision-making. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; **5 – Full Implementation and Sustainability**

**10. Rate the LEA's progress in building the capacity of and supporting family members to effectively engage in advisory groups and decision-making. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

**11. Rate the LEA's progress in providing all families with opportunities to provide input on policies and programs, and implementing strategies to reach and seek input from any underrepresented groups in the school community. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 –**

Full Implementation; **5 – Full Implementation and Sustainability**

**12. Rate the LEA's progress in providing opportunities to have families, teachers, principals, and district administrators work together to plan, design, implement and evaluate family engagement activities at school and district levels. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; **5 – Full Implementation and Sustainability**

Narrative:

Families are an important component of the Academy for Academic Excellence (AAE) governance process. Multiple opportunities are offered to engage all members of the school community in evaluations of programs and services. Student, parent, and staff surveys are used to gather input. Parents of AAE students are invited to complete a climate survey at least every two years to provide the school with subjective measures, including satisfaction levels with all aspects of the AAE and its programs. AAE uses the survey results to foster positive learning and teaching environments, measure parent involvement, student achievement, health, and well being.

Parents are encouraged to make a difference in the governance of the school by participating in the School Site Council (SSC) and English Learner Advisory Committee (ELAC). The SSC is actively involved in developing and approving the school's Local Control and Accountability Plan (LCAP) as well as related categorical expenditures. Its members regularly evaluate data and the progress made to raise the academic achievement of all students.

Parents have access to the Lewis Center for Educational Research Board (LCER) to address concerns publicly at monthly Board meetings. The LCER Board meetings are held alternately at Norton Space and Language Academy (NSLA) and AAE and streamed live to the other school site, increasing accessibility and participation for all stakeholders at both schools. Principals and Directors provide reports and presentations at Board meetings. Following each Board meeting, the AAE Principal reviews any Board presentations at a monthly Parents and Pastries meeting. These include presentations on SBA results, California School Dashboard, LCAP progress and annual updates. All parents are encouraged to attend these regularly scheduled open forums where they have access to AAE administration and representatives to ensure successful ongoing communication among parents, students, and the school. Parents and Pastries meetings are streamed live on the school's Facebook page allowing hundreds of parents that are unable to attend to view the recordings at their convenience.

Parents are reminded of all public school meetings through the AAE's mass messaging system, Infinite Campus, Facebook and other social media outlets. The AAE administration actively works to continually improve academic performance, school climate, and operations through collaboration with stakeholders. Increased frequency and opportunities, both in-person and online, to engage all members of the school community have resulted in significant gains in the levels of engagement between home and school.

### **Priority 6-School Climate (Student Climate Survey used for narrative)**

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In the fall of the 2021-22 school year, the Academy for Academic Excellence conducted a climate survey to the following groups: School Personnel, Families, Elementary grades 3-5 and Middle/High School grades 6-12.

Personnel Data - School personnel responses by category are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Staff Connectedness Mean of 3.28

Structure of Learning Mean of 3.3

School Safety Mean of 3.36

Physical Environment Mean of 3.28

Peer/Adult Relations Mean of 3.08

Parental Involvement Mean of 3.19

Family Data - Family responses by category are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Teaching and Learning Mean of 3.31

School Safety Mean of 3.33

Interpersonal Relationships Mean of 3.11

Institutional Environment Mean of 3.49  
Parental Involvement Mean of 3.0

Elementary Student Data - Elementary students in grades 3-5 responses are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Like School Mean of 2.94  
Feel Like they Do Well Mean of 2.73  
School Wants Student to Do Well Mean of 3.72  
School has Clear Rules on Behavior Mean of 3.49  
Teachers Treat Students with Respect Mean of 3.54  
Good Behavior is Noticed Mean of 2.8  
Get Along Well with Others Mean of 3.04  
Feel Safe at School Mean of 3.04  
Students Treat each Other Well Mean of 2.64  
Adults at School will Help Mean of 3.32  
Student Behavior Allows Teachers to Teach Mean of 2.55

Middle/High School Student Data - Middle and High School students in grades 6-9 responses are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Like School Mean of 2.74  
Feel Successful Mean of 2.88  
School has High Standards of Achievement Mean of 3.1  
School has Clear Rules on Behavior Mean of 3.21  
Teachers Treat Students with Respect Mean of 3.32  
Student Behavior Allows Teachers to Teach Mean of 3.1  
Good Behavior is Recognized Mean of 2.46  
Feel Safe at School Mean of 2.86  
Adults at School will Help Mean of 2.86

Data shows strength in school safety, well-maintained facilities, teachers showing respect, and having high expectations. Areas of growth would be to improve parent-school communication, reinstate parent volunteers once it's safe to do so, recognize students for good behavior, and improve students' perception of school. Implementing a program to recognize students would help with perception and build self-efficacy in students.

## Priority 7-Access to a Broad Course of Study

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**1. Briefly identify the locally selected measures or tools that the LEA is using to track the extent to which all students have access to, and are enrolled in, a broad course of study, based on grade spans, unduplicated student groups, and individuals with exceptional needs served.**

The Academy for Academic Excellence (AAE) ensures a broad course of study for all students to ensure student success. In meeting Priority 7, AAE assesses the extent to which all students have access to and are enrolled in a broad course of study standards through an annual review of course offerings, class schedules, and school schedules. Course access measures include:

- The number of students enrolled in a broad course of study that includes core subject areas
- The number of programs and services developed and provided for unduplicated students with greater needs
- The number of high school students enrolled in all required courses for admittance to a four-year college, UC or CSU school

**2. Using the locally selected measures or tools, summarize the extent to which all students have access to, and are enrolled in, a broad course of study. The summary should identify any differences across school sites and student groups in access to, and enrollment in, a broad course of study. LEAs may describe progress over time in the extent to which all students have access to, and are enrolled in, a broad course of study.**

For the 2021-22 school year, 100% of students at the Academy for Academic Excellence had full access to a broad course of study including programs and services provided to unduplicated students and individuals with exceptional needs. In elementary (TK-5), all seven areas identified as a broad course of study are attended within the school day. Weekly STREAM classes covering computer science, PE, music, and space science are attended by all K-5 students during the school day. After school programs include choir, dance, strings, drama, NASA's Best, and band where all students are offered access. Enrollment is only limited by size and is on a first-come, first-served basis.

Middle school students have access to all seven areas identified as a broad course of study during the school day. In addition to the seven areas, middle school students have a rotating elective period four times a year with courses focusing on college and career readiness such as computer science, science exploration, career pathways, and life skills.

High school students have access to all seven areas identified as a broad course of study during the school day. Nine AP courses including AP Capstone are offered to all students. Space Force Junior ROTC is offered to all students within the school day. Space Force JROTC also has a zero period for special teams. Middle and high school students are able to select from a wide range of co-curricular and extracurricular activities including athletics, visual and performing arts, clubs, and service groups.

**3. Given the results of the tool or locally selected measures, identify the barriers preventing the LEA from providing access to a broad course of study for all students.**

No barriers exist to prevent student access to a broad course of studies in all grades, TK-12.

**4. In response to the results of the tool or locally selected measures, what revisions, decisions, or new actions will the LEA implement, or has the LEA implemented, to ensure access to a broad course of study for all students?**

Regular analysis of course offerings, class schedules, and school schedules continues to inform the administration of student access to a broad course of study.

## NSLA California Dashboard Local Indicators Fall 2021

Prompts in bold print and AAE's responses in regular font.

<b>Priority 1-Appropriately Assigned Teachers, Access to Curriculum-Aligned Instructional Materials, and Safe, Clean and Functional School Facilities</b>	<b>Response</b>
<b>Number/percentage of misassignments of teachers of English learners, total teacher misassignments, and vacant teacher positions</b>	0/0% 1/3% 1/3%
<b>Number/percentage of students without access to their own copies of standards-aligned instructional materials for use at school and at home</b>	0/0%
<b>Number of identified instances where facilities do not meet the "good repair" standard (including deficiencies and extreme deficiencies)</b>	0

### **Priority 2-Implementation of State Academic Standards**

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**1. Rate the local educational agency's progress in providing professional learning for teaching to the recently adopted academic standards and/or curriculum frameworks identified below. *Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability***

English Language Arts – Common Core State Standards for English Language Arts: 5

English Language Development (Aligned to English Language Arts Standards): 5

Mathematics – Common Core State Standards for Mathematics: 5

Next Generation Science Standards: 5 (Twig adoption TK-5; Amplify 6-8; Nat Geo 9th training provided 20-21 & 21-22)

**2. Rate the local educational agency's progress in making instructional materials that are aligned to the recently adopted academic standards and/or curriculum frameworks identified below available in all classrooms where the subject is taught. *Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability***

English Language Arts – Common Core State Standards for English Language Arts: 5

English Language Development (Aligned to English Language Arts Standards): 5

Mathematics – Common Core State Standards for Mathematics: 5

Next Generation Science Standards: (Twig adoption TK-5; Amplify 6-8; Nat Geo 9th) 5

History-Social Science: (Included in Benchmark Adelante/Benchmark Advance; Social Studies Weekly; Vista Learning 7-9) 4

**3. Rate the local educational agency's progress in implementing policies or programs to support staff in identifying areas where they can improve in delivering instruction aligned to the recently adopted academic standards and/or curriculum frameworks identified below (e.g., collaborative time, focused classroom walkthroughs, teacher pairing) *Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full***

**Implementation; 5 – Full Implementation and Sustainability**

English Language Arts – Common Core State Standards for English Language Arts: 5

English Language Development (Aligned to English Language Arts Standards): 5

Mathematics – Common Core State Standards for Mathematics: 5

Next Generation Science Standards: (STEM coordinator and trainings) 5

History-Social Science: 4

**4. Rate the local educational agency's progress implementing each of the following academic standards adopted by the State Board of Education for all students. Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability**

Career Technical Education: 4 ( ASB events, college visits, electives, and guest speakers)

Health Education Content Standards: 4 (Beginning implementation of new curriculum)

Physical Education Model Content Standards: 5

Visual and Performing Arts: 4 (Continuing development of Arts program with electives and rotation classes)

World Language: 5

**5. Rate the LEA's success at engaging in the following activities with teachers and school administrators during the prior school year (including the summer preceding the prior school year). Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability**

Identifying the professional learning needs of groups of teachers or staff as a whole: 5

Identifying the professional learning needs of individual teachers: 5

Providing support for teachers on the standards they have not yet mastered: 5

**Priority 3-Parent Engagement (Parent Climate Survey used for narratives)**

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**Building Relationships-Responses Bold and Underlined**

**1. Rate the LEA's progress in developing the capacity of staff (i.e. administrators, teachers, and classified staff) to build trusting and respectful relationships with families. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

**2. Rate the LEA's progress in creating welcoming environments for all families in the community. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; **4 – Full Implementation**; 5 – Full Implementation and Sustainability

**3. Rate the LEA's progress in supporting staff to learn about each family's strengths, cultures, languages, and goals for their children. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; **3 – Initial Implementation**; 4 – Full Implementation; 5 – Full Implementation and Sustainability

**4. Rate the LEA's progress in developing multiple opportunities for the LEA and school sites to engage in 2-way**



**communication between families and educators using language that is understandable and accessible to families. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

Narrative:

The Norton Science and Language Academy believes that parents and families are an integral part in the decision making of the school. Parents are invited to participate in a variety of activities and councils including:

1. School Site Council
2. English Language Advisory Committee
3. School Board Meetings (Parent Board Members)
4. Monthly Cafecito Meetings
5. Love and Logic Classes for Parents
6. Latino Family Literacy Project
7. CAFE Project to Inspire
8. Parent Teacher Organization

### **Building Partnerships for Student Outcomes-Responses Bold and Underlined**

**5. Rate the LEA's progress in providing professional learning and support to teachers and principals to improve a school's capacity to partner with families. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

**6. Rate the LEA's progress in providing families with information and resources to support student learning and development in the home. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

**7. Rate the LEA's progress in implementing policies or programs for teachers to meet with families and students to discuss student progress and ways to work together to support improved student outcomes. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

**8. Rate the LEA's progress in supporting families to understand and exercise their legal rights and advocate for their own students and all students. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

Narrative:

The Norton Science and Language Academy will continue to utilize a Multi-tiered System of Support (MTSS) in order to monitor student progress in meeting the academic standards through the integration of evidence-based instruction, interventions, and assessments to address the full range of student academic and behavioral needs. Parents and families will continue to work as partners to make the best decisions when supporting students' academic and behavioral needs.

### **Seeking Input for Decision Making-Responses Bold and Underlined**

**9. Rate the LEA's progress in building the capacity of and supporting principals and staff to effectively engage families in advisory groups and with decision-making. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

**10. Rate the LEA's progress in building the capacity of and supporting family members to effectively engage in advisory groups and decision-making. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

**11. Rate the LEA's progress in providing all families with opportunities to provide input on policies and programs, and implementing strategies to reach and seek input from any underrepresented groups in the school community. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

**12. Rate the LEA's progress in providing opportunities to have families, teachers, principals, and district administrators work together to plan, design, implement and evaluate family engagement activities at school and district levels. \***

Rating Scale (lowest to highest): 1 – Exploration and Research Phase; 2 – Beginning Development; 3 – Initial Implementation; 4 – Full Implementation; 5 – Full Implementation and Sustainability

Narrative:

Parent and family engagement is a core practice at Norton Science & Language Academy. Parents are children's first teachers and know their children best. Engaging with families is not only a legal mandate but a philosophically important to Norton. Research continues to support that academic achievement is bolstered when schools engage families in a meaningful way. Norton Science and Language Academy provides numerous opportunities for families to support and be engaged each year. To keep families safe during the pandemic, the school used online surveys and forums to distribute and collect stakeholder feedback. The school discovered higher participation rates using these formats and intends to use both along with in-person feedback. For families that are unable to attend either, information will be distributed on paper or by phone. This community collaboration assists in designing and improving experiences for its students.

**Priority 6-School Climate (Student Climate Survey used for narrative)**

In the fall of the 2021-22 school year, Norton Science and Language Academy conducted a climate survey to the following groups: School Personnel, Families, Elementary grades 3-5 and Middle/High School grades 6-9.

Personnel Data - School personnel responses by category are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Staff Connectedness Mean of 3.38

Structure of Learning Mean of 3.31

School Safety Mean of 3.43

Physical Environment Mean of 3.35

Peer/Adult Relations Mean of 3.16

Parental Involvement Mean of 2.97

Family Data - Family responses by category are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Teaching and Learning Mean of 3.53

School Safety Mean of 3.55

Interpersonal Relationships Mean of 3.42

Institutional Environment Mean of 3.65

Parental Involvement Mean of 2.93

Elementary Student Data - Elementary students in grades 3-5 responses are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Like School Mean of 2.91

Feel Like they Do Well Mean of 2.65

School Wants Student to Do Well Mean of 3.54

School has Clear Rules on Behavior Mean of 3.6

Teachers Treat Students with Respect Mean of 3.5

Good Behavior is Noticed Mean of 2.81

Get Along Well with Others Mean of 3.05

Feel Safe at School Mean of 3.04

Students Treat each Other Well Mean of 2.6

Adults at School will Help Mean of 3.36

Student Behavior Allows Teachers to Teach Mean of 2.47

Middle/High School Student Data - Middle and High School students in grades 6-9 responses are indicated below. Each category displays the mean of scored questions from 1-4, with 4 being the highest and most desirable.

Like School Mean of 2.92

Feel Successful Mean of 2.8  
School has High Standards of Achievement Mean of 2.98  
School has Clear Rules on Behavior Mean of 3.22  
Teachers Treat Students with Respect Mean of 3.26  
Student Behavior Allows Teachers to Teach Mean of 2.91  
Good Behavior is Recognized Mean of 2.75  
Feel Safe at School Mean of 2.94  
Adults at School will Help Mean of 2.85

Data indicates the areas of strength are in school safety, the school's environment, student understanding of the rules, and teachers being respectful to students and each other. Areas for growth would be in reinstating parent volunteers once it's safe to do so. Implementing a program to help students be more respectful towards each other so that students can enjoy their school experience and learn. The school also needs to help students feel successful and recognize good behavior.

### **Priority 7-Access to a Broad Course of Study**

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**1. Briefly identify the locally selected measures or tools that the LEA is using to track the extent to which all students have access to, and are enrolled in, a broad course of study, based on grade spans, unduplicated student groups, and individuals with exceptional needs served.**

The Norton Science and Language Academy tracks progress in meeting Priority 7 standards through an annual review of course offerings, class schedules, and school schedules to assess the extent to which all students have access to and are enrolled in a broad course of study.

**2. Using the locally selected measures or tools, summarize the extent to which all students have access to, and are enrolled in, a broad course of study. The summary should identify any differences across school sites and student groups in access to, and enrollment in, a broad course of study. LEAs may describe progress over time in the extent to which all students have access to, and are enrolled in, a broad course of study.**

For the 2021-22 school year, 100% of students at the Norton Science and Language Academy, TK-9, had full access to a broad course of study. All students in K-5 attend enrichment courses during the school day that include Art, PE, and Music. Middle school and High School students have the opportunity to take elective courses in Mandarin, Computer Science, ASL, Robotics, and ASB. We partner with the local community college to provide High School students dual-enrollment courses.

**3. Given the results of the tool or locally selected measures, identify the barriers preventing the LEA from providing access to a broad course of study for all students.**

No barriers exist to prevent student access to a broad course of studies in all grades, TK-9.

**4. In response to the results of the tool or locally selected measures, what revisions, decisions, or new actions will the LEA implement, or has the LEA implemented, to ensure access to a broad course of study for all students?**

Regular analysis of course offerings, class schedules, and school schedules continue to inform the administration of student enrollment in a broad course of study. As the school continues to add a high school grade annually--10th grade 2022; 11th grade

2023; 12th grade 2024--it will continue to support the school's mission for dual immersion and world languages using continuous stakeholder data to provide a robust and rigorous education for its students.

**Lewis Center for Educational Research  
Board Packet Agenda Items**

Date of meeting: November

Title: AAE Admittance of Late-Start Kindergarten Student

Presentation: \_\_\_\_\_ Consent:   X   Action: \_\_\_\_\_ Discussion: \_\_\_\_\_ Information: \_\_\_\_\_

Background:

Pursuant to EC 48000(a), a child is eligible for kindergarten if the child will have his or her fifth birthday by September 1. However, pursuant to EC 48000(b), local education agencies (LEAs) may enroll children in TK or kindergarten on or after their 5th birthday, on a case-by-case basis, if the governing board determines that the admittance is in the best interests of the child, and the parent or guardian is given information regarding the advantages and disadvantages, and any other explanatory information about the effect of this early admittance.

An age-ineligible student was mistakenly enrolled in kindergarten for the 2021-2022 school year. This error was identified on the student's fifth birthday in September. Parents and school staff determined it is in the best interest of the child to continue in kindergarten instead of being placed in TK.

Fiscal Implications (if any):

Average Daily Attendance (ADA) can be claimed for the late start student on the day of their admittance. Loss of ADA for one student until fifth birthday in September.

Impact on Mission, Vision or Goals (if any):

Ensures best opportunity for student success.

Recommendation:

Board approval of late-start admittance of Student #32243 into kindergarten on fifth birthday.

Submitted by:

Valli Andreasen, AAE Principal

**High Desert “Partnership in Academic Excellence” Foundation, Inc. dba  
Lewis Center for Educational Research  
17500 MANA ROAD, APPLE VALLEY, CA 92307 (760) 946-5414 (760) 946-9193 FAX**

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**RESOLUTION NO. 2021 – 04**

**A resolution of the board of directors of the High Desert “Partnership in Academic Excellence” Foundation, Inc. (“Board”), opposing the Governor’s announcement of a vaccine mandate for staff and students.**

The High Desert “Partnership in Academic Excellence” Foundation, Inc. is a California nonprofit public benefit corporation doing business as the Lewis Center for Educational Research (“LCER”) and operating two public charter schools known as Academy for Academic Excellence (“AAE”), and Norton Science and Language Academy (“NSLA”).

WHEREAS, the LCER has been following orders and guidance from the State of California, the California Department of Public Health (CDPH), the County of San Bernardino, CAL OSHA and the Centers for Disease Control regarding COVID-19 following the Governor of California’s declaration of a State of Emergency in March of 2020; and

WHEREAS, though these orders have been inconsistent, change frequently and are difficult to implement, California schools and school districts are required to comply with orders and guidance issued by the DPH pursuant to Health and Safety Code §120140; and

WHEREAS, Governor Newsom issued a press release on October 1, 2021 directing the California Department of Public Health to require a COVID-19 vaccination for all staff and K-12 students by January, 2022 or July, 2022, pending full FDA approval; and

WHEREAS, the Board believes a testing option for COVID-19, along with an exemption for the COVID-19 vaccination for personal beliefs, religious and medical reasons, be implemented for students and staff; and

WHEREAS, to mandate the vaccine without these options would be detrimental to our schools due to staffing shortages and decreased attendance and enrollment; and

WHEREAS, staff, along with students who are 12 year of age and older have the option, with parent choice and permission, to be vaccinated, while those younger than 12 may be taught in stable cohorts, and

WHEREAS, as AAE and NSLA are public charter schools of choice, the LCER Board firmly believes in choice for its staff and students, and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of The High Desert “Partnership in Academic Excellence” Foundation, Inc. opposes the proposed vaccine mandate for staff and students and supports the application of personal belief and other exemptions for both staff and students.

APPROVED AND ADOPTED by the Board at a regular meeting held November 8, 2021, by the following vote:           Ayes:                           Nos:                           Abstentions:

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

\_\_\_\_\_  
Chairman, Board of Directors

# **Lewis Center for Educational Research**

**Academy for Academic Excellence**

**Norton Science and Language Academy**

**Mailing: 17500 Mana Rd., Apple Valley, CA 92307**

**www.lewiscenter.org**

**760-946-5414 Fax 760-946-9193**



November 8, 2021

Letter to Governor Newsom:

The High Desert "Partnership in Academic Excellence" Foundation, Inc., dba Lewis Center for Educational Research (LCER), Board ("Board") governs two California public charter schools; Academy for Academic Excellence in Apple Valley, CA and Norton Science and Language Academy in San Bernardino, CA. As public charter schools of choice, the Board firmly believes in and supports choice for its staff and students.

The Board is concerned about the Governor's mandate, announced on October 1, 2021, that all staff and K-12 students must be vaccinated against COVID-19 by January, 2022 or July, 2022, pending full FDA approval.

Our primary job is to educate students. As we have seen over the past year and a half, students need to be in school in order to best access all the academic and social emotional supports that are available to them. It is imperative that students and staff are able to attend school in person, and this mandate would force many of our students into an independent study program. Additionally, we are concerned for our students' mental health. We have seen dramatic increases in the need for social emotion and mental health services. We are better able to identify students who need these supports and provide services when students are on campus.

***The LCER Board believes that a testing option, along with exemptions for personal belief, religious and medical reasons, should be implemented for students and staff.*** To mandate the vaccine without these options would be detrimental to our schools. We are already facing staffing shortages and ADA loss. On October 18, 2021, parents opposed to the vaccine mandate kept their children home from school. Similar to surrounding schools, we saw an absence rate of 21% on that day alone. This is one indication of the loss of attendance or enrollment that we may experience if the mandate goes into effect. Currently, 66% of our staff has chosen to get the vaccine. If the testing option is taken from the remaining 34%, it would be unlikely that we would have sufficient staffing to safely keep our schools operating in person.

The Board hereby formally requests that you allow a testing option and exemption for personal belief, religious and medical reasons be implemented for all students and staff.

Sincerely,

Lewis Center for Educational Research Board of Directors

**THE HIGH DESERT ‘PARTNERSHIP IN ACADEMIC EXCELLENCE’ FOUNDATION,  
INCORPORATED**

**RESOLUTION NO. 2021 – 05 OF THE BOARD OF DIRECTORS  
(2021 Bond Financing)**

The Board of Directors (the “Board”) of The High Desert ‘Partnership in Academic Excellence’ Foundation, Incorporated, a California nonprofit public benefit corporation (the “Corporation” or “Lessee”), dba Lewis Center for Educational Research, hereby adopts the following Resolutions:

**WHEREAS**, the Corporation is organized for charitable purposes;

**WHEREAS**, the specific and primary purposes of the Corporation is to operate a public charter school;

**WHEREAS**, the Corporation is the sole member of 230 South Waterman Road LLC (the “Borrower”), a California limited liability company;

**WHEREAS**, the Corporation operates two public charter schools known as The Academy of Academic Excellence (“AAE”) and Norton Science and Language Academy (“NSLA”) (together, the “Schools”);

**WHEREAS**, the Corporation currently operates NSLA on the property located at 230 South Waterman Avenue, San Bernardino, California 92408 (the “Series 2020 Facilities”);

**WHEREAS**, the California Enterprise Development Authority (the “Authority”) previously issued its Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2019A and its Charter School Revenue Bonds (Norton Science and Language Academy Project), Taxable Series 2020B pursuant to an Indenture of Trust dated June 1, 2020 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee thereunder (the “Trustee”);

**WHEREAS**, the Corporation wishes to construct additional improvements to the Series 2020 Facilities, as further described below;

**WHEREAS**, the Authority now proposes to issue its Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the “Series 2021A Bonds”) and its Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the “Series 2021B Bonds”) and, together with the Series 2021A Bonds, the “Series 2021 Bonds”) in an amount not to exceed \$5,500,000 as Additional Bonds as defined in and pursuant to an Indenture of Trust, dated as of June 1, 2020 (the “Original Indenture”), as supplemented and amended by the First Supplemental Indenture of Trust dated as of December 1, 2021 (the “First Supplemental Indenture” and together with the Original Indenture, the “Indenture”), each by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”);

**WHEREAS**, the Authority proposes to make a loan (the “Loan”) of the proceeds of the Series 2021 Bonds to 230 South Waterman Road LLC (the “Borrower”), a California limited liability company whose sole member is the Lessee, pursuant to the terms of the Indenture and a Loan Agreement dated as of June 1, 2020 (the “Original Loan Agreement”) by and between the Authority and the Borrower, as amended by the First



Amendment to Loan Agreement, dated as of December 1, 2021 (the “Loan Agreement Amendment” and, together with the Original Loan Agreement, the “Loan Agreement”);

**WHEREAS**, the Borrower proposes to use the proceeds of the Loan for, among other things, (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 12,644 square foot gymnasium facility and other capital improvements (the “Series 2021 Facilities” and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the “Facilities”); (b) funding a debt service reserve fund for the Series 2021 Bonds; (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the “Series 2021 Project”);

**WHEREAS**, the property on which the Series 2021 Facilities will be constructed is owned in undivided 50/50 shares by the City of San Bernardino (“City”) and the County of San Bernardino (“County”) and leased to the Borrower pursuant to that Ground Lease Agreement dated April 21, 2020, as will be supplemented and amended by the Amended Ground Lease Agreement dated as of December 1, 2021 (the “Amended Ground Lease Agreement” and together with the Original Ground Lease, the “Ground Lease”)

**WHEREAS**, Borrower leases the 2020 Facilities to the Corporation pursuant to the terms of a Sublease Agreement, dated as of June 1, 2020 (the “Lease Agreement”), which will be supplemented and amended by the Lease Agreement Supplement No. 1 dated as of December 1, 2021 (the “Lease Supplement No. 1” and together with the Original Lease Agreement, the “Lease Agreement”), each by and between the Borrower and the Lessee.;

**WHEREAS**, Lessee is the sole member of Borrower, which will be the Lessor under the Lease Agreement;

**WHEREAS**, the Corporation proposes to secure or support the obligations of the Corporation under the Leases and the obligations of the Borrower with respect to the Series 2021 Bonds by, among other things, (i) a pledge of the gross revenues of the NSLA School and (ii) an Amended and Restated Lease Blocked Account, by and between the Lessee and the Trustee, as custodian thereunder (the “Amended and Restated Lease Blocked Account Agreement”);

**WHEREAS**, the revenues of the Corporation derived from its operation of AAE, the Goldstone Apple Valley Radio Telescope (“GAVRT”) Radio Astronomy Program, the Apple Valley Center for Innovation (“AVCI”), and the Lewis Center Foundation (the “Foundation”) will not be pledged to the repayment of the Series 2021 Bonds, and the facilities from which the Lessee operates AAE, GAVRT, AVCI, and the Foundation are not pledged to secure the Series 2021 Bonds;

**WHEREAS**, Truist Securities Inc., as the underwriter (the “Underwriter”) proposes to underwrite the Series 2021 Bonds pursuant to a bond purchase agreement (the “Bond Purchase Agreement”) by and among the Underwriter, the Authority, the Borrower, and the Lessee, and a Limited Offering Memorandum (the “Limited Offering Memorandum”), describing the Authority, the Lessee, the Borrower, the Series 2021 Project and the Series 2021 Bonds;

**WHEREAS**, the Board finds that the terms of the foregoing transactions (collectively, the “Transactions”), including the Leases, are fair and reasonable as to the Corporation, the Borrower and NSLA under the circumstances, are in the best interests of the Corporation, the Borrower and NSLA, and in furtherance of the charitable purposes of the Corporation;

**WHEREAS**, the Board desires that the Corporation and the Borrower take all actions necessary or advisable to facilitate the Transactions;

**NOW, THEREFORE, BE IT RESOLVED**, that, the Board approves the Transactions for Corporation and Borrower. and authorizes the execution, delivery and performance by the Corporation and Borrower of the documents and agreements listed on Schedule 1 attached hereto (collectively, the “Primary Transaction Documents”) to which the Corporation or Borrower may be a party and all such other documents, instruments and agreements as may be necessary or advisable to facilitate the Transactions (collectively, the “Transaction Documents”);

**RESOLVED FURTHER**, that the Board hereby ratifies and confirms that (i) as of November 8, 2021, the persons named below had been duly selected as directors of the Corporation, held the offices of the Corporation set opposite their respective names, and had terms of office ending on the respective dates indicated, and (ii) as of the date hereof, the directors and officers of the Corporation, and the respective terms of office, continue to be as set forth below, and (iii) that the Board appoints the individuals listed below, and each of them individually (each, an “Corporation Authorized Signatory”, together “Corporation Authorized Signatories”), as authorized signatories of the Corporation for purposes of executing the Transaction Documents on behalf of the Corporation:

<b>Name</b>	<b>Position</b>	<b>Term Ends</b>
Kevin Porter	Treasurer	2025
Sharon Page	Director	2024
Jessica Rodriguez	Vice Chairman	2025
David Rib	Chairman	2024
Dr. Patricia Caldwell	Director	2024
Tori Gray	Secretary	2025
Jim Morris	Director	2023
Dr. Omari Onyango	Director	2024
David Rib	Director	2024
Rick Wolf	Director	2024

**RESOLVED FURTHER**, that any deficiencies in any prior action, appointment, election, minutes or records of the of directors or officers of the Corporation are hereby corrected to conform to this resolution;

**RESOLVED FURTHER**, that the Board appoints the individual listed below (“Borrower Authorized Signatory”, with Corporation Authorized Signatories, referred to as “Authorized Signatories”), as authorized signatory of the Borrower for purposes of executing the Transaction Documents on behalf of Borrower:

**1. Lisa Lamb**

**RESOLVED FURTHER**, that the Authorized Signatories, and each of them individually, are authorized and directed, for and in the name and on behalf of the Corporation or the Borrower, as applicable, to execute, deliver, approve, and, as appropriate, declare final the Transaction Documents, in the forms that have been presented to the Board for approval or with such amendments or modifications thereto as an Authorized Signatory may approve as necessary or advisable, and all such other escrow agreements, leases, security agreements, account control agreements, subordination, non-disturbance and attornment agreements, tax certificates, tax and regulatory compliance agreements, disclosure agreements, assignments, indemnification agreements, guaranties, subordination agreements, letters of representation, notices, certificates, and other documents, agreements, or instruments or amendments to any of the foregoing, as an Authorized Signatory may approve as necessary or advisable to facilitate the Transactions, each with such additions, deletions or changes therein as the Authorized Signatory executing the same shall approve (the execution and delivery thereof by any

such Authorized Signatory to be conclusive evidence of his or her approval of any such document, agreement, instrument, amendment, addition, deletion or change);

**RESOLVED FURTHER**, that NSLA may apply for grant funds under the Charter School Facility Grant Program to be applied to costs associated with facility rents under the Leases, if eligible to do so;

**RESOLVED FURTHER**, that the Corporation hereby ratifies and confirms the acts of its officers, agents or employees taken on behalf of the Corporation or Borrower in connection with the Transactions;

**RESOLVED FURTHER**, that by the adoption of these resolutions, the Board hereby reconfirms, ratifies and adopts all prior actions of the Board which may have previously been taken in connection with the Transactions;

**RESOLVED FURTHER**, that all prior resolutions of the Board or any parts thereof in conflict with any or all of the foregoing resolutions are hereby repealed to the extent of such conflict;

**RESOLVED FURTHER**, that these resolutions shall take effect and be in full force immediately after their adoption by the Board; and

**RESOLVED FURTHER**, that the Authorized Signatories, and each of them individually, are authorized and directed, for and in the name and on behalf of the Corporation or the Borrower, as applicable, to approve, execute and deliver any and all documents, instruments and agreements, and to perform or cause to be performed any and all acts as may, in their judgment, be necessary or desirable to accomplish the purposes of the foregoing resolutions and the transactions contemplated thereby and by the agreements therein approved, and any such documents, instrument or agreements so executed and delivered or actions taken by them or any of them shall be conclusive evidence of their authority in so doing.

### **Certificate of Secretary**

The undersigned certifies that the undersigned is the duly appointed and acting Secretary of the Corporation, and that the foregoing is a true and correct copy of Resolutions that were duly adopted on November 8, 2021, by the majority vote of the directors of the Corporation present at a meeting of the board of directors of the Corporation duly held on such date in compliance with the bylaws of the Corporation, and while a quorum was present.

**IN WITNESS WHEREOF**, I have hereunto set my hand as Secretary of the Corporation this 8th day of November 2021.

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Tori Gray, Secretary

**Schedule 1**  
**Transaction Documents**

1. Bond Purchase Agreement.
2. Original Indenture.
3. First Supplemental Indenture
4. Bonds.
5. Original Loan Agreement.
6. Loan Agreement Supplement No. 1
7. First Amendment to Lease Agreement.
8. First Amendment to Deed of Trust.
9. Promissory Notes.
10. Continuing Disclosure Agreement.
11. Preliminary Limited Offering Memorandum.
12. Limited Offering Memorandum.
13. Amended and Restated Lease Blocked Account Agreement.

## THE LESSEE, THE SCHOOL, AND THE BORROWER

### General

The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee") is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The Lessee was founded in 1992 by Rick Piercy, based on his idea of building a facility where students of all grade levels could experience science firsthand, and was incorporated for the purpose of promoting and supporting the educational needs of the students, teachers, and community members of the High Desert and Mountain areas of Southern California.

The Lessee operates the public charter school known as the Norton Science and Language Academy (the "School" or "NSLA") pursuant to the Charter School Act of 1992, California Education Code §§ 47600, as amended, (the "Charter School Act") and the charter petition of the Lessee granted by the San Bernardino County Board of Education (the "Authorizer" or "SBCCOE"), with a term from July 1, 2017, through June 30, 2022, as materially revised to the date hereof (the "Charter"). The first petition for the School was approved in 2008; renewals have occurred in 2012 and 2017. In July 2021, Governor Newsome approved Assembly Bill 130 which extends all charter school terms that were set to expire on or between January 1, 2022, and June 30, 2025, inclusive, by two years. The Assembly Bill 130 effectively extends the Lessee's Charter from June 30, 2022 to June 30, 2024.

The Lessee opened the School in August 2008 as the Norton Space and Aeronautics Academy, serving grades K-2. The School has grown such that it served approximately 825 students in grades TK-8 for the 2020-21 school year, and Management expects that the School will expand to serve approximately 1,444 students in grades TK-12 for the 2024-25 school year.

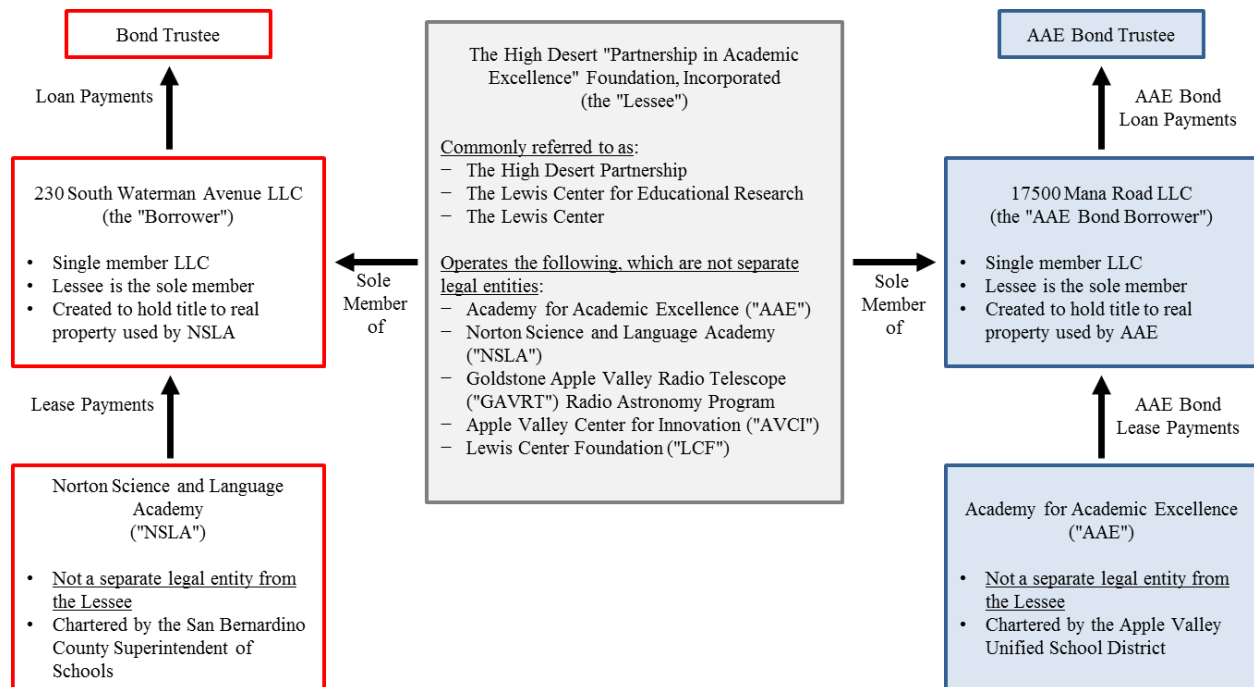
During its most recent charter renewal, the School changed its name to Norton Science and Language Academy to better communicate the School's unique identity and strengths as a dual language immersion school that propels students' scientific knowledge and skills across a broad range of scientific disciplines.

The School exists to ensure learning for a diverse and often underserved population of students who will be college and career ready as a result of its safe and rigorous bilingual, biliterate, and multicultural education. The School's ultimate goal is to create a bilingual, biliterate, and multicultural community that achieves at the highest academic levels. The focus is on community, language, academic achievement, science, and empowerment.

In addition to the School, the Lessee also operates a separate public charter school known as the Academy for Academic Excellence ("AAE"), the Goldstone Apple Valley Radio Telescope ("GAVRT") Radio Astronomy Program as a partnership with National Aeronautics and Space Administration ("NASA")/Jet Propulsion Laboratory ("JPL"), the Apple Valley Center for Innovation ("AVCI") as a joint venture between the Lessee and the Apple Valley Unified School District ("AVUSD"), and the Lewis Center Foundation ("LCF"), which is a standing committee of the Lessee's board of directors (the "Board").

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The following chart provides certain information about the Lessee, the School, the Borrower (as defined herein), AAE, 17500 Mana Road LLC, and certain other operations of the Lessee. Portions of the chart in blue align to the AAE Bonds transaction, portions in gray align to the Lessee's overall operations, and portions in white align to the NSLA Bond transaction.



[Beginning with the Fiscal Year ending [June 30, 2021], one set of audited financial statements has been and will be prepared for the Lessee, which will break down the activity for the Lessee, the School, the Borrower, AAE, and 17500 Mana Road LLC.]

Revenues of the School are delivered to the Lessee, which has covenanted to deliver such Revenues to the Trustee to be applied to Lease Payments before the remaining balance is remitted to the Lessee. As described under the heading "SECURITY FOR THE BONDS – Lease Blocked Account Agreement," from the date of issuance of the Series 2020 Bonds, the Lessee has deposited the portion of the Revenues of the School that is paid from the Authorizer into the Blocked Account immediately upon receipt thereof, but no deposits have been made by the Authorizer into the Blocked Account.

The Lessee operates the School using Revenues available after Lease Payments and other operating expenses are paid. Management fees paid by the School to the Lessee are subordinated to Lease Payments and other operating expenses.

*Mission.* The mission of the Lessee is to ensure that its schools and programs prepare students for success in a global society through data-driven, innovative and research-proven practices in a safe and inclusive culture.

*Vision.* The vision of the Lessee is to be internationally recognized as a leader due in part to its unique, long-term partnership with NASA. The Lessee's two award-winning TK-12 charter schools are model programs for STEAM and World Languages. The Lessee is deeply involved in serving its two communities – the High Desert and San Bernardino, as well as the greater educational community – through its local and global programs.

**Governing Body**

The activities and affairs of the Lessee are managed by the Board, which is required to consist of not fewer than five nor more than nine directors (each, a "Director"). Not more than four Directors may be parents of students

at the School or AAE. All but one Director must reside in the County, with the residence requirement not applicable to one Director who brings exceptional skills, background, affiliations, or expertise in an area specific to the Lessee's mission.

Directors are elected by the Board and serve three-year terms. After two consecutive terms, a Director may be reelected after one year off the Board. Any Director may be removed with or without cause by a majority vote of the Directors.

The Board is required to meet at least quarterly, and currently meets monthly, except that meetings are not held in January or July. Special meetings may be called by any officer of the Board.

A majority of the authorized number of Directors constitutes a required quorum for the transaction of business, and every act or decision done or made by a majority of the Directors present at a meeting duly held at which quorum is present is the act of the Board.

The officers of the Lessee include a Chairman, a Vice Chairman, a Secretary and a Treasurer, and such other officers with such titles and duties as may be determined by the Board. The same person may hold any two or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as Chairman.

Officers are elected from among the Directors at the annual meeting, and each serves a one-year term. The Chairman may not serve more than two consecutive terms. Any officer elected by the Board may be removed from office at any time by the Board, with or without cause or prior notice.

Certain information regarding the current Directors is set forth in the table below.

<b><u>Table 1</u></b>				
<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Industry</u></b>	<b><u>Election to Board</u></b>	<b><u>Term Ends</u></b>
David Rib	Chairman	Manufacturing	2018	2024
Jessica Rodriguez	Vice Chairman	Community Services	2019	2025
Kevin Porter	Treasurer	Law	2019	2025
Torii Gray	Secretary	Retail	2019	2025
Patricia Caldwell	Director	Education	2018	2024
James Morris	Director	Consulting	2017	2023
Omari Onyango	Director	Orthodontics	2018	2024
Sharon Page	Director	Human Resources	2018	2024
Rick Wolf	Director*	Education	2009	N/A

**David Rib/Chairman** – David Rib joined Mitsubishi Cement Corporation in 2005, where he is Manager of Corporate Social Responsibility at the Cushenberry plant. He spent the previous 16 years at the Kramer Junction [Solar Energy Generating Systems], and before that at the Cool Water Coal Gasification Program in Daggett, California. Mr. Rib graduated from the University of Maryland with a Bachelor of Science in Chemical Engineering and a Master of Engineering in Mechanical Engineering from Rensselaer Polytechnic Institute. He holds certifications for Visible Emissions Evaluation, Hazardous Materials Specialist, Underground Storage Tank ("UST") Designated Operator and Radiation Safety Officer. Mr. Rib serves as Treasurer of the Mojave Environmental Education Consortium. He served on the Hearing Board of the Mojave Desert Air Quality Management District as the Engineer Member from 1994 to 2012. Mr. Rib is also involved in the following community organizations: Lucerne Valley Economic Development Association, MCC Educational Foundation, and Advisory Committee for Systems Control & Design Academy at Granite Hills High School.

**Jessica Rodriguez/Vice Chairman** – Jessica Rodriguez started her career with Goodwill Southern California over 15 years ago. Ms. Rodriguez is the Regional Director of Workforce and Career Development and

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\* Appointed by AVUSD.

oversees workforce and career development programs in the Inland Empire. Before joining Goodwill Southern California, she had the opportunity to work with families in a shelter setting. Ms. Rodriguez graduated from California State University, Fullerton with a Bachelor of Science in Human Services and minor in Chicano Studies. She has sat on the San Bernardino Youth Engagement Team and was appointed to the San Bernardino County Workforce Development's Special Populations Committee.

**Kevin Porter/Treasurer** – Kevin Porter is a partner at Caldwell, Kennedy & Porter in Victorville, California. He holds a juris doctor from Citrus Belt Law School and is a graduate of Victor Valley Junior College and San Diego State University. Mr. Porter previously served on the Board from 1997-18 and was President of the Lessee from 2017-18. Prior to becoming an attorney, Mr. Porter was an account executive at Contel of California.

**Torii Gray/Secretary** – Torii Gray is a District Manager and District Manager Trainer at Starbucks, where she was a 2019 District Manager of the Year-Business. She previously was a Banking Center Manager at Bank of America. Ms. Hunter holds a Bachelor of Arts in Human Development from Azusa Pacific University.

**Patricia Caldwell/Director** – Dr. Patricia Caldwell spent 20 years in the California community college system where she served as a counselor, instructor, academic department chair, dean, vice-president/assistant superintendent and interim president. Dr. Caldwell also has over 20 years' experience as a consultant to community colleges, public agencies, nonprofits, and state and county fairs primarily in the areas of strategic planning, management and board training, and organizational development. In addition to her professional activities, Dr. Caldwell has always been very committed to community service, serving on the board of directors of the Victor Valley Chamber, Victor Elementary School Board, Victor Valley Chamber Foundation Board, and Desert Communities United Way Board. She has a dual Doctor of Philosophy from the University of California, Riverside in Politics of Higher Education and Management and Decision-making. Additionally, Dr. Caldwell taught in the Master of Business Administration program for the University of Redlands.

**James Morris/Director** – Jim Morris is principal and owner of InCity Consulting, a management and financial consulting firm to public agencies. Mr. Morris has over 20 years of experience working in the fields of public policy and finance, municipal law, economic development, and public agency governance and leadership. He began his professional career as a public law attorney with the County of San Bernardino and Best Best & Krieger LLP. He is a graduate of Dartmouth College, and received both his Juris Doctorate and master's in Urban Planning from University of California Los Angeles.

**Dr. Omari Onyango/Director** – Dr. Omari Onyango is the owner and chief executive officer of Palmdale Family Dental & Orthodontics. Dr. Onyango has been the 1st Elder/administrator of SDA Fellowship of Rancho Cucamonga since 2006. He has served as chair of the Kenya American Association for two terms and was a researcher at Center for Dental Research, School of Dentistry, Loma Linda University. Previously, Dr. Onyango served as a note taker for the board of directors for Alliance for Multicultural Community Services in Houston. He was also a college professor in the Department Community Health, School of Medicine, University of Nairobi, where he taught courses in Health Services Management and Health Care Administration. Dr. Onyango also coordinated an international course for the training of Health Care Administrators for the continent of Africa. He graduated with a Doctor of Dental Surgery in 1985 and master's in Public Health in 1988 from the University of Nairobi, Kenya.

**Sharon Page/Director** – Sharon Page is the owner/operator of The HR Edge in Victorville, California, providing human resources consulting services to small and medium-sized businesses and organizations in the High Desert and Inland Empire. Ms. Page is an active member of both the IE SHRM and PiHRA Inland Valley chapters of the Society for Human Resource Management. She graduated from California State University, Northridge with a bachelor's degree in Communication Science and Services and holds both the Senior Professional in Human Resources and Society for Human Resource Management-Senior Certified Professional certifications.

**Rick Wolf/Director** – Rick Wolf retired from public school service in 2006 following 37 years' experience as a regular classroom teacher, a Special Education instructor, elementary school principal, and District Director of Student Services. Currently Mr. Wolf serves AVUSD on a part-time basis as the Expulsion Hearing Chairperson. He received a master's degree in Education from California State University, San Bernardino in 1983.



*Committees of the Board.* Standing Committees, not having and exercising the authority of the Board in the management of the Lessee, may be designated if approved by a majority of the Directors. The Board may delegate some of its rights and duties to the committees, but unless the Board passes a resolution delegating its authority on certain matters to a committee, the committee is a recommending body only.

*Contracts with Directors.* No Director of this Corporation nor any other corporation, firm, association, or other entity in which one or more of this Corporation's Directors are Directors whom have a material financial interest, shall be interested, directly or indirectly, in the contract or transaction, unless allowed under the provisions of Government Code Section 1090.

This Section does not apply to a transaction that is part of an educational or charitable program of this Corporation if it (a) is approved or authorized by the Corporation in good faith and without unjustified favoritism and (b) results in a benefit to one or more Directors or their families because they are in the class of persons intended to be benefited by the educational or charitable program of this Corporation.

*Conflicts of Interest.* Board policy prohibits contracts with Directors or entities in which Directors have a material financial interest, except in limited circumstances involving educational or charitable programs of the Lessee.

In addition, the Lessee prohibits interested persons from serving on the Board, with "interested person" defined to mean "any person compensated by the [Lessee] for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise; or any ancestor, descendant, spouse, sibling, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person."

Further, the Lessee has adopted a conflict of interest code in compliance with State law. Directors, the President/CEO, the Director/Financial Officer, and Financial Consultants are not subject to the conflict of interest code, but must file disclosure statements under State law. Designated positions include Directors and alternates, candidates for the Board, superintendents, assistant superintendents, principals, the chief financial officer, and consultants/new positions as determined by the superintendent.

## **Management and Administration**

The Lessee's administrative team consists of Chief Executive Officer Lisa Lamb, Director of Human Resources Stacey Newman, Director of Fiscal Services David Gruber, Director of Student Support Services Gustavo Congo, and Director of Information Technology Ryan Dorcey.

**Lisa Lamb, Chief Executive Officer** – Lisa Lamb has been an educator for more than 20 years, including as a teacher and administrator in California public schools and charter schools. She joined AAE as a teacher in 2008, became Vice Principal in 2011, Principal in 2013, Chief Academic Officer of the Lessee in 2016, and President/Chief Executive Officer of the Lessee in 2016. Ms. Lamb holds a Bachelor of Arts in Liberal Studies from California Baptist University, a Master of Arts in Curriculum and Instruction from Chapman University, and a Master of Arts in Educational Administration from California State University, San Bernardino. In addition, she is pursuing a Doctor of Education in Organizational Leadership from Grand Canyon University, anticipated Spring 2021. She is a member of the Apple Valley Chamber of Commerce, the Astronomical Society of the Pacific, the California Charter School Association, the Desert Mountain SELPA (CAHELP Governance Council), the High Desert Church, and the International Association of Lab Schools. Ms. Lamb is also on the board of directors of the Victor Valley Chamber of Commerce.

**Stacy Newman, Director of Human Resources** – Stacey Newman has more than 25 years of experience in business, including as a human resources director, manager, part-time teacher, and administrative assistant. Ms. Newman has been AAE's Director of Human Resources since 2013 after originally joining AAE in 2002 and becoming its Human Resources Manager in 2006. Ms. Newman holds Associates Degrees in Humanities and Social Science from Barstow Community College and a Bachelor of Arts in Social Science and a Master of Arts in Organizational Leadership with a Certificate in Human Resources from Chapman University.

**David Gruber, Director of Finance** – David Gruber has more than 18 years of experience in Government Finance, including roles as a fiscal clerk, accounts payable/receivables technician, fiscal analyst, health and welfare administrator, payroll administrator, finance director, and even a substitute teacher. Mr. Gruber has been AAE's Director of Finance since March 2018 after 13 years working for Fontana Unified School District in the capacities of Fiscal Analyst in 2005, Coordinator of Fiscal Services in 2010, and Payroll Supervisor in 2014. Mr. Gruber holds a Bachelor of Arts in Administration with a concentration in Management from California State University of San Bernardino.

**Gustavo Congo, Director of Student Support Services** – Gustavo Congo has been working for the Lessee since 2012. Mr. Congo started working as a school psychologist/counselor and was recently promoted to Director of Student Services. Mr. Congo holds a master's degree in Educational Psychology with an Education Specialist Authorization from Azusa Pacific University and a Bachelor of Arts in Criminal Justice from Chapman University. Mr. Congo is also currently working as an Associate Professional Clinical Counselor providing private clinical therapy services including the treatment of a wide range of clinical conditions. Mr. Congo is a member of the Desert Mountain SELPA Steering Committee in which he currently participates in a variety of multi-agency meetings.

**Ryan Dorcey, Director of Information Technology** – Ryan Dorcey has worked at the Lessee since 2002. Throughout his tenure, he has held various roles including Systems Programmer and Manager of Global Operations. He is currently serving as the Director of Information Technology and Global Programs. In his role, he is responsible for all educational technology initiatives at the School and AAE, as well as the GAVRT partnership with the Lessee and JPL/NASA. He actively supports NASA/JPL missions such as Juno and GAVRT campaigns including Black Hole Patrol, Search for Extraterrestrial Intelligence, Jupiter Quest and Solar Patrol.

### **Budgeting and Financial Reporting**

*Fiscal Year.* The fiscal year of the Corporation begins on July 1 and ends on June 30 of each subsequent year.

*Budget.* The budget process of the Lessee is a collaborative process that takes approximately four to five months to complete. The finance department begins the process reviewing and updating revenue sources, making sure that all possible grants and apportionments available to the School and AAE are addressed. Then the Lessee places expenditures against the revenue, accounting for hard cost expenditures first, like facility debt payments/rent, personnel costs with statutory benefits associated, followed by setting an economic uncertainty reserve to help support a continued positive fund balance. And finally, the School and AAE principals and each department director provide input on how to allocate remaining available funds to support the students' instructional needs. Additional detail is provided below.

In January, the Director of Finance attends the Governor's Budget Workshop to hear the preliminary new fiscal year budget. Based on the information discussed, the finance department begins to develop the budget for the upcoming year. The finance department then downloads the new Fiscal Crisis Management Assistance Team ("FCMAT") calculator with the updated Cost-of-Living Adjustment ("COLA") proposals and begins to account for the upcoming fiscal year Local Control Funding Formula ("LCFF") apportionments for the School and AAE. The Lessee also begins to review the categorical programs that it currently receives and determines if there are any other grants available that it can apply for to help support the schools in the upcoming school year.

From February through April, the finance department verifies the upcoming annual debt expenses to confirm that all new and existing debt is up to date for the current and upcoming fiscal year. Then the executive team begins to discuss the proposed medical cost premiums, retirement contribution increases and even the potential ability to provide a COLA salary increase based on increased revenue provided in the Governor's Budget. The finance department works with human resources to calculate the step and column salary adjustments for all personnel and enter them into the workbook. Once capital debt expenses and salaries and benefits are entered, the Lessee begins to identify the remaining available budget to provide for additional personnel needs, supplies, and services at each school and department. The School and AAE principals and each department director provide input on their preliminary budget to make sure that all areas of need are discussed. The Lessee's process starts with

restricted categorical programs first, so that the Lessee can plan to use its most restricted dollars first allowing its apportionment to be utilized for school wide programs and projects.

In May, the Director of Finance attends the Governor's May Revision Workshop to hear the revised budget for the new fiscal year. Based on the updated information discussed, the finance department downloads a newly updated FCMAT calculator to confirm any changes to the new fiscal year revenues and addresses any other areas of the budget that is impacted based on the changes the governor made to the budget. Based on any changes made in the funding of the School and AAE during the Governor's May Revision from the January Budget, the finance department works with each administrator. The finance department goes over expenses for any potential increases to their budgets, or if necessary, any minor reductions to their budget based on what was entered earlier in the budget process.

In June, the finance department holds a budget workshop with the Board. At this workshop, the finance department speaks to the areas addressed in the Governor's budget and how the School, AAE, and each department will be utilizing the funds for the upcoming school year. During this workshop, the Board and Management dive into all areas of the budget and make sure that the budget meets the needs and expectations set forth in the Lessee's organizational plan. At the monthly Board meeting following the workshop, the Board reviews the final budget based on any potential recommendations made at the workshop and approves the new Budget for the following fiscal year. Once the budget has been adopted by the Board, the finance department submits the budget to the School's and AAE's charter authorizers.

*Annual Report.* Each year, the Board is required to cause to be delivered to itself an annual report containing the following information: (i) the assets and liabilities, including the trust funds, of the Lessee as of the end of the fiscal year, (ii) the principal changes in assets and liabilities, including trust funds, (iii) the revenue or receipts of the Lessee both unrestricted and restricted to particular purposes, (iv) the expenses or disbursements of the Lessee for both general and restricted purposes, and (v) any information required under the bylaws of the Lessee (the "Bylaws").

*Audited Financial Statements.* The financial books and records of the Lessee are required to be audited annually, at the end of the fiscal year, by an independent auditor assigned by the Board. In addition, the financial books and records of the Lessee are required to be audited upon the resignation of the Chief Financial Officer of the Lessee. The Lessee selects an independent auditor who, at a minimum, is a certified public accountant with educational institution audit experience approved by the State Controller.

On or before November 30, an annual audit for the prior fiscal year must be provided to the Authorizer. In addition, the Lessee must provide an annual audit for the prior fiscal year to the State Controller and the State Department of Education by December 15.

*Other Financial Reporting.* The Charter requires that the Lessee provide the following reports to the Authorizer, along with any additional reports as requested by the Superintendent:

- On or before June 1, a Board-approved budget.
- On or before July 1, an annual update (Local Control and Accountability Plans ("LCAP")) required pursuant to State law.
- On or before December 1, a first interim financial report, reflecting changes through October 31.
- On or before March 1, a second interim financial report reflecting changes through January 31.
- On or before August 31, a Charter School Unaudited Actuals Financial Report for the prior fiscal year.
- On or before (30) days after the end of the previous month, monthly financial reports, including the following: cash flow statements; financial statements; statement of fund balance; budget to actual; and current year budget forecast.
- On or before May 15, annual federal and state tax returns.

## **Academy for Academy Excellence ("AAE")**

In addition to the School, the Lessee also operates a separate public charter school: AAE. The Lessee opened AAE as an independent study program serving just over 100 students in grades K-12 from a campus located at 2072 Thunderbird Road, Apple Valley, California 92307 (the "Thunderbird Campus"). In 2000, the Lessee added a campus located at 17500 Mana Road, Apple Valley, California 92307 (the "Mojave River Campus"). For the 2002-03 school year, AAE transitioned from an independent study program to a full-time seat program. In 2009, the Lessee opened a third campus located at 18350 Highway 18, Apple Valley, California 92307 (the "Corwin Campus"). The Lessee operated the School from these three campuses, until Management decided to consolidate operations of the School on the Mojave River Campus in 2015. New construction added 20 portable classrooms, a parking lot, and a playground in the summer of 2015 before the 2015-16 school year started.

In 2020, the Lessee incurred indebtedness to further develop the Mojave River Campus. On February 12, 2020, the Authority issued its Charter School Revenue Bonds (Academy for Academic Excellence Project) Tax-Exempt Series 2020A in the aggregate principal amount of \$8,345,000 and Charter School Revenue Bonds (Academy for Academic Excellence Project) Taxable Series 2020B in the aggregate principal amount of \$1,020,000 (collectively, the "AAE Bonds").

**The revenues of the Lessee derived from its operation of AAE are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AAE are not pledged to secure the Bonds. The AAE Bonds do not constitute Indebtedness as defined in the Indenture.**

## **Goldstone Apple Valley Radio Telescope ("GAVRT")**

The Lessee also operates the GAVRT Radio Astronomy Program as a partnership with NASA/JPL, which strives to inspire and educate students through their active contribution to professional science. Its vision is "students, educators, and scientists learn together doing radio astronomy."

The Mojave River Campus includes a mission control center and visitor complex which houses GAVRT. GAVRT began in 1996 when NASA and JPL entered into an agreement to turn over operational control of a 34-meter, 500-ton radio antenna to the Lessee. The Lessee celebrated the 20th anniversary of its unique partnership with NASA/JPL in 2016.

Students from both the School and AAE and from across the globe operate two 34 meter, 800,000-pound radio telescopes remotely from their own classroom while being directed by mission operators in the Lessee's Mission Control Center. GAVRT personnel have created the software and curriculum for this program and are currently aligning all content with the California Next Generation Science Standards ("CA NGSS").

The GAVRT curriculum, developed by LCER staff and a team of eminent JPL scientist and engineers, provides a hands-on educational program for young scientists, grades K-12, who actually take control of GAVRT to study a variety of radio sources in space, including the planet Jupiter. The GAVRT remote-learning program has expanded to include 388 teachers in more than 221 schools in 36 states, three territories, and 13 countries, including several schools in the High Desert and surrounding regions. More than 32,000 American students worldwide have participated in this unique radio astronomy program.

**The revenues of the Lessee derived from the GAVRT Program are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates the GAVRT Program are not pledged to secure the Bonds.**

## **Apple Valley Center for Innovation**

The Lessee also operates AVCI as a joint venture between the Lessee and AVUSD, designed by administrators and teachers to promote STEM within the community. The goals of AVCI are to (i) facilitate a connection between local educational institutions and STEM driven entities to better serve the community, (ii) create experiences that inspire discovery and ignite innovation which transform activities in homes, classrooms, and

work spaces in the community, and (iii) provide targeted activities, based on best-practices, for educators to replicate.

**The revenues of the Lessee derived from its operation of AVCI are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AVCI are not pledged to secure the Bonds.**

### **Lewis Center Foundation**

The Lessee also operates as LCF, which will award scholarships to seniors graduating from the School when the School's enrollment is such that students are served through grade 12.

**The revenues of the Lessee derived from its operation of LCF are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates LCF are not pledged to secure the Bonds.**

### **Strategic Plan**

Beginning in 2016, the Lessee developed a strategic plan examining issues and concerns, and to share thoughts, ideas and suggestions on the future of the Lessee, the School, and AAE. The strategic plan is updated annually and progress toward goals and objectives are reported at all regularly scheduled board meetings. The goals that came out of the 2022 planning process are:

- Build and sustain the financial capacity of the Lessee, including key provisions for sustainability.
- Develop and maintain facilities to meet the TK-12 needs at the School, including creating a deferred maintenance plan and capital improvement plans for AAE and finishing the construction for NSLA.
- Strengthen the academic programs and enrichment opportunities at the School and AAE resulting in increased student mastery while preparing every student for post-secondary success in the global society.
- Recruit, develop and retain a highly qualified and diversified staff.
- The Lessee will operate as a unified organization sharing its common vision, mission, goals and objectives.

## **THE FACILITIES AND THE HEAD START FACILITY**

### **The Series 2021 Bonds**

The Authority will loan the proceeds of the Series 2021 Bonds to 230 South Waterman Avenue LLC (the "Borrower"), a California limited liability company whose sole member is The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee"), a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), pursuant to the terms of a Loan Agreement, dated as of June 1, 2020 (the "Loan Agreement"), as supplemented and amended by the Loan Agreement Supplement No. 1 dated as of December 1, 2021 (the "Loan Agreement Supplement" and together with the Original Loan Agreement, the "Loan Agreement"), each by and between the Authority and the Borrower, for the following purposes: (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the "Series 2021 Facilities" and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the "Facilities"); (b) funding a debt service reserve fund for the Series 2021 Bonds; (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the "Series 2021 Project").

**The Series 2021 Bonds are being issued on a parity with the Series 2020 Bonds under the Indenture.**

The Borrower has entered into the Ground Lease Agreement dated April 21, 2020 (the "Original Ground Lease") as supplemented and amended by the Amended Ground Lease Agreement dated as of December 1, 2021 (the "Amended Ground Lease Agreement" and together with the Original Ground Lease, the "Ground Lease"),

among the County of San Bernardino (the "County"), the City of San Bernardino (the "San Bernardino"), and the Borrower, pursuant to which the Borrower ground leases the site on which the Facilities will be constructed from the County and San Bernardino.

The Ground Lease is described in "THE SERIES 2021 PROJECT – The Ground Lease" below. See "RISK FACTORS – Risks Related to the Ground Lease" in the forepart of the Limited Offering Memorandum and APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS – GROUND LEASE AGREEMENT."

The Lessee has guaranteed the Ground Lease pursuant to the Guaranty of Lease (the "Guaranty"), among the County, San Bernardino, and the Lessee.

The Borrower leases the Facilities to the Lessee pursuant to the terms of a Sublease Agreement, dated as of June 1, 2020 (the "Original Lease Agreement"), as supplemented and amended by the Lease Agreement Supplement No. 1 dated as of December 1, 2021 (the "Lease Supplement No. 1" and together with the Original Lease Agreement, the "Lease Agreement"), each by and between the Borrower and the Lessee.

Prior to and continuing from the issuance of the Series 2021 Bonds (the "Closing Date"), the Borrower has undertaken the Construction Project, which primarily consists of the construction of an approximately 10,911 square foot gymnasium. The Construction Project, including the budgets, schedules, and Construction Contracts are described in "THE SERIES 2021 PROJECT – The Construction Project" below.

The Borrower's sole member is the Lessee, and the Borrower's sole expected source of revenue will be the Lease Payments it receives from the Lessee pursuant to the Lease Agreement. See "SECURITY FOR THE BONDS."

The Lessee is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code.

The School currently operates from a leased facility located at 230 South Waterman Avenue, San Bernardino, California 92408. The lease for that space expires April 21, 2070 with an option to extend the term of the lease for an additional 21 years.

**[To be updated based on current plans:** In the Ground Lease, the Lessee has agreed to build the Head Start Facility in accordance with the terms of the Ground Lease and the Head Start Construction Contract. The Lessee will act as the developer of the Head Start Facility pursuant to the Improvement Agreement. In connection with the construction of the Head Start Facility, the Lessee has delivered the Assignment of Improvement Agreement in favor of the Trustee and consented to by the County. The Lessee has guaranteed the Ground Lease pursuant to the Guaranty. Effectively, the Lessee must ensure that the Head Start Facility is completed pursuant to the terms of the Improvement Agreement or the Ground Lease may be terminated. If the Ground Lease is terminated, the Lessee will be unable to continue to operate the School from the Facilities, which will have a materially adverse effect on the Lessee's ability to operate the School at all and on the financial performance of the Lessee and the School, which will in turn have a materially adverse effect on the Lessee's ability to make payments under the Lease Agreement in respect of debt service on the Bonds.

**The Lessee is obligated to fund the construction of the Head Start facility irrespective of the source of its revenues used for such purpose, which means that the Lessee may be obligated to fund such construction from revenues of the Lessee derived from its operation of the School if other available moneys are insufficient for such construction.]**

### **The Series 2020 Bonds**

The Authority has previously issued its Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2020 (the "Series 2020 Bonds"), in the aggregate principal amount of \$40,895,000 pursuant to the Original Indenture in order to make a loan to the Borrower pursuant to the Original

Loan Agreement, the proceeds of which were used for the following purposes: (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as a charter school located at 230 South Waterman Avenue, San Bernardino, California (the "Series 2020 Facilities") and of the Head Start Facility for the benefit of the County of San Bernardino; (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the "Series 2020 Project"). On the date of issuance of the Series 2021 Bonds (the "Closing Date"), the Series 2020 Bonds will be Outstanding in the aggregate principal amount of \$[40,895,000].

The Series 2020 Bonds and the Series 2021 Bonds, and any Additional Bonds issued pursuant to the Indenture are herein referred to, collectively, as the "Bonds," and are secured by the Indenture on a parity basis.

A portion of the proceeds of the Series 2020 Bonds financed the construction of the Charter School Facility and the Head Start Facility, which is ongoing as described immediately below. The Charter School Facility means an approximately 77,292 square foot charter school facility with capacity for approximately 1,500 students in grades K-12, playgrounds, outdoor basketball courts, and surface parking located at 230 South Waterman Avenue, San Bernardino, California and the Head Start Facility means the preschool facility and site improvements to be constructed at 205 Allen Street, San Bernardino, California, comprising approximately 2.23 acres.

**The Lessee does not and will not operate the Head Start Facility, which will be operated by the County.**

On July 19, 2021, the Lessee received a certificate of occupancy for the for the Series 2020 Facilities. [All of the Series 2020 Bond proceeds allocable to the Series 2020 Facilities have been expended.]

#### **The Head Start Facility**

In the Ground Lease, the Lessee has agreed to build the Head Start Facility in accordance with the terms of the Ground Lease.

**The Lessee does not and will not operate the Head Start Facility, which will be operated by the County.**

The Lessee will act as the developer of the Head Start Facility pursuant to the Improvement Agreement (the "Improvement Agreement") between the Lessee and the County of San Bernardino. In connection with the construction of the Head Start Facility, the Lessee will deliver the Assignment of Improvement Agreement (the "Assignment of Improvement Agreement"), in favor of the Trustee and consented to by the County of San Bernardino. The Lessee will guaranty the Ground Lease pursuant to the Guaranty. Effectively, the Lessee must ensure that the Head Start Facility is completed pursuant to the terms of the Improvement Agreement or the Ground Lease may be terminated. If the Ground Lease is terminated, the Lessee will be unable to continue to operate the School from the Facilities, which will have a materially adverse effect on the Lessee's ability to operate the School at all and on the financial performance of the Lessee and the School, which will in turn have a materially adverse effect on the Lessee's ability to make payments under the Lease Agreement in respect of debt service on the Series 2021 Bonds.

See "RISK FACTORS – Risks Related to the Head Start Facility."

### **THE SERIES 2021 PROJECT**

#### **General**

The proceeds of the Series 2021 Bonds will be loaned to the Borrower for the following purposes: (a) acquiring, constructing, improving, renovating and equipping of the Series 2021 Facilities; (b) funding a debt service reserve fund for the Series 2021 Bonds; (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses.

## The Construction Project

*The Construction Project and the Construction Contract.* Prior to and continuing from the Closing Date, the Borrower has undertaken the Construction Project, which primarily consists of the construction of an approximately 10,911 square foot gymnasium

**[To be updated:** The Construction Project is being constructed by [Near-Cal Corp] (the "Contractor") pursuant to an AIA Document A101-2017 Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum dated \_\_\_\_\_, 2021 (the "Construction Contract"), by and between the Contractor and the Borrower.

The Construction Project is expected to take approximately [\_\_] months to complete and to cost approximately \$[\_\_\_\_\_].

The Charter School Construction Contract requires payment and performance bonds, but **does not** provide for liquidated damages.]

*Construction Project Budget.* The table below sets forth the budget for the Construction Project, as developed by Management.

<b><u>Construction Project Components</u></b>	<b><u>Budgeted Amount</u></b>	<b><u>Included in GMP?</u></b>
Construction Hard Costs	\$	
Construction Soft Costs		
Miscellaneous Soft Costs		
<b>Total</b>	<b>\$</b>	

See "RISK FACTORS – Construction Risks."

*Construction Project Schedule.* The table below sets forth the schedule for the Construction Project, as developed by Management.

<b><u>Deliverable or Event</u></b>	<b><u>Date or Expected Date</u></b>
------------------------------------	-------------------------------------

See "RISK FACTORS – Construction Risks."

*The Contractor.* The Contractor is a California corporation founded in 1964 and headquartered in Lake Elsinore, California. The Contractor has been in business since 1964 and was started by Harold R. Johnson. In 1983 Carl and his brother Dwight Johnson took over control of the firm. Over the past 37 years, the Contractor has successfully completed projects in various business sectors including restaurants, elementary schools, military projects, retail, office, storage, wineries as well as telecommunications. Past clients include AT&T, Verizon, Walmart, Lowes, Kohls, Rancon Development to name a few. The Contractor currently employs 72 people with 30 in general contracting and the balance in telecommunications. The Contractor is licensed in Nevada, Arizona, and California.



*The Architect.* Tate Snyder Kimsey Architects (the "Architect") will serve as architect for the Construction Project pursuant to an agreement with the Lessee. The Architect is one of the region's leading architectural firms. Established in 1960, the Architect has built a reputation centered around design excellence and client service. The Architect has been ranked among the top architectural firms in the nation by *Architect Magazine*. Since its inception, the Architect has provided services in design development, interior design, master planning, construction documentation and specifications, site planning, and construction administration - including over 20 years of experience conducting feasibility and planning studies. The office in Los Angeles, established in 2010, includes 14 staff, will lead the development of the Construction Project with support from the Architect's education leadership team. The Architect will be paid \$\_\_\_\_\_ in connection with the Construction Project.

*The Developer.* Charter School Property Development, LLC ("CSPD") is serving as developer of the Construction Project pursuant to a Development Consultant Services Agreement with the Lessee. CSPD is a national real estate development firm that specializes in helping charter schools obtain permanent educational facilities by offering three synergistic services: CSPD helps clients from start to finish with their projects by helping them secure affordable financing, design a well thought out facility and seeing those plans through with our construction management team. Since CSPD was founded in 2006, it has helped 18 charter schools secure over \$350 million in financing to build the facilities of their dreams. CSPD will be paid \$\_\_\_\_\_ in connection with the Construction Project. CSPD is not affiliated in any way with the Borrower or the Lessee.

### **The Ground Lease**

The Borrower has entered into the Ground Lease, pursuant to which the Borrower ground leases the site on which the Facilities will be constructed from the County and San Bernardino.

The Lessee will guaranty the Ground Lease pursuant to the Guaranty.

The initial term of the Ground Lease expires on April 21, 2070, after the final maturity date of the Series 2021 Bonds. Rent due under the Ground Lease is \$1 per year. The funding of construction of the Head Start Facility is functionally a prepayment of ground rent in addition to the nominal \$1 per year ground rent.

The County, San Bernardino, the Borrower, the Lessee, and the Trustee have entered into the Recognition Agreement, in which the County and City consent to delivery of the Deed of Trust described herein and agree to provide notice to the Trustee of any Default under the Ground Lease, as well as recognizing the rights of the Trustee to cure certain Defaults and foreclose on the Deed of Trust.

The Ground Lease may be terminated under certain circumstances, although the Trustee is provided with the right to cure certain defaults thereunder prior to any such termination. If possession of the Facilities is not required to prosecute and complete a cure of the default, the Trustee shall have a reasonable period to cure such default, not to exceed 30 days from the Trustee's receipt of the written notice of default. If possession of the Facilities is required to prosecute and complete a cure of a default (other than a default caused by failure to continuously operate the Facilities as a charter school), the Trustee shall have a reasonable period to cure such default, not to exceed such time as reasonably necessary to obtain possession of the Facilities plus 60 days or the Trustee shall have a reasonable period to cure any default caused by failure to continuously operate the Facilities as a charter school by entering into a new sublease agreement with a duly authorized replacement charter school operator or other lawful educational user, subject to the terms of the Ground Lease.

See "RISK FACTORS – Risks Related to the Ground Lease."

### **The Lease**

The Borrower will lease the Facilities to the Lessee pursuant to the terms of the Lease Agreement.

The Borrower's sole member is the Lessee, and the Borrower's sole expected source of revenue will be the Lease Payments it receives from the Lessee pursuant to the Lease Agreement. See "SECURITY FOR THE BONDS."

## **Mortgaged Property**

Under the Loan Agreement, to secure the payments of Loan Payments and any additional payments specified in the Loan Agreement, the performance by the Borrower of its other obligations under the Loan Agreement and the payment and performance of all obligations of the Borrower under any Additional Bonds, the Borrower agrees to enter into the Leasehold Construction Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing dated as of June 1, 2020 (the "Deed of Trust"), providing the Trustee with a perfected first priority leasehold Lien interest in the Land and first priority fee Lien interest in the remainder of the Mortgaged Estate, subject to any Permitted Encumbrances.

**Only the Facilities are subject to the lien of the Deed of Trust.**

**Of the facilities funded or to be funded by proceeds of the Series 2020 Bonds and the Series 2021 Bonds, only the Facilities, which includes the Charter School Facility, are pledged to secure the Bonds.**

**The Lessee does not and will not operate the Head Start Facility, which will be operated by the County.**

**The facilities from which the Lessee operates AAE, GAVRT, and AVCI are not pledged to secure the Bonds.**

The Construction Project began before the Deed of Trust was recorded. Under State law, potential mechanics liens are effective as of the beginning of construction and thus have priority in payment over the Deed of Trust.

See "RISK FACTORS – Construction Risks Related to Title Insurance."

## **Appraisal**

Mann & Associates (the "Appraiser") conducted an appraisal of the Facilities dated May 31, 2020 (the "Appraisal"). The Appraisal states the "As Built" market value of the Facilities, as of February 1, 2020, as if the Construction Project were complete and ready for occupancy as of such date as \$36,000,000. **The "As Built" market value of the Facilities stated in the Appraisal is less than the aggregate amount of the Bonds to be Outstanding on the Closing Date.**

The Appraisal is based on the following, as stated therein:

"Extraordinary Assumptions:

- It is assumed the ownership of each of the 16 parcels (assembled into a single parcel) have the property ownership for the proposed development.
- For purpose of 'ease of understanding the appraisal' a single address will be utilized throughout this report which will identify the subject as 230 S. Waterman Avenue as the address which will be the 'represent[at]ive' address to represent all 16 of the assembled parcels.
- The Head Start improvements have not been included in this analysis. ...
- It is acknowledged that between the effective date of this appraisal report and the date of submission of the report, the nation and world has been involved in a COVID-19 Pandemic. The undersigned has remained working during this period of time and has been observing the marketplace to determine the effects, if any, on the value of real property. So far, the effects, if any, have not been significantly apparent and it appears that there is essentially a "pause" in the

market to allow this unusual circumstance to pass by and for the economy to regain stable footing.

Hypothetical Conditions:

- That the 'As Built' value reflects the property under appraisal as if the improvements were built according to the plans and specifications as provided to the undersigned appraiser. A significant variance or change could change the conclusion of the Market Value herein.
- That the As Is and the As Complete values are based on the Assembly of the 16 properties as identified by the Client and as observed on the Notice of Completion & Environmental Document Transmittal dated 11/20/2019 (NOP)."

The summary of the Appraisal contained herein is not meant to be exhaustive, and reference should be made to the Appraisal for a complete recital of its terms. A complete copy of the Appraisal will be available upon request, as described under "MISCELLANEOUS – Additional Information." The values of the Facilities as estimated in the Appraisal represent only the opinion of the Appraiser, and only as of the effective date of the Appraisal. The Appraiser will not be engaged to update or revise the estimates contained in the Appraisal after its date. See "RISK FACTORS – Value of Property May Fluctuate; Limitations of Appraisals."

**Environmental Report**

**[To be revised, depending on update decision:** Geocon West, Inc. (the "Consultant") conducted a Phase I and Phase II environmental site assessment of the Series 2020 Facilities and the land on which the Head Start Facility is to be located (the "Site") and summarized its findings in a report dated February 24, 2020 (the "Environmental Report"). The Environmental Report states that undocumented fill piles located on the Site are a recognized environmental condition ("REC") for the Site, historical gas station operations and subsequent removal of underground storage tanks from the Site are a historical REC for the Site, historical agricultural use of the Site is a REC for the Site, historical gas and grocery store operations on the Site potentially could have caused a REC at the Site, and residences formerly located on the Site and demolished without being analyzed for lead are a REC for the Site.]

The Consultant recommended additional soil testing of the undocumented fill piles, the former agricultural areas, former gas and grocery store area, and former building foundation areas for the presence of OCPs, arsenic, and lead, petroleum hydrocarbons and volatile organic compounds, and lead and termiticides, respectively, and conducted a Phase II environmental site assessment consistent with its recommendations.

The Environmental Report states that such assessment identified two areas of the Site with lead in soil concentrations requiring remediation by removing the soil in such areas to a depth of one foot and appropriately disposing of such waste, together with subsequent excavation and confirmation soil sampling if necessary based on laboratory analysis.

The Environmental Report speaks only as of its date, and the Consultant has not been asked to perform any additional assessment since the time of the Environmental Report. Further, the Environmental Report is subject to the limitations specified in such report. More generally, no environmental assessment can completely eliminate uncertainty regarding the potential for recognized environmental conditions in connection with a subject property. Potential investors must refer to the complete the Environmental Report for a full understanding of such limitations, and for additional information pertinent to the assessment and report. Copies of the Environmental Report, and its update upon completion thereof, are available upon request, as described under "MISCELLANEOUS – Additional Information." Costs incurred by the Borrower or the Lessee with respect to environmental remediation or liability could adversely affect its financial condition.

The Borrower and the Lessee have completed the recommended remediation set forth in the Environmental Report in connection with the Construction Project pursuant to the Grading Construction Contract and agreements related to disposal of soil. On November 12, 2020, the Consultant determined the lead in soil concentrations were sufficiently remediated and delivered a soil removal report concluding that the Site is suitable for school use.

See "RISK FACTORS – Environmental Regulation."

## THE SCHOOL

### Administration

The School's administrative team consists of Principal Fausto Barragan, Vice Principal Elizabeth Chronister, and Dean of Students Myrna Foster.

**Fausto Barragan, Principal** – Dr. Barragán has been in education for 21 years. Dr. Barragán completed his bachelor's degree at Azusa Pacific University, two master's degrees and a Doctor of Education degree from California State University, Fullerton. He Holds a Multiple Subjects Teaching Credential as well as an Administrative Services Credential. Dr. Barragán has taught in the Hacienda La Puente Unified School District as well as for the San Bernardino County Superintendent of Schools as an Educational Specialist. His work as a principal started in the Los Angeles Unified School District where he was an elementary school principal for four years. Dr. Barragán also served as a principal for the Oceanside Unified School District and had the honor of being a principal on the Marine Corps Base Camp Pendleton where he worked with military families. He also worked as the principal on a campus with specialized programs for students with Intensive Behavioral Intervention needs as well as students with Autism.

**Elizabeth Chronister, Vice Principal** – Dr. Chronister attended Northwest University, and went on to receive degrees from Washington State University, Heritage University, California State University, and La Sierra University. Dr. Chronister she has been a Reading Recovery Teacher Leader, a Literacy Trainer, a Consultant, a Program Specialist, and a School, and District Administrator. Dr. Chronister completed her bachelor's degree in Bilingual Education, two master's degrees (one in Professional Development and one in Administration), and a Doctorate Degree in Leadership and Administration. Dr. Chronister also holds a California Multiple Subject Teaching Credential and a Cross-cultural Language & Academic Development certificate in English Learner/Bilingual Authorization as well as an Administrative Services Credential. For years she had the excellent opportunity to be Vice-Principal at Yucaipa High School, Principal of Yucaipa Elementary School, Director of Education in Highland California, and Regional Director of Education Services, West covering the states of Arizona, California, Colorado, Nevada and Washington.

**Myrna Foster, Dean of Students** – Ms. Foster was born and educated in Mexico, where she worked as an English, Spanish grammar and shorthand teacher for five years at two different schools. She then moved to the United States and earned a bachelor's degree in Spanish from Cal State University Dominguez Hills, a teaching credential and a Master in Education from Azusa Pacific University, and a Master in Educational Administration from Cal State University San Bernardino. Ms. Foster also holds an Administrative Credential and has served as an administrator for seven years, including the past five years at the School.

*Faculty and Employees.* The following table sets forth certain information regarding the staff employed by the School for the 2017-18 school year through the 2020-21 school year and expected to be employed for the 2021-22 through 2025-26 school years.

**Table 4**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Teachers	33	36	36	36	46	50	55	60	67
Administration	3	3	3	3	3	3	3	3	3
Support	<u>39</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>43</u>	<u>46</u>	<u>50</u>	<u>53</u>	<u>63</u>
<b>Total Full Time</b>	<b>75</b>	<b>78</b>	<b>78</b>	<b>79</b>	<b>92</b>	<b>99</b>	<b>108</b>	<b>116</b>	<b>133</b>

The following table sets forth the School teacher retention rates for the 2018-19 school year through the 2020-21 school year, calculated as the percentage of teachers remaining employed by the School at the end of each such school year.

**Table 5**

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
<b>Teacher Retention Rate</b>	91%	92%	97%	100%

The School's core, college prep teachers must meet the "highly qualified" requirements under federal law, including having a bachelor's degree, appropriate State teaching credential, and demonstrated core academic subject competence through California Department of Education ("CDE") approved subject matter examination or through the California High Objective Uniform State Standard of Education.

The School makes every effort to hire teachers with Cross-cultural Language and Academics Development ("CLAD") certification and, whenever possible, prefers to hire teachers with three or more years of experience working as a teacher in a public school.

Annually, the School conducts an in-house compensation survey with the Authorizer to offer wages and benefits sufficient to attract, hire, and retain the most qualified individuals. The School endeavors to offer employees similar types and amounts of retirement benefits that they would receive in most school districts:

- California State Teachers' Retirement System ("CalSTRS"): Certificated employees
- California Public Employees' Retirement System ("CalPERS"): Non-Certificated employees
- Social Security: Non-Certificated Employees
- Alternate Retirement System: Part-time non-certificated employees working less than 20 hours per week

**Future Plans**

Except as set forth herein, the Lessee has no plans to expand or replicate the School. The Lessee does have operations separate from the School, including but not limited to AAE. See "RISK FACTORS – Other Lessee Schools."

**Service Area**

*General.* The School is located in San Bernardino, California, in the County, within the area served by the Authorizer. The Authorizer serves approximately 5,243 students in one County Community School, one Special Education School, one Juvenile Court School, and three Charter Schools, including NSLA.

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*The City, the County, and the State Population and Demographic Information.* The U.S. Census Bureau has estimated the following demographic statistics for San Bernardino, the County, and the State.

**Table 6**

	<b><u>San Bernardino</u></b>	<b><u>The County</u></b>	<b><u>The State</u></b>
Population estimate, 2019	215,784	2,180,085	39,512,223
Population estimate, 2010	210,422	2,035,183	37,254,519
Population change (%)	2.5	7.1	6.1
Persons under 5 years, 2019 (%)	8.1	7.0	6.0
Persons under 18 years, 2019 (%)	29.6	26.1	22.5

*Income and Employment.* The following tables show per capita personal income data for the State and the County, as applicable, for the years shown, each according to the U.S. Department of Commerce Bureau of Economic Analysis. Statistics for the State and the County have been updated as of March 2021 and November 2020, respectively.

**Table 7**

**State Per Capita Personal Income**

<b><u>Description</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Personal Income (\$mills)	2,273,557.5	2,383,130.5	2,514,503.4	2,632,279.8	2,814,010.8
Population	39,149,186	39,337,785	39,437,463	39,437,610	39,368,078
Per Capita Personal Income (\$)	58,074	60,581	63,759	66,745	71,480

**County Per Capita Personal Income**

<b><u>Description</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Personal Income (\$000s)	76,919,474	80,401,688	83,401,792	86,995,697	96,658,300
Population	2,115,411	2,131,960	2,150,945	2,166,753	2,180,085
Per Capita Personal Income (\$)	36,361	37,713	38,774	40,150	42,043

The following table lists the top ten employers in the County, as reported in the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

**Table 8**

<b><u>Rank</u></b>	<b><u>Company</u></b>	<b><u>Industry</u></b>
1	County of San Bernardino	Government
2	Amazon	Retail
3	Loma Linda University Medical Center	Health Care
4	Kaiser Permanente	Physicians & Surgeons
5	State of California	Government
6	Wal-Mart	Retail
7	United Parcel Service	Shipping
8	Stater Brothers	Retail
9	Federal Express	Shipping
10	San Manuel Tribe & Casino	Entertainment

## **Competitive Schools**

*Public School Districts.* SBCBOE serves the area in which the School is located. SBCBOE serves approximately 5,243 students in one County Community School, one Special Education School, one Juvenile Court School, and three Charter Schools, including NSLA. The San Bernardino County Superintendent of Schools office acts as an intermediate service agency between the California Department of Education and 33 K-12 school districts in the County. Management does not identify the foregoing programs as competitors.

The School primarily draws its students from San Bernardino City Unified School District, but also draws students from 21 other school districts. Management has identified certain public schools as competitors of the School. Certain basic information and comparative performance data for these schools and the School is provided under the heading " – Basic Information and Comparative Performance Data."

*Charter Schools.* Management has identified certain charter schools as competitors of the School. Certain basic information and comparative performance data these schools and the School is provided under the heading " – Basic Information and Comparative Performance Data."

*Private Schools.* Management considers no private schools to be competitors for the School's students.

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*Basic Information and Comparative Performance Data.* The tables below show certain information about the School and the schools Management has identified as the School's competitors, including limited demographic information and performance data for the 2017-18 and 2018-19 school years. Due to the impact of COVID-19 and the closure of schools, CAASP Testing was not administered for the 2019-20 school year. Additional information about the School and the performance measurements indicated below is provided below under the headings " – Academics and Performance" and " – Demographics and Enrollment."

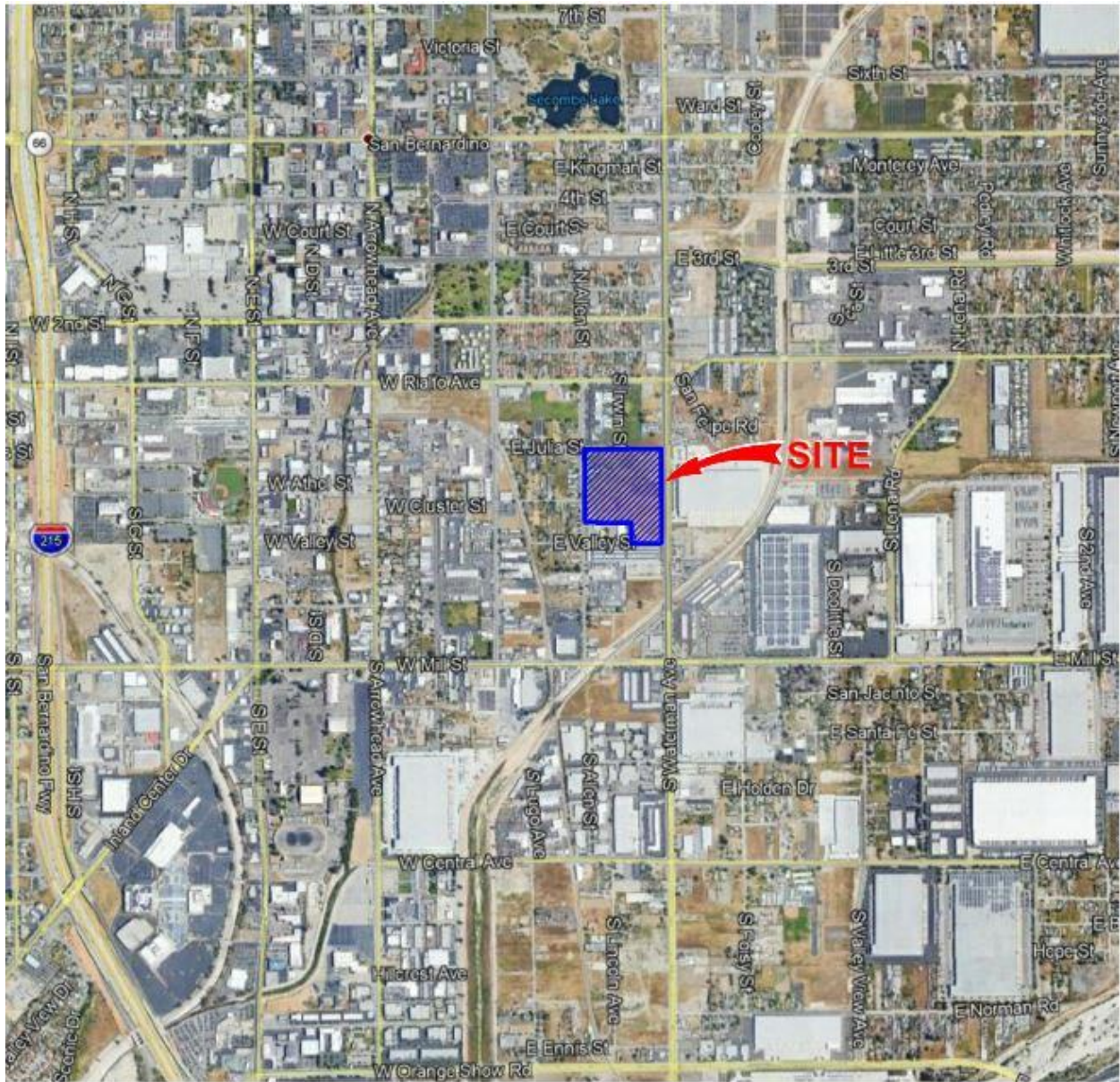
**Table 9**

<u>School</u>	<u>School Type</u>	<u>2019-20 Enrollment</u>	<u>2019-20 Socioeconomically Disadvantaged</u>	<u>2018-19 English Language Learners</u>	<u>2017-18 CAASPP ELA</u>	<u>2017-18 CAASPP Math</u>	<u>2018-19 CAASPP ELA</u>	<u>2018-19 CAASPP Math</u>
<b>The School</b>	Charter K-8	821	74.9%	36.8%	32.55%	28.57%	36.55%	30.50%
Frank Dominguez Elementary	TK-6	405	95.3%	31.1%	31.77%	22.31%	32.39%	24.70%
Lincoln Elementary	TK-6	689	95.1%	40.6%	13.66%	6.64%	16.03%	11.35%
Bing Wong Elementary	TK-6	717	92.9%	40.8%	26.16%	15.90%	24.94%	15.57%
Urbita	TK-6	409	91.9%	41.4%	37.45%	25.65%	37.26%	30.30%
SOAR	TK-8	455	84.4%	10.7%	40.72%	22.76%	38.69%	23.95%

[Remainder of page intentionally left blank]

## Map of School Location

The following map shows the location of the Charter School Facility.



## The Charter

The Charter was granted effective July 1, 2017, for a five-year term which is currently scheduled to expire on June 30, 2022, if not renewed prior to that date. In July 2021, Governor Newsome approved Assembly Bill 130 which extends all charter school terms that were set to expire on or between January 1, 2022, and June 30, 2025, inclusive, by two years. The Assembly Bill 130 effectively extends the Lessee's Charter from June 30, 2022 to June 30, 2024. See "RISK FACTORS – Nonrenewal or Revocation of Charter."

State law requires that a charter school must meet at least one of the following renewal criteria prior to receiving a charter renewal: (i) attained its Academic Performance Index ("API") growth target in the prior year or in two of the last three years, both school wide and for all groups of pupils served by the charter school, (ii) ranked

in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years, (iii) ranked in deciles 4 to 10 inclusive, in the API for a demographically comparable school in the prior year or in two of the last three years, or (iv) the entity that granted the charter determines that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school.

## **Accreditation**

The School has been accredited by the Accrediting Commission for Schools, Western Association of Schools and Colleges since 2019, and is currently accredited for six years, through June 30, 2025, subject to a special visit in spring 2020 and three-year mid-term review in 2022. [The spring 2020 visit was canceled due to the COVID-19 Pandemic and has been rescheduled for 2021.]

## **Academics and Performance**

*Mission and Vision.* The mission of the School is:

NSLA exists to ensure learning for a diverse and often underserved population of students who will be college and career ready as a result of our safe and rigorous bilingual, biliterate, and multicultural education.

The vision of the School is:

We are a bilingual, biliterate, and multicultural community that achieves at the highest academic levels.

### Academic Achievement

- Use acquired knowledge and skills to connect school to life by being able to prioritize goals, access information, and use time effectively.
- Demonstrate academic excellence by achieving and exceeding California content standards.
- Identify academic strengths and career interests.

### Analytical Thinking

- Demonstrate problem-solving skills and critical thinking.
- Logically evaluate, synthesize, and apply new information.
- Use acquired skills to be a responsible citizen at the school and in the community.

### Effective Communication

- Articulate ideas, opinions, and information clearly.
- Use verbal, written, technical, and creative expression.
- Develop individual and collaborative working skills.

*Values.* In support of its mission and vision, the School has adopted certain values, which Management considers to be "ethical priorities to guide our decision-making and our treatment of one another":

- Integrity: We strive to engender trust in our intentions and abilities by acting courageously and adhering to a strong moral compass.
- Excellence: We aspire to excellence through supporting our community of learners in the practice of continuous innovation, collaboration and growth.

- Leadership: Being forerunners, pace-setters and cultivators, we demonstrate strong leadership rooted in principles of integrity, accountability, respect and communication.
- Inclusiveness: We will leverage our diverse and inclusive community to achieve superior results in the field of education.

*Dual Immersion.*

Dual immersion or two-way programs integrate language minority students (English learners) and language majority students (English speakers) in order to develop their bilingualism and bi-literacy in English and another language. In two-way programs, the model selected generally prescribes the amount of time spent in the target (non-English) language.

There are two common program models:

50/50 Model: Both English and the target language are used 50 percent of the time during the entire program.

90/10 Model: English is used for a minimum of ten percent of the time beginning in kindergarten, and the percentage increases annually until both English and the target language are used equally.

The School follows the 90/10 model.

In both models, instruction is delivered in and through the two languages, however, only one language at a time is used for instruction. Two-way immersion programs combine a maintenance bilingual education with a foreign language immersion model and minimally last from five to seven years.

Kindergarten students attend school for the full day. New students entering the School in grades above 2, should come from a bilingual classroom or bilingual home environment to be considered for the program.

The goals of the dual immersion program are three-fold:

**Bilingualism:** High levels of proficiency in English and a second language. All participants will demonstrate oral proficiency in their first and a second language.

**Bi-literacy:** High levels of academic proficiency in English and a second language. All participants will demonstrate their ability to perform on grade level in English on the same tests and standards as all students as well as in the target language.

**Multicultural proficiency:** Understanding of different cultures and development of high self-esteem. All participants will demonstrate their ability to appreciate the values of other cultures in our society.

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The following table sets forth the School's curriculum by subject area and grade level for the 2019-20 school year.

**Table 10**

<b>Subject Area</b>	<b>Grade Level</b>	<b>Curriculum</b>
Math	TK-8	<i>Swun Math</i>
English Language Arts	TK-5	<i>Benchmark Advanced</i>
English Language Arts	6-8	<i>Amplify ELA</i>
Spanish Language Arts	TK-6	<i>Benchmark Adelante</i>
Spanish Language Arts	7-8	Novel Studies
Science	TK-5	Open-source materials aligned to NGSS such as Mystery Science Piloting 2019-20; adopt 2020
Science	6-8	<i>Amplify Science</i>
Social Studies	TK-6	<i>Benchmark Adelante</i>
Social Studies	7-8	<i>Social Studies Weekly</i>
Writing	TK-8	<i>WRITE Institute Curriculum</i>

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*Local Outreach, Field Trips, and Community Partnerships.* The Lessee offers a number of local outreach and field trip opportunities for public and private schools, including the California Gold Rush, Trails West, Weather, Solar System, Aviation, Water Walk, Wildlands Walk, Tortoise Terrace, and Community Astronomy nights, in which the School's parents, students, and community members participate. Offered since 1990, outreach programs draw more than 7,000 visitors a year to the Mojave River Campus. In addition to the educational opportunity afforded the visitors, the outreach program helps positively build the reputation of the School in the community.

The School enjoys many long-standing local and national partnerships. Among these is the United States Air Force-sponsored Junior ROTC ("AFJROTC") program at the high school level. Since 2006, the unit has received many honors, most significantly the Distinguished Unit Award for each of the past nine years. Additionally, the unit has earned the prestigious Silver Star Community Service Award. These combined honors place cadets within the top 1% of all AFJROTC Units in the United States. The School's AFJROTC instructors have also been honored by the United States Air Force, with Col. George Armstrong has been honored as AFJROTC Worldwide Officer Instructor of the Year, Outstanding Instructor with Merit, and Region 4 Outstanding Instructor. Many of the program's graduates attend the Air Force Academy, receive scholarships to universities, continue in Senior ROTC, or directly enlist in the armed services.

Additionally, the Thunderbird Campus is home to a large telescope that the High Desert Astronomical Society operates for its sky watch program. Students from the School and AVUSD participate in STEMS events and activities through AVCI. On the Mojave River Campus, the local California Turtle and Tortoise Club houses many of its tortoises in the School's Tortoise Terrace Habitat. Funding from Mitsubishi Cement and local grants provide for continued environmental science studies on campus. The California Department of Fish and Game funds a Mojave Tui Chub program so this endangered species may be reintroduced into its natural environment of the Mojave River that runs through campus. One of the newest partnerships is a longitudinal study about the rehabilitation of the School's wetlands after fire and flooding, both of which have occurred in recent years.

*Technology.* The School began a one-to-one laptop program in 2009, using the laptops daily both at the School and at home. This program has grown substantially over the years as teachers have integrated technology in the core curriculum to strengthen the learning and skills of students in a multitude of areas. As of the 2017-18 school year, the School adopted a tablet-based solution using iPads. A standing computer lab and iPad carts are also used in grades TK-3 to facilitate the use of technology across the curriculum. The instructional technology resources are accounted for under the School's LCAP.

*Parental Involvement.* The Lessee works closely with Apple Valley, AVUSD, local Chambers of Commerce, and other civic organizations. The School's Parent Teacher Committee ("PTC") is especially active on campus, providing help in various areas, such as raising funds for field trips, capital improvements, and in-class needs. Other active parent groups are School Site Council/English Learner Advisory Committee ("ELAC") and Parents and Pastries—a monthly forum with administration and parents. The School also has a system for training and clearing parent volunteers.

*Extracurricular Activities.* The School offers the following extracurricular activities.

**Table 11**

<b><u>Sports</u></b>	<b><u>Clubs</u></b>
Co-ed Flag Football	Destination Imagination
Girls Volleyball	Robotics
Boys Soccer	Maker Space
Girls Soccer	Student Council/ASB
Track and Field	Health and Fitness
Girls Softball	Yearbook
Boys Baseball	Junior Achievement

*Standardized Testing.* For 2014-15, the CAASPP system assessments replaced the State Testing and Reporting ("STAR") program as the State testing program. In 2015-16 and 2016-17, the State administered the Smarter Balanced Summative Assessments in English language arts/literacy ("ELA") and mathematics in grades three through eight and eleven. Also, the State administered the California Alternate Assessments in ELA and mathematics to students with significant cognitive disabilities in grades three through eight and eleven (students whose Individualized Education Program designates the use of an alternate assessment).

Development of the California Next Generation Science Standards ("CA NGSS") Summative Assessments is currently in progress, which will replace the California Standards Test, California Modified Assessment, and the California Alternate Performance Assessment in science. In 2016-17, all students in fifth grade participated in a full census pilot test. The CA NGSS Alternate Summative Assessments are also currently being developed. Eligible students in fifth grade participated in the pilot test in 2016-17.

The 2016-17 student score reports for science include assessment information for students, parents/guardians, and teachers but do not produce individual scores for students. A participation rate will be calculated to include students tested in fifth grade. This approach provides universal exposure to innovative item types and provides assessment information to students, parents/guardians, and teachers.

While such data is presented for multiple school years, potential investors should be aware that such data may not be comparable from year-to-year due to the transition from STAR to CAASPP and in composition of CAASPP. In addition, the transition in State accountability systems from that developed under NCLB to that under development under ESSA may mean that the implications of certain performance levels achieved under STAR or various iterations of CAASPP will differ, making comparisons of aggregate data inapt.

Despite that fact, certain CAASPP performance data for the School, SBCBOE, and the State is set forth in the following tables.

**[CAASPP was suspended for the 2019-20 School Year and CAASPP Results for the 2020-21 School Year are expected to be released in July and September of 2021.]**

**Table 12**

**Percentage of Students at or Above Standard**

**English Language Arts**

	<b>2017-18</b>	<b>2018-19</b>	<b>2020-21</b>
<b>The School</b>	33%	37%	[_]%
<b>SBCBOE</b>	7%	6%	[_]%
<b>The State</b>	50%	51%	[_]%

**Percentage of Students at or Above Standard**

**Mathematics**

	<b>2017-18</b>	<b>2018-19</b>	<b>2020-21</b>
<b>The School</b>	29%	31%	[_]%
<b>SBCBOE</b>	3%	1%	[_]%
<b>The State</b>	40%	40%	[_]%

**Percentage of Students Exceeded Standard**

**English Language Arts**

	<b>2017-18</b>	<b>2018-19</b>	<b>2020-21</b>
<b>The School</b>	11%	12%	[_]%
<b>SBCBOE</b>	0	0	[_]%

**The State**            21%            22%            [\_\_]%

**Percentage of Students Exceeded Standard**

**Mathematics**

	<b>2017-18</b>	<b>2018-19</b>	<b>2020-21</b>
<b>The School</b>	9%	10%	[__]%
<b>SBCBOE</b>	0	0	[__]%
<b>The State</b>	19%	20%	[__]%

Accountability. The State has established Local Control Funding Formula ("LCFF") evaluation rubrics consisting of more than 20 data elements to be analyzed by local educational agencies ("LEAs") annually through their LCAPs. The emerging unified state and federal accountability system is composed of a concise set of indicators that comprise a selected subset of key indicators from the LCFF evaluation rubrics that will also satisfy the Every Student Succeeds Act ("ESSA") requirements. The accountability system is described in the California State Plan, which is posted here: <https://www.cde.ca.gov/re/es/>. The proposed California State Plan was submitted to the U.S. Department of Education on September 15, 2017, and approved by the U.S. Secretary of Education on July 12, 2018. The California State Plan was implemented during the 2018-19 school year.

Beginning with the 2017-18 school year, LEAs met State and federal planning requirements through the LCAP and the Consolidated Application Reporting System. LEAs that previously addressed areas of improvement through a revised LEA Plan based on Adequate Yearly Progress reports were expected to address areas for improvement to be implemented in the 2017-18 school year using the LCAP.

*Integrated Accountability and Continuous Improvement System.* On September 8, 2016, the SBE approved key elements of a new integrated accountability and continuous improvement system that will evaluate LEAs and school performance in areas critical to students' preparedness for college and career. These areas are founded on the LCFF 10 State priorities and include graduation rates, suspension rates, college/career preparedness, assessment scores, and the progress of English Language Learners ("ELLs").

With the implementation of the LCFF in 2014, LEAs are held accountable for improving student performance. Specifically, state law requires eight of the 10 priority areas that traditional school districts and charter schools must report in their LCAP. These priority areas range from student achievement (performance on standardized tests and percent of ELLs that become English proficient); school climate (suspension rates); and student engagement (graduation rates, chronic absenteeism rates, dropout rates, etc.). Rather than developing two accountability systems—one that meets LCFF requirements and another that meets ESSA requirements—a new integrated local, State, and federal accountability and continuous improvement system founded on the LCFF priority areas and aligned to ESSA requirements has been developed.

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This new system, based on multiple measures, will use the California School Dashboard (the "Dashboard"), which includes State and local performance standards for all LCFF priorities, to report progress. These performance standards will be used to support LEAs in identifying strengths, weaknesses, and areas for improvement; to assist in determining whether LEAs are eligible for assistance; and to assist the State Superintendent of Public Instruction in determining whether LEAs are eligible for more intensive state support/intervention.

<b>Table 13</b>		
<b>Priority Areas</b>	<b>State Indicator(s)</b>	<b>Local Indicators</b>
Priority 1: Basic Services or Basic Condition at Schools	N/A	Textbooks availability, adequate facilities, and correctly assigned teachers
Priority 2: Implementation of State Academic Standards	N/A	Annual report on progress in implementing the standards for all content areas
Priority 3: Parent Engagement	N/A	Annual report on progress toward: (1) seeking input from parents/guardians in decision-making and (2) promoting parental participation in programs
Priority 4: Student Achievement	Academic Indicator (grades 3-8); English Learner Progress Indicator	Grade 11 distance from Level 3 report
Priority 5: Student Engagement	Graduation Rate Indicator; Chronic Absenteeism Indicator (available fall 2018)	N/A
Priority 6: School Climate	Suspension rate indicator	Administer a Local Climate Survey every other year
Priority 7: Access to a Broad Course of Study	College/career indicator (available fall 2017)	N/A
Priority 8: Outcomes in a Broad Course of Study	College/career indicator (available fall 2017)	N/A
Priority 9: (COEs only) Coordination of Services for Expelled Students	N/A	Annual survey that measures progress in coordinating instruction for expelled students
Priority 10: (COEs only) Coordination of Services for Foster Youth	N/A	Annual survey that measures progress in coordinating services for foster youth

Local indicators are not included in school-level Dashboards.

*The California Model.* The State Board of Education ("SBE") approved measuring performance for State indicators through a combination of current performance ("Status") and improvement over time ("Change"). Both Status and Change provide equal weight. The approved cut scores for Status and Change serve as the performance standards for the State indicators and are reported as performance levels (or colors) as described below. The adopted methodology is called the "California Model." The performance standards are based on the current distribution of Status and Change for each indicator, much like grading on a curve. Therefore, the performance standards vary by indicator and will generally remain fixed, until the SBE updates the standards.

For a LEA, school, or student group to receive a performance level (or color), they must have at least two years of data. The most current year of data are used to determine one of five Status levels for each state indicator: Very High, High, Medium, Low, and Very Low. The prior year data (or multi-year average) are used to determine one of five Change levels for each State indicator: Increased Significantly, Increased, Maintained, Declined, and Declined Significantly.

The table below describes the California Model and expands the table in the earlier section "Competitive Schools: Basic Information and Comparative Data" which shows limited demographic information and performance data about the School and the competitor schools that Management has identified, with performance levels for all students on the State indicators for Fall 2018.

Based on Status and Change levels for each indicator, one of five performance levels is assigned, in order from highest to lowest: blue, green, yellow, orange, and red.

**Table 14**

School	Chronic Absenteeism (K-8)	Suspension Rates (K-12)	English Language Arts (3-8)	Mathematics (3-8)
The School	Orange	Orange	Yellow	Yellow
Frank Dominguez Elementary	Orange	Green	Yellow	Yellow
Lincoln Elementary	Orange	Yellow	Orange	Yellow
Bing Wong Elementary	Red	Yellow	Orange	Orange
Urbita	Orange	Orange	Orange	Yellow
SOAR	Yellow	Red	Orange	Orange

### Demographics and Enrollment

*General.* The School adheres to the desegregation mandates included in the court orders resolving *Crawford v. Board of Education, City of Los Angeles*.

*Student Body.* The following table shows the percentage of students enrolled at the School for each listed school year who were identified as being in a particular demographic group as reported by Management.

**Table 15**

	2017-18	2018-19	2019-20	2020-21
<b>African American</b>	6.6%	6.3%	6.3%	[ ]%
<b>American Indian or Alaska Native</b>	0.0%	0.1%	0.1%	[ ]%
<b>Asian</b>	1.4%	1.2%	1.2%	[ ]%
<b>Filipino</b>	0.0%	0.0%	0.0%	[ ]%
<b>Hispanic or Latino</b>	82.7%	87.0%	87.0%	[ ]%
<b>Pacific Islander</b>	0.1%	0.0%	0.0%	[ ]%
<b>White</b>	7.5%	4.6%	4.6%	[ ]%
<b>Two or More Races</b>	1.5%	0.7%	0.7%	[ ]%
<b>Not Reported</b>	0.0%	0.0%	0.0%	[ ]%
<b>English Learners</b>	31.1%	31.7%	31.7%	[ ]%
<b>Free/Reduced Lunch Program</b>	81.6%	74.9%	74.9%	[ ]%
<b>Unduplicated Pupil Percentage</b>	77.7%	78.1%	78.6%	[ ]%

*Historical and Projected Enrollment.* The table below shows historical and projected enrollment at the School by grade level and for the listed school years. Historical enrollment counts for each year are as of the first Wednesday in October and for the 2021-22 school year, as of August 12, 2021.

**Table 16**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
<b>TK</b>	25	25	24	23	25	25	25	25	25
<b>K</b>	108	105	122	115	107	125	125	125	125
<b>1</b>	113	109	96	114	124	122	122	121	124
<b>2</b>	109	105	111	89	114	118	120	119	118
<b>3</b>	98	102	103	105	107	110	116	117	113
<b>4</b>	84	95	95	97	106	86	110	114	111
<b>5</b>	65	77	95	90	101	98	83	106	106
<b>6</b>	69	55	62	84	114	116	118	117	119
<b>7</b>	53	60	49	58	103	109	114	113	115
<b>8</b>	61	52	64	50	71	107	104	110	109
<b>9</b>	-	-	-	-	65	98	98	102	104
<b>10</b>	-	-	-	-	-	94	95	94	98
<b>11</b>	-	-	-	-	-	-	92	93	92
<b>12</b>	=	=	=	=	=	=	=	<u>88</u>	<u>90</u>
<b>Total</b>	<b>785</b>	<b>785</b>	<b>821</b>	<b>825</b>	<b>1,037</b>	<b>1,208</b>	<b>1,322</b>	<b>1,444</b>	<b>1,449</b>

*Admissions and Enrollment Policy; Waitlist.* It is the policy of the School to admit all students who wish to attend into its program, as space allows.

The School accepts applications throughout the year. Admission periods for a semester are determined by Management. When applications are received and processed, the following admission priorities are applied: (i) siblings of current students, space permitting by grade level, (ii) children of salaried-regular full time employees, space permitting by grade level, (iii) children of salaried-regular part time employees, subs and coaches (employed in the aforementioned position for a minimum of two consecutive school years), space permitting by grade level, (iv) students residing within the boundaries of AVUSD, space permitting by grade level, (v) all other students from the County and contiguous counties, space permitting by grade level, and (vi) all other applicants.

Whenever the number of applicants in any of the priority groups exceeds the grade level capacity, such applicants are admitted by public lottery as required by State and federal law and lotteries are held in September, February and May.

Applicants are maintained on a waitlist until a vacancy becomes available. Applicants are considered according to the priorities described above only, and not by date of application except that applications must be completed by published deadlines for consideration during a lottery. If a vacancy occurs, the next in line on the waiting list will be contacted. If they accept, the student(s) will be enrolled immediately. If they do not, the student will be moved to the bottom of the waitlist. The waitlist is continually maintained, and is purged each spring.

The School's waitlist as of December 11, 2020, and as of August 12, 2021, is detailed below by grade level. The waitlist is in line with prior years' waitlists.

**Table 17**

	<u>2020-21</u>	<u>2021-22</u>
<b>TK</b>	6	15
<b>K</b>	9	24
<b>1</b>	11	20
<b>2</b>	1	21
<b>3</b>	4	4
<b>4</b>	6	30
<b>5</b>	4	34
<b>6</b>	9	3
<b>7</b>	7	0
<b>8</b>	0	1
<b>9</b>	<u>N/A</u>	<u>0</u>
<b>Total</b>	<b>57</b>	<b>152</b>

*Student Retention Rates.* The following table shows student retention rates for the School for each listed school year, calculated from the first Wednesday of October of the preceding year to the first Wednesday of October of the listed year.

**Table 18**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Overall	92.1%	94.1%	88.9%	92.3%	[_____]%

**State- and School-Level Responses to COVID-19**

**[To be updated:** On March 11, 2020 the World Health Organization declared a global pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus. In response to the COVID-19 pandemic, and in collaboration with all 33 school districts and charter organizations in the County, as well as the county superintendent and the county Department of Public Health, the Lessee made the decision to put the safety of students and staff foremost and close the School from March 16- May 4, 2020. On April 1, 2020, the decision was made to extend the closures of schools for the remainder of the 2019-20 school year throughout the County.

The School provided Continuity of Instruction through Google Classroom and the School's website to ensure that all students had access to learning resources during the transition to distance learning and the scheduled Spring Break from March 23rd-April 3rd. Staff spent all day in meetings on Monday, April 6th in order to prepare for the shift to online instruction. Between April 6-10, teachers reached out to each of their students to assess technology access, test Zoom conferencing and communicate learning expectations. Beginning April 13th, all classes fully engaged in structured distance learning. Teachers used Zoom and Google Classroom platforms to deliver instruction and resources. Printed packets were provided for any student who requested them due to lack of technology access or specialized need. Students with IEPs worked directly with case carriers to ensure proper support were in place during this time. Food services continued to serve breakfast and lunch at both campuses. These meals were available to any student 18 years and under—whether or not they attend the School or AAE.

The School received \$13,646 in COVID-19 SB 117 funds for the 2019-20 school year and will receive \$195,012 from the CARES Act K-12 Emergency Relief Fund for the 2020-21 school year. These funds have been allocated to support educational technology, curriculum and distance learning resources, emergency supplies,

emergency protective gear for staff and students, additional substitute teacher costs for COVID-related absences, and safety and wellness provisions.]

In addition to the foregoing, Management has provided the following description of the current status of the State budget for the 2021-22 fiscal year, to be read in conjunction with the summary thereof set forth in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW – STATE FUNDING OF EDUCATION – General – 2021-22 Budget":

*2021-22 State Budget.* On June 28, 2021 the Governor the Governor signed the 2021 Budget Bill and various pieces of related legislation that were passed by the Legislature to implement the budget for the 2021-22 fiscal year (the "2021-22 Budget" or the "Budget"). The budget spends \$262.5 billion in total state funds, consisting of approximately \$196.4 billion from the General Fund, \$61.2 billion from special funds, and \$4.9 billion from bond funds.

The Budget includes total funding of \$123.9 billion (\$65.5 billion General Fund and \$58.4 billion other funds) for all K-12 education programs—the highest level of funding in California's history. The Local Control Funding Formula ("LCFF") is the primary mechanism for distributing these funds to support all students attending K-12 public schools in California.

The growth in capital gains and overall General Fund revenue triggers deposits of approximately \$4.5 billion into the public school system stabilization account, resulting in a statutory cap of ten-percent on local school district reserves in 2022-23.

#### K-12 Education Proposals.

*One-Time Grants.* The proposal includes \$2 billion one-time Proposition 98 General Fund available beginning in February 2021, which will be used to augment resources for schools to offer in-person instruction safely. This funding will be available on a per-pupil basis for all county schools, school districts, and charter schools but will not be available to NCB charter schools and independent study programs.

Allocation of \$4.6 billion in one-time Proposition 98 General Fund, eligible for targeted strategies that address learning loss related to the pandemic, including community learning hubs.

*Federal COVID-19 Relief Funds.* The recent federal COVID-19 relief bill provides \$54.3 billion Elementary and Secondary Schools Emergency Relief Fund ("ESSER") for public K-12 schools and \$4 billion Governor's Emergency Education Relief Fund ("GEER") for both public and private pre-kindergarten through higher education institutions. The State may receive more than \$6 billion ESSER and \$400 million GEER, which would be used to assist schools in reopening and remaining open for in-person instruction and addressing the immediate needs of students.

*Proposition 98 in 2020-21.* The proposed funding is estimated to be \$79.3 billion in 2019-20, \$93.4 billion in 2020-21, and \$93.7 billion in 2021-22, representing a historically high three-year increase in the minimum Guarantee of \$47 billion over the level funded in the 2020 Budget Act.

K-12 per-pupil funding is also at the highest levels ever, totaling \$13,976 per pupil in Proposition 98 General Fund and \$21,555 per pupil when accounting for all funding sources.

*Local Control Funding Formula.* The Budget includes a compounded LCFF cost-of-living adjustment of 4.05 percent, representing a 2020-21 cost-of-living adjustment of 2.31 percent and a 2021-22 cost-of-living adjustment of 1.7 percent. Additionally, to help local educational agencies address ongoing fiscal pressures, the Budget includes \$520 million Proposition 98 General Fund to provide a 1-percent increase in LCFF base funding. This discretionary increase, when combined with the compounded cost-of-living adjustment, results in growth in the LCFF of 5.07 percent over 2020-21 levels

Deferrals. Recession-driven revenue reductions anticipated at the 2020 Budget Act drove the need to defer LCFF apportionments, in the amounts of \$1.9 billion in 2019-20, growing to more than \$11 billion in 2020-21. The Budget eliminates all K-12 deferrals in 2021-22.

Universal Transitional Kindergarten and State Preschool. The Budget includes a series of investments beginning in 2022-23 to incrementally establish universal transitional kindergarten, with full implementation by 2025-26. The costs of this plan are anticipated to be approximately \$600 million General Fund in 2022-23, growing to \$2.7 billion in 2025-26. Additionally, the Budget includes \$200 million one-time Proposition 98 General Fund for planning and implementation grants for all local educational agencies and \$100 million one-time Proposition 98 General Fund for local educational agencies to train and increase the number of early childhood educators.

Comprehensive Student Supports. The Budget includes \$3 billion Proposition 98 General Fund, available over several years, to expand and strengthen the implementation and use of the community school model to all schools in communities with high levels of poverty. The Budget includes an ongoing increase to the LCFF concentration grant of \$1.1 billion Proposition 98 General Fund, increasing the concentration grant from 50 to 65 percent of the LCFF base grant.

Further, the Budget provides \$547.5 million one-time Proposition 98 General Fund for the A-G Completion Improvement Grant Program, which will fund high schools to increase the number of students, particularly students eligible for free and/or reduced price meals, English learners, and foster youth, who graduate from high school having completed the A-G series of classes required for admission to the California State University and University of California

Expanded Learning Time. The Budget makes an initial \$1.8 billion Proposition 98 General Fund investment as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care.

Educator Preparation, Retention, and Training. The Budget provides approximately \$2.9 billion in one-time grants to further expand the state's educator preparation and training infrastructure, including to meet the need for additional early childhood educators.

- \$500 million for the Golden State Teacher grants, which would support a combined total of at least 25,000 grants for teacher credential candidates who commit to teach at a priority school, in a high-need subject matter area, for four years.
- \$350 million over five years to support teacher preparation residencies and other grow-your-own teacher credentialing programs.
- \$125 million over five years for the Classified School Employee Teacher Credentialing Program, to support more than 5,000 classified school staff in becoming credentialed teachers.
- \$20 million to provide a credential fee waiver in 2021-22 for individuals entering the K-12 educator workforce.
- \$15 million over three years to support 6,000 teachers in completing the coursework necessary to receive state certification to teach computer science.
- \$1.7 million to support the educator recruitment work of the Center on Teaching Careers.

The Budget also includes approximately \$1.9 billion to improve the State's teacher retention and improve training by providing one-time Proposition 98 General Fund for:

- \$1.5 billion for the Educator Effectiveness Block Grant, to provide local educational agencies with training resources for classified, certificated, and administrative school staff in specified high-need

topics, including accelerated learning, social-emotional learning, re-engaging students, restorative practices, and implicit bias training.

- \$250 million over five years to incentivize 2,500 highly-qualified National Board Certified teachers to teach and mentor other instructional staff in high poverty schools.
- \$60 million the Classified School Employee Summer Assistance Program, which provides matching funds for intersessional pay for classified employees that work less than 12 months per year.
- \$50 million for the California Collaborative for Educational Excellence to administer evidence-based professional development for educators that can support learning acceleration for California's diverse student population, particularly in mathematics, literacy and language development.
- \$25 million over five years for the 21st Century California School Leadership Academy, to provide high-quality professional learning for administrators and other school leaders.

Universal School Nutrition. the Budget provides an additional \$54 million Proposition 98 General Fund to reimburse all meals served to students, including for those who would not normally qualify for reimbursement under the state meal program. Additionally, the Budget provides \$150 million one-time Proposition 98 General Fund for school districts to upgrade kitchen infrastructure and equipment, as well as provide training to food service employees.

Special Education. The Budget proposes to build on the 2020 Budget by further investing in early interventions and improving the ability for LEAs to draw down on federal fund for medical interventions. The Budget includes \$450 million for LEAs to provide learning recovery supports for students with disabilities, \$396.9 million to increase the statewide base rate for special education funding, \$277.7 million one-time federal Individuals with Disabilities Education Act (IDEA) funds, \$260 million to support early intervention services for preschool-aged children, \$186.1 million to provide a 4.05-percent cost-of-living adjustment for state special education funding, \$100 million for alternative dispute resolution to provide more opportunities for efficient and effective resolution of special education services complaints, \$15 million for grants to LEAs to improve the delivery of inclusive practices, \$10 million IDEA funds to provide technical assistance and support to local educational agencies, \$7 million IDEA funds to support and expand Family Empowerment Centers, and \$2.3 million federal IDEA funds and 6 positions for the Department of Education to address special education complaints, perform court-ordered special education monitoring of local educational agencies, and to purchase special education monitoring software.

Other K-12 Budget Adjustments.

- Career Technical Education—An increase of \$150 million ongoing Proposition 98 General Fund to augment opportunities for local educational agencies to participate in the Career Technical Education Incentive Grant Program.
- Career Technical Education ROCPs—An increase of \$86.4 million one-time Proposition 98 General Fund for career technical education regional occupational centers or programs (ROCPs) operated by a joint powers authority to address costs associated with the COVID-19 Pandemic.
- Court Schools—An increase of \$80 million one-time Proposition 98 General Fund for court schools to address costs associated with the COVID-19 Pandemic.
- State Special School Facilities—\$20.2 million General Fund and a commitment for \$106.3 million in future years for three new projects and one continuing project. The new projects would renovate 26 student residences and provide a perimeter fence at the Fremont campus and demolish 16 vacated modular buildings at the Riverside campus.

## LITIGATION

As of the date of the Limited Offering Memorandum, neither the Borrower nor the Lessee is the subject of any litigation or administrative proceeding related to its operations. Litigation may arise in the normal course of business of either the Borrower or the Lessee. See "RISK FACTORS – Litigation" for an explanation of risks associated with any potential litigation that may arise in the normal course of business for the Borrower or the Lessee.

## CERTAIN FINANCIAL INFORMATION

### Audited Financial Statements

The audited financial statements of the Lessee for the Fiscal Years ended June 30, 2018, 2019, and 2020, included in this Limited Offering Memorandum in APPENDIX B-1 – "FINANCIAL STATEMENTS," have been audited by Nigro & Nigro PC, A Professional Accountancy Corporation (the "Auditor"), to the extent and for the period indicated in its report thereon. Such financial statements have been included in reliance upon the reports of the Auditor. The Lessee is not aware of any facts that would make such financial statements misleading. These financial statements were prepared using the standards applicable to nonprofit entities. The audited financial statements included in Appendix B-1 are an integral part hereof and should be read in their entirety.

Unaudited financial statements of the Lessee for the Fiscal Year ended June 30, 2021 are included herein. Such unaudited financial statements have been prepared by Management and have not been examined or reviewed by the Auditor or any other independent certified public accountant. See "RISK FACTORS."

The audited financial statements set forth in APPENDIX B-1 – "FINANCIAL STATEMENTS" reflect all of the Lessee's operations. **The only revenues of the Lessee pledged to the repayment of the Bonds are those revenues of the Lessee derived from its operation of the School.** As such, potential investors in the Series 2021 Bonds should carefully review the "Supplementary Information" presented in the audited financial statements and, in particular, the financial statements showing the "Combined Charter Schools."

### Statement of Financial Position and Statement of Activities

The following Statements of Financial Position summary for the Lessee present summaries of the Lessee's financial position as of June 30 of each listed Fiscal Year. The Statement of Activities summary for the Lessee present summaries of the Lessee's financial activities during the fiscal year, thereby reconciling the beginning and end of year net asset positions contained in the Statement of Financial Position summary. Such summary statements are based on the audited financial statements of the Lessee for the Fiscal Years ended June 30, 2018, 2019, and 2020 and the unaudited financial statements of the Lessee for the Fiscal Year ended June 30, 2021. Such unaudited financial statements have been prepared by Management and have not been examined or reviewed by the Auditor or any other independent certified public accountant. See "RISK FACTORS."

**The only revenues of the Lessee pledged to the repayment of the Bonds are those revenues of the Lessee derived from its operation of the School.**

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**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Unaudited Statement of Financial Position - Combined Charter Schools - UNAUDITED*  
*June 30, 2021*

<b>ASSETS</b>	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
Cash	\$-	\$4,663,147	\$-	\$4,663,147
Accounts receivable	-	3,677,113	-	3,677,113
Prepaid expenses	-	55,125	-	55,125
Other current assets	-	1,216,000	-	1,216,000
Capital assets	-	71,437	-	71,437
Capital assets:				
Non-depreciable assets	-	-	-	-
Depreciable assets	-	-	-	-
Accumulated depreciation	-	-	-	-
<b>Total Assets</b>	<b>\$-</b>	<b>\$9,682,823</b>	<b>\$ -</b>	<b>\$9,682,823</b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ -	\$231,974	\$-	\$231,974
Paycheck Protection Program loan	-	-	-	-
Unearned revenues	-	34,734	-	34,734
Long term liabilities:				
Portion due within one year	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>266,707</b>	<b>-</b>	<b>266,707</b>
<b>Net assets</b>				
Without donor restrictions	-	-	-	-
With donor restrictions	-	-	-	-
<b>Total net assets</b>	<b>-</b>	<b>9,416,115</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Net Assets</b>	<b>\$-</b>	<b>\$9,682,823</b>	<b>\$-</b>	<b>\$266,707</b>

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**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Statement of Financial Position - Combined Charter Schools*  
*June 30, 2020*

<b>ASSETS</b>	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
Cash	\$4,749,785	\$5,008,685	\$1,082,893	\$10,841,363
Accounts receivable	2,027,729	1,207,915	45,709	3,281,353
Prepaid expenses	50,289	39,412	15,546	105,247
Capital assets:				
Non-depreciable assets	52,211	1,216,000	798,739	2,066,950
Depreciable assets	115,821	114,076	20,196,955	20,426,852
Accumulated depreciation	(28,306)	(44,415)	(8,524,930)	(8,597,651)
<b>Total Assets</b>	<b>\$6,967,529</b>	<b>\$7,541,673</b>	<b>\$13,614,912</b>	<b>\$28,124,114</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$294,900	\$200,381	\$85,239	\$580,520
Paycheck Protection Program loan	1,901,700	1,050,900	510,000	3,462,600
Unearned revenues	736	24,721	-	25,457
Long term liabilities:				
Portion due within one year	25,711	25,711	11,176	62,598
Total liabilities	2,223,047	1,301,713	606,415	4,131,175
<b>Net assets</b>				
Without donor restrictions	4,615,683	6,149,957	12,910,662	23,676,302
With donor restrictions	128,799	90,003	97,835	316,637
Total net assets	4,744,482	6,239,960	13,008,497	23,992,939
<b>Total Liabilities and Net Assets</b>	<b>\$6,967,529</b>	<b>\$7,541,673</b>	<b>\$13,614,912</b>	<b>\$28,124,114</b>

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**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Statement of Financial Position - Combined Charter Schools*  
*June 30, 2019*

<b>ASSETS</b>	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
Cash	\$1,175,224	\$2,505,955	\$1,295,130	\$4,976,309
Accounts receivable	2,226,383	1,403,282	61,161	3,690,826
Prepaid expenses	-	-	84,717	84,717
Intracompany receivables (Note 10)	716,989	-	-	716,989
Capital assets:				
Non-depreciable assets	-	139,716	893,572	1,033,288
Depreciable assets	99,928	114,076	26,115,094	26,329,098
Accumulated depreciation	(14,153)	(15,844)	(8,920,405)	(8,950,402)
<b>Total Assets</b>	<b>\$4,204,371</b>	<b>\$4,147,185</b>	<b>\$19,529,269</b>	<b>\$27,880,825</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$268,610	\$701,013	\$124,247	\$1,093,870
Accrued payroll and payroll expenses	4,591	1,066	1,711	7,368
Unearned revenues	52,658	8,354	-	61,012
Due to student groups	-	-	21,864	21,864
Intracompany payables (Note 10)	-	-	716,989	716,989
Long term liabilities:				
Portion due within one year	25,711	25,711	696,304	747,726
Portion due after one year	26,516	26,516	5,271,635	5,324,667
<b>Total liabilities</b>	<b>378,086</b>	<b>762,660</b>	<b>6,832,750</b>	<b>7,973,496</b>
<b>Net assets</b>				
Without donor restrictions	3,493,851	3,345,006	12,597,593	19,436,450
With donor restrictions	332,434	39,519	98,926	470,879
<b>Total net assets</b>	<b>3,826,285</b>	<b>3,384,525</b>	<b>12,696,519</b>	<b>19,907,329</b>
<b>Total Liabilities and Net Assets</b>	<b>\$4,204,371</b>	<b>\$4,147,185</b>	<b>\$19,529,269</b>	<b>\$27,880,825</b>

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**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

Statement of Financial Position - Combined Charter Schools

June 30, 2018 (REVISED)

	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
<b>ASSETS</b>				
Cash	\$381,019	\$2,595,096	(\$1,213,895)	\$3,231,376
Accounts receivable	1,696,208	2,344,078	(2,201,615)	3,140,678
Prepaid expenses			80,567	80,567
Unamortized debt issuance costs				
Capital assets:				
Non-depreciable assets			976,249	976,249
Depreciable assets			26,002,531	26,002,531
Accumulated depreciation			(8,202,075)	(8,202,075)
<b>Total Assets</b>	<b>\$2,077,227</b>	<b>\$4,939,174</b>	<b>\$15,441,762</b>	<b>\$25,229,326</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$170,592	\$115,980	\$22,065	\$308,637
Accrued payroll and payroll expenses	558,225	349,491	51,045	958,761
Unearned revenues	-	-	53,149	53,149
Due to student groups	-	-	31,019	31,019
Long term liabilities:				
Portion due within one year	-	-	748,000	748,000
Portion due after one year	-	-	5,700,722	5,700,722
Total liabilities	728,817	465,471	6,606,000	7,800,288
<b>Net assets</b>				
Unrestricted	1,348,410	2,102,935	13,363,558	16,814,903
Temporarily restricted	-	-	538,714	538,714
Permanently restricted	-	-	75,421	75,421
Total net assets	1,348,410	2,102,935	13,977,693	17,429,038
<b>Total Liabilities and Net Assets</b>	<b>\$2,077,227</b>	<b>\$2,568,406</b>	<b>\$20,583,693</b>	<b>\$25,229,326</b>

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THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.  
 Unaudited Statement of Activities - Combined Charter Schools - UNAUDITED  
 For the Fiscal Year Ended June 30, 2021

**REVENUES, GAINS, AND  
OTHER SUPPORT**

	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
LCFF revenues	\$-	\$8,246,908	\$ -	\$8,246,908
Federal revenues	-	1,529,839	-	1,529,839
State Special Education	-	442,366	-	442,366
STRS on behalf payment	-	-	-	-
Other state revenues	-	1,577,172	-	1,577,172
Other local revenues	-	1,114,636	-	1,114,636
Transfers in/(out)	-	-	-	-
<b>Total Revenues, Gains, and Other Support</b>	<b>-</b>	<b>12,910,920</b>	<b>-</b>	<b>12,910,920</b>

**EXPENSES**

Certificated Salaries	-	3,704,411	-	3,704,411
Classified Salaries	-	770,247	-	770,247
Benefits	-	1,481,541	-	1,481,541
Books and Supplies	-	1,398,143	-	1,398,143
Services, Other Operating Expenses	-	2,194,019	-	2,194,019
Depreciation	-	38,806	-	38,806
All other outgo	-	147,598	-	147,598
Debt services	-	-	-	-
<b>Total Expenses</b>	<b>-</b>	<b>9,734,765</b>	<b>-</b>	<b>9,734,765</b>
Change in net assets from operations	-	3,176,155	-	3,176,155
Gain on sale of assets to LLC	-	-	-	-
Change in net assets	-	3,176,155	-	3,176,155
Net Assets, beginning of year	-	6,546,548	-	6,546,548
Adjustment for restatement	-	(306,588)	-	(306,588)
Adjusted beginning net assets	-	6,239,960	-	6,239,960
Net Assets, end of year	\$-	\$9,416,115	\$ -	\$9,416,115

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THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.  
*Statement of Activities - Combined Charter Schools*  
*For the Fiscal Year Ended June 30, 2020*

<b>REVENUES, GAINS, AND OTHER SUPPORT</b>	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
LCFF revenues	\$12,666,849	\$8,140,825	\$-	\$20,807,674
Federal revenues	602,925	709,778	74,991	1,387,694
State Special Education	733,569	291,519	-	1,025,088
STRS on behalf payment	726,109	372,527	-	1,098,636
Other state revenues	372,375	423,371	-	795,746
Other local revenues	786,339	1,663,728	3,591,199	6,041,266
Transfers in/(out)	(723,867)	(137,559)	861,426	-
<b>Total Revenues, Gains, and Other Support</b>	<b>15,164,299</b>	<b>11,464,189</b>	<b>4,527,616</b>	<b>31,156,104</b>
<b>EXPENSES</b>				
Certificated Salaries	5,727,850	3,368,675	486,278	9,582,803
Classified Salaries	1,525,432	982,098	1,295,969	3,803,499
Benefits	3,141,110	1,742,774	772,364	5,656,248
Books and Supplies	949,636	609,861	85,296	1,644,793
Services, Other Operating Expenses	2,816,256	1,876,775	441,068	5,134,099
Depreciation	14,153	28,571	666,998	709,722
All other outgo	-	-	1,142,957	1,142,957
Debt services	71,665	-	6,688	78,353
<b>Total Expenses</b>	<b>14,246,102</b>	<b>8,608,754</b>	<b>4,897,618</b>	<b>27,752,474</b>
Change in net assets from operations	918,197	2,855,435	(370,002)	3,403,630
Gain on sale of assets to LLC	-	-	681,980	681,980
Change in net assets	918,197	2,855,435	311,978	4,085,610
Net Assets, beginning of year	3,826,285	3,384,525	12,696,519	19,907,329
Net Assets, end of year	\$4,744,482	\$6,239,960	\$13,008,497	\$23,992,939

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THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.  
*Statement of Activities - Combined Charter Schools*  
*For the Fiscal Year Ended June 30, 2019*

<b>REVENUES, GAINS, AND OTHER SUPPORT</b>	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
Federal revenues	\$420,317	\$722,357	\$ 56,243	\$ 1,198,917
LCFF revenues	12,531,030	7,547,483	-	20,078,513
State Special Education	619,534	256,845	-	876,379
Lottery	341,912	185,234	-	527,146
STRS on behalf payment	527,156	273,304	-	800,460
PERS on behalf payment	157,838	70,602	-	228,440
Other state revenues	542,602	419,440	-	962,042
Contributions	38,109	9,635	85,708	133,452
Student activities	8,045	61	-	8,106
Class fees	4,365	102,926	-	107,291
Food services	75,807	14,583	-	90,390
Other local revenues	174,418	132,880	177,476	484,774
Interest earned	-	-	54,693	54,693
Transfers	(1,350,833)	(1,101,163)	2,451,996	-
<b>Total Revenues, Gains, and Other Support</b>	<b>14,090,300</b>	<b>8,634,187</b>	<b>2,826,116</b>	<b>25,550,603</b>
<b>EXPENSES</b>				
Certificated Salaries	5,699,819	3,234,819	476,740	9,411,378
Classified Salaries	1,188,432	823,638	1,135,340	3,147,410
Benefits	2,881,303	1,628,282	638,667	5,148,252
Books and Supplies	755,131	554,600	115,635	1,425,366
Noncapitalized equipment	25,778	29,090	11,572	66,440
Services, Other Operating Expenses	964,923	935,068	546,153	2,446,144
Debt Service	300,426	2,423	76,696	379,545
Depreciation	14,153	15,844	718,330	748,327
Amortization	-	-	31,789	31,789
<b>Total Expenses</b>	<b>11,829,965</b>	<b>7,223,764</b>	<b>3,750,922</b>	<b>22,804,651</b>
Change in net assets from operations	2,260,335	1,410,423	(924,806)	2,745,952
Repayment of state award (Note 8)	-	(263,093)	-	(263,093)
Unrealized gain/(loss) on interest rate swap	-	-	(245,154)	(245,154)
<b>Change in net assets</b>	<b>2,260,335</b>	<b>1,147,330</b>	<b>(1,169,960)</b>	<b>2,237,705</b>
Net Assets, beginning of year	1,348,410	2,102,935	13,977,693	17,429,038
Adjustment for restatement (Note 9)	217,540	134,260	(111,214)	240,586
<b>Adjusted net assets, beginning of year</b>	<b>1,565,950</b>	<b>2,237,195</b>	<b>13,866,479</b>	<b>17,669,624</b>
<b>Net Assets, end of year</b>	<b>\$3,826,285</b>	<b>\$3,384,525</b>	<b>\$12,696,519</b>	<b>\$ 19,907,329</b>

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

Statement of Activities - Combined Charter Schools

For the Fiscal Year Ended June 30, 2018 (REVISED)

<b>REVENUES, GAINS, AND OTHER SUPPORT</b>	AAE	Norton Science and Language Academy	Lewis Center For Educational Research	Total
Federal revenues	\$335,023	\$666,658	\$69,011	\$1,070,692
LCFF revenues	11,325,579	7,123,831	-	18,449,410
State Special Education	670,015	265,869	-	935,884
Lottery	322,303	177,629	-	499,932
STRS on behalf payment	468,669	225,393	-	694,062
Other state revenues	335,003	325,375	-	660,378
Donations	66,509	6,228	41,968	114,705
Student activities	151,449	0	-	151,449
Class fees	5,315	117,394	-	122,709
Food services	58,257	9,097	-	67,354
Other local revenues	48,059	9,658	380,885	438,602
Interest earned	4,161	-	689	4,850
Transfers	(1,885,692)	(1,503,452)	3,389,144	-
<b>Total Revenues, Gains, and Other Support</b>	<b>11,904,650</b>	<b>7,423,680</b>	<b>3,881,697</b>	<b>23,210,027</b>
<b>EXPENSES</b>				
Certificated Salaries	5,369,017	3,059,166	431,672	8,859,855
Classified Salaries	1,120,892	890,085	1,196,062	3,207,038
Benefits	2,714,424	1,574,658	634,250	4,923,332
Books and Supplies	665,694	527,483	136,339	1,329,516
Services, Other Operating Expenses	1,164,099	730,396	584,710	2,479,205
Debt Service	210,508	-	18,029	228,537
Depreciation and Amortization	-	-	747,127	747,127
<b>Total Expenses</b>	<b>11,244,634</b>	<b>6,781,788</b>	<b>3,748,189</b>	<b>21,774,611</b>
Change in net assets from operations	660,016	641,892	133,508	1,435,416
Unrealized gain (loss) on interest rate swap	-	-	169,343	169,343
Change in net assets	660,016	641,892	302,581	1,604,759
Net Assets, July 1, 2017	688,394	1,461,043	13,674,842	15,824,279
Net Assets, June 30, 2018	\$1,348,410	\$2,102,935	\$13,977,693	\$17,429,038

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## Debt

On the Closing Date, neither the Borrower nor the Lessee will have any Indebtedness outstanding except in connection with the Bonds.

In June 2020, the Lessee received a Paycheck Protection Program loan through the United States Small Business Administration (the "PPP Loan") in the amount of \$3,462,600 from Acap and The Loan Source (the "PPP Lenders"). The amount allocated for the School was in the amount of \$1,050,900. In [\_\_\_\_] 2021, the Lessee received forgiveness of the PPP Loan.

The Lessee has a revolving line of credit of \$2,000,000 from Union Bank (the "Line of Credit"). The Lessee has not drawn on the Line of Credit. The Line of Credit does not constitute Indebtedness as defined in the Indenture.

The AAE Bonds do not constitute Indebtedness as defined in the Indenture.

**The revenues of the Lessee derived from its operation of the School will not be pledged to the repayment of the AAE Bonds and the facilities from which the Lessee operates the School will not be pledged to secure the AAE Bonds.**

**Correspondingly, the revenues of the Lessee derived from its operation of AAE are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AAE are not pledged to secure the Bonds.**

The Lessee is permitted to incur additional Indebtedness within the meaning of the Indenture, the Loan Agreement, and the Lease under certain circumstances. In addition, the Lessee is permitted to incur additional indebtedness that does not constitute Indebtedness within the meaning of the Indenture, the Loan Agreement, and the Lease under certain circumstances. See "RISK FACTORS – Additional Indebtedness" and APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS –THE LEASE AGREEMENT – Limitations on Incurrence of Additional Indebtedness."

## Financial Projections

The financial projections of the Lessee with respect to the School for the Fiscal Years ending June 30, 2022-26 set forth in APPENDIX B-2 – "FINANCIAL PROJECTIONS" (the "Projections") were prepared by Management in consultation with Campanile Group, Inc. ("Campanile"), and have not been independently verified by any other party. Such financial projections constitute "forward-looking" statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See "INTRODUCTION – Caution Regarding Forward-Looking Statements" above. Although Management believes that the assumptions upon which these financial projections are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the School involve risks and uncertainties, many of which are outside of the Lessee's control and any one of which, or a combination of which, could materially affect the Lessee's results with respect to the School's operations.

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions; the willingness of the State to fund public schools including charter schools at present or increased levels; competitive conditions within the School's service area; lower-than-projected enrollment; unanticipated expenses; changes in government regulation including changes in the law governing charter schools in the State; future claims for accidents against the Lessee and the extent of insurance coverage for such claims; and other risks discussed in this Limited Offering Memorandum. See "RISK FACTORS."

No feasibility studies have been conducted with respect to operations of the Lessee pertinent to the Bonds. The Underwriter has not independently verified the Projections, and make no representations nor give any assurances that such Projections, or the assumptions underlying them, are complete or correct. Further, the

Projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Bonds will be outstanding.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE LESSEE WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED DEBT SERVICE PAYMENTS ON THE SERIES 2021 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN "RISK FACTORS," AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME.

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**[\$XXX]  
CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE  
ACADEMY PROJECT)  
TAX-EXEMPT SERIES 2021A**

**[\$YYY]  
CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE  
ACADEMY PROJECT)  
TAXABLE SERIES 2021B**

**BOND PURCHASE AGREEMENT**

[Pricing Date], 2021

The High Desert "Partnership in Academic Excellence" Foundation, Incorporated  
17500 Mana Road  
Apple Valley, California 92307

California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833

230 South Waterman Avenue LLC  
c/o The High Desert "Partnership in Academic Excellence" Foundation, Incorporated  
17500 Mana Road  
Apple Valley, California 92307

Ladies and Gentlemen:

The undersigned, on behalf of Truist Securities, Inc., as the underwriter (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the California Enterprise Development Authority (the "Authority"); 230 South Waterman Avenue LLC (the "Borrower"), a California limited liability company, the sole member of which is The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and the Lessee. Upon the acceptance and approval by the Authority, the Borrower and the Lessee, this Bond Purchase Agreement will become a binding agreement among those parties and the Underwriter subject to Section 16 hereof. This offer may be accepted by execution hereof on or before 2:30 p.m., Los Angeles, California, time on the date hereof. This offer may be accepted by the Borrower by the execution by Lisa Lamb, Authorized Signatory of the Borrower, and such agents as she may designate, in accordance with the resolution of the Board of Directors of the Lessee, as the sole member of the Borrower, duly adopted on November 8, 2021 (the "Resolution"). This offer may be accepted by the Lessee by the execution by David Rib, Chairman of the Lessee, in accordance with the resolution of the Resolution. This offer may be accepted by the Authority by the execution by its Chair or Vice Chair, in accordance with the authorizing resolutions adopted by the Authority's Board of Directors on [CEDA Resolution Date], 2021 (the "Authority Resolution").

Each of the Authority, the Borrower and the Lessee acknowledge and agree that (i) the purchase and sale of the Series 2021 Bonds (as defined herein) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction among the Authority, the Borrower, the

Lessee and the Underwriter, (ii) in connection with such transaction, each Underwriter is acting solely as principals and not as advisors (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), an agent, or a fiduciary of the Authority, the Borrower or the Lessee, (iii) neither Underwriter has assumed (individually or collectively) a fiduciary responsibility in favor of the Authority, the Borrower or the Lessee with respect to (a) the offering of the Series 2021 Bonds or the process leading thereto (whether or not any Underwriter has advised or is currently advising the Authority, the Borrower or the Lessee on other matters) or (b) any other obligation to the Authority, the Borrower or the Lessee except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Authority, the Borrower and the Lessee have consulted with their own legal and other professional advisors to the extent they deemed appropriate in connection with the offering of the Series 2021 Bonds and (v) each Underwriter has financial and other interests that differ from those of the Authority, the Borrower and the Lessee.

**1. Purchase and Sale of the Series 2021 Bonds.** On the basis of the representations, warranties, covenants and agreements contained (i) herein; (ii) in the Letter of Representations of the Borrower, dated the date hereof and attached hereto as Exhibit A (the "Borrower Letter of Representations") which the Underwriter and the Authority hereby acknowledge; and (iii) in the Letter of Representations of the Lessee, dated the date hereof and attached hereto as Exhibit B (the "Lessee Letter of Representations" and, together with the Borrower Letter of Representations, the "Letters of Representations") which the Underwriter and the Authority hereby acknowledge, the Underwriter agree to purchase from the Authority, and the Authority agrees to sell to the Underwriter, all, but not less than all, of the aggregate principal amount of the \$[XXX] Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the "Series 2021 Bonds") at a purchase price of \$\_\_\_\_\_ representing the par amount of the Series 2021 Bonds, [less/plus] original issue [discount/premium] of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_ and the \$[YYY] Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds") at a purchase price of \$\_\_\_\_\_ representing the par amount of the Series 2021 Bonds, less an underwriter's discount of \$\_\_\_\_\_.

**2. Background.**

(a) The Series 2021 Bonds will be dated as of their date of issue, and will be issued and secured pursuant to an Indenture of Trust, dated as of June 1, 2020 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of December 1, 2021 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), each by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Limited Offering Memorandum, dated the date hereof (the "Limited Offering Memorandum"), relating to the Series 2021 Bonds.

(b) The Series 2021 Bonds will be dated their date of delivery and will be issued in Authorized Denominations, initially of \$25,000 and any integral multiple of \$5,000 in excess thereof. The Series 2021 Bonds will mature on the dates and in the principal amounts, will bear interest payable on the dates and at the rates, will be subject to mandatory sinking fund redemption

on the dates and in the amounts, and will be subject to optional redemption, all as set forth on the schedule attached hereto as Schedule I.

The Authority will loan the proceeds of the Series 2021 Bonds to the pursuant to the terms of a Loan Agreement, dated as of June 1, 2020 (the "Loan Agreement"), as supplemented and amended by the Loan Agreement Supplement No. 1 dated as of December 1, 2021 (the "Loan Agreement Supplement" and together with the Original Loan Agreement, the "Loan Agreement"), each by and between the Authority and the Borrower, for the following purposes: (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the "Series 2021 Facilities" and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the "Facilities"); (b) funding a debt service reserve fund for the Series 2021 Bonds (as defined herein); (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the "Series 2021 Project");

(c) The Borrower has entered into the Ground Lease Agreement dated April 21, 2020 (the "Ground Lease") as supplemented and amended by the Amended Ground Lease Agreement dated as of December 1, 2021 (the "Amended Ground Lease Agreement" and together with the Original Ground Lease, the "Ground Lease"), among the County of San Bernardino (the "County"), the City of San Bernardino (the "City"), and the Borrower, pursuant to which the Borrower ground leases the site on which the Series 2021 Facilities will be constructed from the County and the City.

(d) The County, the City, the Borrower, the Lessee, and the Trustee have entered into a Consent, Recognition, and Attornment Agreement (the "Recognition Agreement") in which the County and City consent to delivery of the Deed of Trust described herein and agree to provide notice to the Trustee of any default under the Ground Lease, as well as recognizing the rights of the Trustee to cure certain defaults and foreclose on the Deed of Trust.

(e) The Lessee has guaranteed the Ground Lease pursuant to the Guaranty of Lease (the "Guaranty"), among the County of San Bernardino, the City of San Bernardino, and the Lessee.

(f) The Borrower will lease the Facilities to the Lessee pursuant to the terms of a Sublease Agreement, dated as of June 1, 2020 (the "Lease Agreement"), as supplemented and amended by the Lease Agreement Supplement No. 1 dated as of December 1, 2021 (the "Lease Supplement No. 1" and together with the Original Lease Agreement, the "Lease Agreement"), each by and between the Borrower and the Lessee.

(g) The Borrower will deliver a Leasehold Construction Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing dated as of June 1, 2020 (the "Deed of Trust"), which will be recorded with the Recorder's Office for the County of San Bernardino and shall provide the Trustee with a perfected first priority leasehold Lien interest in the Land and first priority fee Lien interest in the remainder of the Mortgaged Estate, subject to any Permitted Encumbrances.

(h) **[To be updated:** On the Closing Date, the Borrower will undertake the construction of the Charter School Facility (the "Charter School Construction Project"), which will be constructed by Near-Cal Corp (the "Contractor") pursuant to an AIA Document A101-2017 Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum dated May 5, 2020 (the "Grading Construction Contract"), by and between the Contractor and the Borrower and an AIA Document A101-2017 Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum dated May 8, 2020 (the "Charter School Building Construction Contract" and, together with the Grading Construction Contract, the "Charter School Construction Contract"), by and between the Contractor and the Borrower, and the construction of the Head Start Facility (the "Head Start Construction Project"), which will be constructed by the Contractor pursuant to an AIA Document A101-2017 Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum dated May 20, 2020 (the "Head Start Construction Contract"), by and between the Contractor and the Borrower.]

(i) **[To be updated:** The Lessee will act as the developer of the Head Start Facility pursuant to the Improvement Agreement (the "Improvement Agreement") between the Lessee and the County of San Bernardino. In connection with the construction of the Head Start Facility, the Lessee will deliver the Assignment of Improvement Agreement, dated as of June 1, 2020 (the "Assignment of Improvement Agreement"), in favor of the Trustee and consented to by the County of San Bernardino.]

(j) The Lessee currently operates a charter school known as Norton Science and Language Academy (the "School") at 230 South Waterman Avenue, San Bernardino, California 92408 pursuant to the Charter School Act of 1992, California Education Code §§ 47600, as amended (the "Charter School Act") and the charter petition of the Lessee granted by the San Bernardino County Board of Education (the "Authorizer"), with a term from July 1, 2017, through June 30, 2022, as materially revised to the date hereof (the "Charter").

(k) The Borrower's payment obligations under the Loan Agreement will be evidenced by the Series 2021 Promissory Notes executed by the Borrower and made payable to the Authority in the aggregate principal amount of \$[AAA] (the "Series 2021 Promissory Notes").

(l) The Lessee will enter into an Amended and Restated Lease Blocked Account Agreement dated as of December 1, 2021 (the "Lease Blocked Account Agreement"), by and between the Lessee and Wilmington Trust, National Association, as custodian.

(m) The Underwriter acknowledges the restrictions on ownership and transfer of the Series 2021 Bonds provided for in the Indenture, and represents and warrants to, and covenants and agrees with the Authority that it will offer and sell the Series 2021 Bonds exclusively to persons who have represented to the Underwriter by their delivery of a completed investor letter in substantially the form attached to the Limited Offering Memorandum for the Series 2021 Bonds that they are, and who the Underwriter reasonably believe to be, to be "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act") or "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act.

**3. Representations and Agreements of the Authority.** The Authority represents and agrees the Underwriter, the Borrower, and the Lessee that:

(a) The Authority is a joint exercise of powers agency and existing under the laws of the State of California and has full power and authority to adopt the Authority Resolution, and to enter into and to perform its obligations under the Indenture, the Loan Agreement and this Bond Purchase Agreement (collectively, the "Authority Documents"); and when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(b) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has approved and authorized the distribution of the Limited Offering Memorandum and has authorized and approved the execution and delivery of the Authority Documents and the consummation by the Authority of the transactions contemplated thereby.

(c) To the current actual knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority which (i) affects or seeks to prohibit, restrain or enjoin the issuance, execution or delivery of the Series 2021 Bonds, the origination of the loan or the lending of the proceeds of the Series 2021 Bonds to the Borrower, or the execution and delivery of the Authority Documents, (ii) affects or questions the validity or enforceability of the Bonds, the Indenture or the Borrower Documents (as defined in Exhibit A hereto), (iii) questions the tax-exempt status of interest on the Series 2021 Bonds, or (iv) in any way contests or affects any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2021 Bonds, the validity or enforceability of the Authority Documents, the completeness or accuracy of the Limited Offering Memorandum or the existence or powers of the Authority relating to the sale of the Series 2021 Bonds.

(d) The statements and information contained in the Limited Offering Memorandum under the captions "THE AUTHORITY" and "LEGAL MATTERS – Pending and Threatened Litigation – No Proceedings Against the Authority" are true and correct in all material respects, and the information contained under the captions "THE AUTHORITY" and "LEGAL MATTERS – Pending and Threatened Litigation – No Proceedings Against the Authority" in the Limited Offering Memorandum does not contain an untrue statement of a material fact or omit any statement or information concerning the Authority which is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(e) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Borrower, as the Underwriter may reasonably request in endeavoring (i) to qualify the Series 2021 Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the

eligibility of the Series 2021 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Series 2021 Bonds; provided, however, that in no event shall the Authority be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(f) The execution and delivery by the Authority of the Authority Documents and compliance with the provisions on the Authority's part contained therein will not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument, except as provided by the Authority Documents.

(g) If before the "end of the underwriting period" (as such term is defined in Rule 15c-12, the "Underwriting Period"), an event occurs, of which the Authority has knowledge, which might or would cause the information contained in the Limited Offering Memorandum under the heading "THE AUTHORITY" or "LEGAL MATTERS – Pending and Threatened Litigation – No Proceedings Against the Authority" as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, or if the Authority is notified by the Borrower pursuant to the provisions of the Letters of Representations or otherwise requested to amend, supplement or otherwise change the Limited Offering Memorandum, the Authority will notify the Underwriter and the Borrower, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the Authority will cooperate with the Borrower and the Underwriter to amend or supplement the Limited Offering Memorandum in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid by the Borrower.

(h) During the period described in the preceding paragraph, (a) the Authority will not participate in the issuance of any amendment of or supplement to the Limited Offering Memorandum to which, after being furnished with a copy, the Borrower or an Underwriter shall reasonably object in writing or which shall be disapproved by any of their respective counsel and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Limited Offering Memorandum in order to make the Limited Offering Memorandum not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will cooperate with the Borrower and the Underwriter to prepare and furnish to the Underwriter and the Borrower (at the expense of the Borrower) a reasonable number of copies of an amendment of or supplement to the Limited Offering Memorandum, in form and substance satisfactory to counsel for the Underwriter, which will amend or supplement the Limited Offering Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order



to make the statements therein, in light of the circumstances existing at the time the Limited Offering Memorandum is delivered to a purchaser, not misleading.

(i) The execution and delivery of this Bond Purchase Agreement by the Authority shall constitute a representation by the Authority to the Underwriter that the representations and agreements contained in this Section are true as of the date hereof; *provided, however*, that as to information furnished by the Borrower pursuant to this Bond Purchase Agreement or otherwise, the Authority is relying solely on such information in making the Authority's representations and agreements, and as to all matters of law the Authority is relying on the advice of bond counsel; and *provided further*, that no member, officer, agent or employee of the governing body of the Authority shall be individually liable for the breach of any representation, warranty or agreement contained herein.

(j) The Authority hereby certifies that there has been delivered to the Underwriter the Limited Offering Memorandum which the Authority deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, except for information permitted to be omitted therefrom by Rule 15c2-12; provided, however, that the foregoing certification as to the finality of the Limited Offering Memorandum only addresses those statements in the Limited Offering Memorandum concerning the Authority under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION - The Authority."

**4. Conditions to the Obligations of the Underwriter.** The obligation of the Underwriter to accept delivery of and pay for the Series 2021 Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, and the satisfaction of all agreements, on the part of the Authority, the Borrower and the Lessee contained herein and in the Letters of Representations as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Authority, the Borrower and the Lessee made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Authority, the Borrower and the Lessee of their obligations to be performed hereunder at or prior to the Closing Date, to the issuance by the Authority of the Series 2021 Bonds, and to the following additional conditions:

(a) At the time of Closing, the Authority Documents shall be in full force and effect as valid, binding and enforceable agreements between or among the various parties thereto, and the Authority Documents and the Limited Offering Memorandum shall not have been amended, modified or supplemented, except as described herein or as may otherwise have been agreed to in writing by the Underwriter, and there shall have been taken in connection with the issuance of the Series 2021 Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

(b) The offer and sale of the Series 2021 Bonds and all underlying securities shall be exempt from registration under the Securities Act.

(c) At the Closing Date, the Limited Offering Memorandum shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter.

(d) The Underwriter shall have the right to cancel their obligations to purchase the Series 2021 Bonds by written notification from the Underwriter to the Authority if at any time after the date hereof and prior to the Closing (any such termination shall be without liability on the Underwriter's part):

(i) (A) legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States of America or the U.S. Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (B) a decision shall have been rendered by a court established under Article III of the Constitution of the United State, or the United States Tax Court, or (C) an order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service, in each case referred to in clauses (A), (B), and (C), with the purpose or effect, and reasonable likelihood, directly or indirectly, of imposing federal income taxation upon interest to be received by any holders of the Series 2021A Bonds or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) the income received by any holder of obligations of the same type and character as the Series 2021 Bonds shall be declared not to be excludable from gross income (either at the time of the declaration or at any future date) under any federal income tax law, either by the terms of such law or by ruling or regulation of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision, of any federal court or the tax court, or (B) any law is adopted or enacted by the Congress of the United States or either house of Congress or a committee or conference committee thereof which will have a substantial adverse effect on the exclusion of the interest from federal gross income to the holders of the Series 2021A Bonds (provided, that interest will be treated as excludable from gross income for federal income tax purposes whether or not it is includable as an item of tax preference for purposes of calculating alternative minimum taxes or otherwise includable for purposes of calculating certain tax liabilities other than income tax); or

(iii) (A) in the Underwriter's reasonable judgment, the market price of the Series 2021 Bonds is adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by a governmental authority or by any national securities exchange, (2) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Series 2021 Bonds or similar obligations, the establishment of minimum prices, or any material restriction not in force, or increase materially those restrictions now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, (3) a general banking moratorium shall have been established by federal or States of New York or California authorities, or (4) a way involving the United States of America shall have been declared, or any other national or international calamity shall have occurred (including, but not limited to, an act of terrorism), or any conflict involving the armed forces of the United States of America shall

have escalated to such a magnitude as to materially affect the Underwriter's ability to market the Series 2021 Bonds; (B) any litigation shall have been instituted, pending or overtly threatened to restrain or enjoin the issuance or sale of the Series 2021 Bonds or in any way contesting or affecting any authority or security for or the validity of the Series 2021 Bonds, or the existence or powers of the Authority; (C) legislation shall have been introduced in or enacted by the legislature of the State with the purpose or effect, directly or indirectly, of imposing State income taxation upon interest to be received by any holders of the Series 2021 Bonds, (D) there shall have occurred any amendment to the federal or State constitutions or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Borrower, the Lessee, their property or their income securities (or interest thereon), (E) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or had required an amendment of or supplement to the Limited Offering Memorandum, (F) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any obligations of the Borrower or the Lessee, (G) the purchase of and payment for the Series 2021 Bonds by the Underwriter, or the resale of the Series 2021 Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, (H) any action has been taken by any agency of the United States government with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received by any holders of the Series 2021A Bonds or which would, in the Underwriter's reasonable judgment, adversely affect the security for the Series 2021 Bonds; or

(iv) a general banking moratorium shall have been declared by federal, New York or California authorities having jurisdiction and be in force or a material disruption in commercial banking or securities settlement or clearance services shall have occurred; or

(v) any proceeding shall have been commenced or be threatened by the Securities and Exchange Commission against the Authority; or

(vi) if there shall exist any event which, in the reasonable judgment of the Underwriter after consultation with the Authority, the Borrower and the Lessee, causes the Limited Offering Memorandum to (A) contain any untrue statement of a material fact or (B) omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which they were made, not misleading; or

(vii) there shall have occurred any new material outbreak or any material escalation of hostilities or other calamity or crisis, the effect of which on the financial markets of the United States is such as to have it, in the reasonable judgment of the Underwriter, a material and adverse effect on the market price or marketability of the initial offering price set forth in the Limited Offering Memorandum of the Series 2021 Bonds; or

(viii) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official or staff statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter,

issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2021 Bonds, or the issuance, offering or sale of the Series 2021 Bonds, including any or all underlying obligations, as contemplated hereby, by the Limited Offering Memorandum, is or would be in violation of the federal securities laws as amended and then in effect; or

(ix) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which, in the reasonable judgment of the Underwriter, has the effect of requiring any Series 2021 Bonds to be registered under the Securities Act, or requires the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies; or

(x) any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Series 2021 Bonds or obligations of the general character of the Series 2021 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(xi) there shall have occurred any change which, in the reasonable judgment of the Underwriter, makes unreasonable or unreliable any of the assumptions upon which (a) the calculation of yield on the Series 2021A Bonds for purposes of Section 103 of the Code, (b) the payment of debt service on the Bonds or (c) the basis for the exemption of interest on the Series 2021A Bonds from federal income taxation, is predicated; or

(xii) trading in securities on the New York Stock Exchange or the American Stock Exchange has been suspended or limited or minimum prices have been established on either such exchange; or

(xiii) any adverse event occurs with respect to the affairs of the Authority, the Borrower, the Lessee or the Trustee, which, in the reasonable judgment of the Underwriter, would have a material and adverse effect on the market price or marketability, at the initial offering prices set forth in the Limited Offering Memorandum, of the Series 2021 Bonds; or

(xiv) there shall have occurred any material (in the sole opinion of the Underwriter) change to the Charter Schools Act or there shall have been enacted or proposed by the legislative or executive branch of California state government a change in funding for California charter schools.

(e) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(i) Copies of the Authority Documents, the Borrower Documents, and the Lessee Documents (as defined in Exhibit B hereto), duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter from the forms of such documents provided to the Underwriter on or prior to the date hereof;

- (ii) Certified copies of the Authority Resolution and the Resolution, duly executed by the parties thereto;
- (iii) Copies of all certificates or documents specified in the Loan Agreement or the Indenture as conditions precedent to the issuance of the Series 2021 Bonds;
- (iv) A copy of the Limited Offering Memorandum, duly executed by the Borrower and the Lessee;
- (v) A certificate or certificates of the Borrower satisfactory to the Authority, Bond Counsel and the Underwriter as to the accuracy of all representations and warranties contained herein (including in the Borrower Letter of Representations attached hereto as Exhibit A) as of the Closing Date as to incumbency, corporate approval, disclosure matters and the performance by the Borrower of all of its obligations hereunder to be performed at or prior to the Closing Date;
- (vi) A certificate or certificates of the Lessee satisfactory to the Authority, Bond Counsel and the Underwriter as to the accuracy of all representations and warranties contained herein (including in the Lessee Letter of Representations attached hereto as Exhibit B) as of the Closing Date and as to the performance by the Lessee of all of its obligations hereunder to be performed at or prior to the Closing Date;
- (vii) A general certificate of the Authority, dated the Closing Date, in form and substance satisfactory to the Underwriter;
- (viii) A Rule 15c2-12 certificate of the Authority relating to the Limited Offering Memorandum, dated the date hereof, in form and substance satisfactory to the Representative;
- (ix) A closing certificate of the Trustee, dated the Closing Date, in form and substance satisfactory to Bond Counsel;
- (x) An approving opinion of Bond Counsel, dated the Closing Date and in substantially the form attached to the Limited Offering Memorandum as Appendix E thereto;
- (xi) A supplemental opinion of Bond Counsel in substantially the form attached hereto as Exhibit C, addressed to or together with a reliance letter addressed to the Underwriter;
- (xii) An opinion of counsel to the Borrower and the Lessee, in substantially the form attached hereto as Exhibit D;
- (xiii) An opinion of counsel to the Authority, in substantially the form attached hereto as Exhibit E, addressed to or together with a reliance letter addressed to the Underwriter;

(xiv) One or more opinions of Bond Counsel delivered pursuant to Section 10.03 of the Original Indenture and Section 10.06 of the Loan Agreement, in connection with the execution and delivery of the First Supplemental Indenture and the Loan Agreement Supplement, respectively [**placeholder for additional conditions to delivery of supplements and/or amendments**];

(xv) Evidence that the conditions to the issuance of Additional Bonds set forth in Section 2.11 of the Original Indenture have been satisfied;

(xvi) Evidence that the conditions to the incurrence of additional Indebtedness set forth in Section 8.12 of the Original Loan Agreement and Section 8.13 of the Original Lease Agreement have been satisfied;

(xvii) Certificates of the California Secretary of State, which shall be dated not more than 30 days prior to the Closing Date, as to the good standing of the Borrower and the Lessee;

(xviii) A copy of the executed Tax Regulatory Agreement;

(xix) A copy of the executed Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038;

(xx) [A title insurance policy meeting the requirements of the Loan Agreement and acceptable in form and substance to the Underwriter, and a survey acceptable to the Underwriter];

(xxi) Evidence of satisfaction of the insurance requirements specified in the Loan Agreement and the Lease Agreement;

(xxii) Written consent of Nigro & Nigro PC, A Professional Accountancy Corporation, to the inclusion of the Lessee's audited financial statements for the fiscal years ended June 30, 2018, 2019, and 2020, in the Limited Offering Memorandum;

(xxiii) [Written consents of the appraiser and the environmental consultant identified in the Limited Offering Memorandum, to the inclusion of references to such entities and their reports included in the Limited Offering Memorandum];

(xxiv) Evidence that the Facilities have been leased by the Borrower, as lessee, on the Closing Date as described in the Limited Offering Memorandum;

(xxv) [Receipt or other evidence that the Ground Lease, the Lease Agreement, a memorandum of the Lease Agreement, and the Deed of Trust have been filed for record with the office of the Recorder of San Bernardino County, California];

(xxvi) [Receipt or other evidence that financing statements have been filed for record with the office of the Recorder of San Bernardino County, California, and Secretary of State of California with respect to the assignments made and the security interests granted in or pursuant to the Indenture, the Loan Agreement, and the Deed of Trust];

(xxvii) A copy of the Articles of Organization of the Borrower, as amended to date, certified by the Secretary of State of California as of a date within 30 days of the Closing Date; a copy of the Operating Agreement, as amended to date, each certified by its Secretary or Assistant Secretary as of the Closing Date;

(xxviii) A copy of the Articles of Incorporation of the Lessee, as amended to date, certified by the Secretary of State of California as of a date within 30 days of the Closing Date; a copy of the Bylaws of the Lessee, as amended to date, each certified by its Secretary or Assistant Secretary as of the Closing Date;

(xxix) A certified copy of the resolutions or written action in lieu of meeting of the Lessee, as the sole member of the Borrower, and the Board of Directors of the Lessee and of any of its committees approving the Limited Offering Memorandum and authorizing its use and distribution by the Underwriter, authorizing the execution and delivery of the Limited Offering Memorandum by the Borrower and the Lessee, the Borrower Documents by the Borrower, and the Lessee Documents by the Lessee;

(xxx) A certificate of the Secretary or other authorized officer of the Lessee reasonably acceptable to the Underwriter attaching a copy of the determination letter of the Internal Revenue Service to the effect that the Lessee is an organization described in Section 501(c)(3) of the Code, is exempt from the payment of federal income taxes under Section 501(c)(3) of the Code and is not a private foundation as defined in Section 509(a) of the Code and that the Lessee is in compliance with terms, conditions and limitations of the determination letter and that the facts and circumstances which form the basis of such determination letter as represented to the Internal Revenue Service continue to exist;

(xxxii) Copies of the executed Series 2021 Bonds;

(xxxiii) Evidence that the Debt Service Reserve Fund (as defined in the Indenture) has been funded in an amount at least equal to the Debt Service Reserve Fund Requirement (as defined in the Indenture);

(xxxiv) Copies of the licenses to operate the Borrower's and the Lessee's facilities, including but not limited to the Charter;

(xxxv) Written results of docket searches for "Lewis Center for Educational Research," "Norton Science and Language Academy," "The High Desert Partnership in Academic Excellence Foundation, Incorporated," "230 South Waterman Avenue LLC," and "Lewis Center Foundation" showing no outstanding litigation;

(xxxvi) Executed investor letters pursuant to Section 2(k) hereof, in the form attached to the Limited Offering Memorandum as Appendix H, as applicable, from or on behalf of each purchaser of the Series 2021 Bonds from the Underwriter;

(xxxvii) [\$\_\_\_\_\_] from the initial purchasers of the Series 2021 Bonds from the Underwriter]; and

(xxxvii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

(f) If the Authority, the Borrower or the Lessee is unable to satisfy the conditions to the Underwriter's obligations in this Bond Purchase Agreement (unless such provisions are otherwise waived by the Underwriter) or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Authority, the Borrower or the Lessee shall have any further obligations hereunder except as provided in Section 7 (Expenses), Section 8 (Indemnification) and Section 10 (Survival of Certain Representations and Obligations) hereof.

**5. Conditions to the Obligations of the Authority.** The obligations of the Authority to issue and deliver the Series 2021 Bonds on the Closing Date shall be subject, at the option of the Authority, to the performance by the Underwriter of their obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) The Indenture, the Loan Agreement, the Lease Agreement, the Deed of Trust, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, the Letters of Representations, the Limited Offering Memorandum and this Bond Purchase Agreement, respectively, shall have been executed by the respective parties thereto.

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or issuance of the Series 2021 Bonds as contemplated hereby, by the Limited Offering Memorandum.

(c) The documents contemplated by Section 4(e), the forms of which are set forth herein, shall have been delivered substantially in the forms set forth herein, and the other documents contemplated by Section 4(e) shall have been delivered to the Authority in form and substance satisfactory to Bond Counsel and counsel to the Authority.

(d) The Authority's closing fee and the Authority's counsel fee shall have been paid by wire transfer or in other immediately available funds or arrangements reasonably satisfactory to the Authority and its special counsel shall have been made to pay such fees from the proceeds of the Series 2021 Bonds or otherwise.

(e) The Underwriter shall provide information to which they have access in their ordinary course of business that is requested by the Authority for purposes of its compliance with California Government Code Section 8855.

**6. Closing; Issuance of the Series 2021 Bonds.** At 8:00 a.m. Los Angeles, California, time on [December 2], 2021, or at such other date and time, at a location as the parties mutually agree upon (the "Closing" or the "Closing Date"), the Authority will deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York ("DTC") for the accounts of the Underwriter, the Series 2021 Bonds in definitive form, bearing proper CUSIP numbers, duly executed and authenticated, and the other documents hereinafter mentioned; and, subject to the conditions of this Bond Purchase Agreement, the Underwriter will



accept such delivery and pay the purchase price thereof (such delivery and payment being herein referred to as the "Closing"). Upon initial issuance, the ownership of the Series 2021 Bonds will be registered in the name of Cede & Co., as nominee of DTC. The Series 2021 Bonds will be made available for checking and packaging at the office of the Trustee at least one (1) business day prior to the Closing.

## **7. Expenses.**

(a) All reasonable expenses, fees and costs of the Authority and the Underwriter incident to the performance of their obligations in connection with the authorization, issuance and sale of the Series 2021 Bonds, including printing costs of outside printing companies incurred in connection with printing the Series 2021 Bonds and preparing the Limited Offering Memorandum, fees and expenses of consultants, fees and expenses of counsel for the Borrower and the Lessee, fees and expenses of the Trustee and of the Trustee's counsel (if any), fees of DTC, any fees and expenses of rating agencies, fees and expenses of the State Treasurer's office, any out-of-pocket disbursements of the Authority, the fees and expenses of the Underwriter and fees and expenses of Bond Counsel and Underwriter's Counsel shall be paid by the Borrower and the Lessee. The Borrower and the Lessee shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Bond Purchase Agreement and the issuance of the Series 2021 Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs. All fees and expenses to be paid by the Borrower or the Lessee pursuant to this Bond Purchase Agreement may be paid from Series 2021 Bond proceeds to the extent permitted by the Indenture and the Tax Regulatory Agreement.

(b) Each of the Borrower and the Lessee acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Series 2021 Bonds.

(c) If this Bond Purchase Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Borrower or the Lessee to comply with the terms or to fulfill any of the conditions of this Bond Purchase Agreement, or if for any reason the Borrower or the Lessee shall be unable to perform its obligations under this Bond Purchase Agreement, the Borrower and the Lessee will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Bond Purchase Agreement or the offering contemplated hereunder.

## **8. Indemnification.**

(a) The Borrower and the Lessee agree, jointly and severally, (i) to indemnify and hold harmless the Authority, each Underwriter, and each person, if any, who controls the Authority or any Underwriter within the meaning of Section 15 of the Securities Act, and each and all and any of them (collectively, the "Indemnified Parties"), from and against any and all losses, claims, damages, liabilities or actions to the extent that such losses, claims, damages, liabilities or actions were caused by or based upon or relate in any way to (A) the Borrower or the Lessee's failure to fulfill its obligations hereunder, (B) the sale of the Series 2021 Bonds, the issuance thereof, or the Authority Documents, or (C) any untrue statement or alleged untrue statement of a material fact

contained in the Limited Offering Memorandum or the omission or alleged omission to state therein a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, except, with respect to the Authority, for any liability arising as a result of a material misstatement or omission with respect to the information contained under the captions "THE AUTHORITY" and "LEGAL MATTERS - Pending and Threatened Litigation - No Proceedings Against the Authority," and except, with respect to the Underwriter, for any liability arising (A) as a result of a material misstatement or omission with respect to the information contained under the caption "UNDERWRITING" or (B) with respect to the maturities, stated interest rates and prices of the Series 2021 Bonds listed on the inside cover page of the Limited Offering Memorandum, and (ii) (except as otherwise provided in paragraph (b) below) to reimburse the Authority, any Underwriter, any member, director, officer, agent, official, or employee of or counsel to the Authority or such Underwriter, and each such controlling person, if any, for any legal or other expenses reasonably incurred by them in defending any such action, including but not limited to any reasonable attorneys' fees. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower and/or the Lessee may otherwise have to any Indemnified Party, provided that in no event shall the Borrower or the Lessee be obligated for double indemnification.

(b) In case any action shall be brought against any of the Indemnified Parties in respect of which the Borrower or the Lessee, as the case may be, is or are required to indemnify the other Indemnified Parties pursuant to the provisions of the preceding paragraphs, the Indemnified Parties shall promptly notify the Borrower or the Lessee, as the case may be, in writing and the Borrower or the Lessee, as the case may be, shall assume the defense thereof, including the employment of counsel acceptable to the Indemnified Parties and the payment of all expenses. The Indemnified Parties shall have the right to employ separate counsel in any such action and participate in the defense thereof but shall bear the fees and expenses of such counsel unless (i) the Borrower and the Lessee have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Indemnified Parties, and the Borrower, the Lessee and the Indemnified Parties have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the Borrower or the Lessee, in which case the Borrower and the Lessee shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel; provided that the Indemnified Parties shall also have the right to employ separate counsel in any such action and participate in the defense thereof if the Indemnified Parties reasonably conclude that a potential conflict of interest exists between them and the Borrower or the Lessee, as the case may be, with the reasonable fees and expenses of such counsel shall at the expense of the party providing the indemnity. The Borrower or the Lessee, as the case may be, shall not be liable for any settlement of any such action effected without the consent of such party, but if settled with the consent of such party, or if there be a final judgment for the plaintiff in any such action, the Borrower or the Lessee, as the case may be, agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment, including but not limited to the aggregate amount paid in connection with such settlement or judgment and reasonable attorneys' fees.

(c) Each Underwriter agrees to indemnify and hold harmless the Authority and the members, officers, agents and employees of the Authority against any losses, claims, damages or liabilities to which any of them may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or

are based upon any untrue statement or alleged untrue statement of a material fact contained in the "UNDERWRITING" section of the Limited Offering Memorandum, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission or alleged omission was made in the "UNDERWRITING" section of the Limited Offering Memorandum or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Authority by such Underwriter expressly for use therein or reviewed without comment by such Underwriter; and will reimburse such indemnified parties for any legal or other expenses reasonably incurred thereby in connection with investigating or defending any such action or claim. Notwithstanding the foregoing, in no case shall any Underwriter be responsible for any amount in excess of the fees or underwriter's discount paid by the Borrower or the Lessee to such Underwriter in connection with the issuance and sale of the Series 2021 Bonds.

(d) Promptly after receipt by an indemnified party pursuant to subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify of the commencement thereof, and shall be entitled to participate therein and to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party or shall otherwise have an actual or potential conflict in such representation), and, after notice to such indemnified party of its election so to assume the defense thereof, shall not be liable to such indemnified party under such subsection for any legal expenses or other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than costs of investigation; provided, however, that each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and such Underwriter shall pay the fees and expenses of such separate counsel; provided further, however, that such indemnified party may only employ separate counsel at the expense of such Underwriter if (1) the Authority assumes the defense of the indemnified party, (2) in the judgment of such indemnified party a conflict of interest exists by reason of common representation, (3) if all parties commonly represented do not agree as to the action (or inaction) of counsel, (4) if substantially different or additional defenses apply to such indemnified party, or (5) such Underwriter has failed to assume the defense and employ counsel reasonably acceptable to the indemnified party.

(e) The Indemnified Parties shall be considered to be third party beneficiaries of this Bond Purchase Agreement for purposes of this Section.

**9. Limitation of Liability of Authority.** The Authority shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions of any conceivable kind under any conceivable theory under this Bond Purchase Agreement or any document or instrument referred to herein or by reason of or in connection with this Bond Purchase Agreement or other document or instrument except to the extent it receives amounts from the Borrower available for such purpose.

## **10. Establishment of Issue Price.**

(a) The Underwriter agrees to assist the Authority in establishing the issue price of the Series 2021A Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit G, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority, and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2021A Bonds.

(b) The Authority will treat the first price at which 10% of each maturity of the Series 2021A Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Series 2021A Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2021A Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Series 2021A Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Series 2021A Bonds of that maturity or until all Series 2021A Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Series 2021A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2021A Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Series 2021A Bonds of that maturity or all Series 2021A Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2021A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Series 2021A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and no Underwriter shall be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2021A Bonds.

(d) The Underwriter acknowledge that sales of any Series 2021A Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2021A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2021A Bonds to the public),

(iii) a purchaser of any of the Series 2021A Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

**11. Survival of Certain Representations and Obligations.** The respective agreements, representations and other statements of the Authority, the Borrower, the Lessee and the Underwriter, of their respective officials or officers and of the Underwriter set forth in or made pursuant to this Bond Purchase Agreement, including the indemnification provisions provided herein, will remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter, the Authority, the Borrower or the Lessee and will survive delivery of and payment for the Series 2021 Bonds. If for any reason the purchase of the Series 2021 Bonds by the Underwriter is not consummated, the Borrower and the Lessee shall remain responsible for the expenses to be paid or reimbursed by them pursuant to this Bond Purchase Agreement.

**12. Notices.** All communications hereunder will be in writing, and, if sent to the Underwriter, shall be mailed, delivered or telecopied and confirmed to it at Truist Securities, Inc., 9777 Wilshire Blvd, 7th Floor, Beverly Hills, California 90212, Attention: Robert Nickell, Managing Director; or, if sent to the Authority, the Borrower or the Lessee will be mailed, delivered or telecopied and confirmed to them at their respective addresses set forth above.

**13. Successors.** This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors, and no other person will have any right or obligation hereunder.

**14. Counterparts.** This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**15. Governing Law; Venue.** This Bond Purchase Agreement is a contract made under the laws of the State and shall be construed in accordance with and governed by the Constitution and the laws of the State applicable to contracts made and performed in the State. This Bond Purchase Agreement shall be enforceable in the State, and any action arising out of this Bond Purchase Agreement shall be filed and maintained in Sacramento County Superior Court, Sacramento County, California unless the Authority waives this requirement.

**16. Effective Date.** This Bond Purchase Agreement shall become effective upon acceptance by the parties hereto.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have set their hands as of the date set forth above.

**TRUIST SECURITIES, INC.**, as the  
Underwriter

By: \_\_\_\_\_  
Robert A. Nickell, Jr., Managing Director

Accepted and Agreed to:

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Gurbax Sahota, Chair

**Signature Page to Bond Purchase Agreement**

**California Enterprise Development Authority  
Charter School Revenue Bonds (Norton Science and Language Academy Project) Series 2021**

**230 SOUTH WATERMAN AVENUE LLC**, a  
California limited liability company

By: \_\_\_\_\_  
Lisa Lamb, Authorized Signatory

**THE HIGH DESERT "PARTNERSHIP IN  
ACADEMIC EXCELLENCE" FOUNDATION,  
INCORPORATED**, a California nonprofit public  
benefit corporation,

By: \_\_\_\_\_  
David Rib, Chairman

**Signature Page to Bond Purchase Agreement**

**California Enterprise Development Authority  
Charter School Revenue Bonds (Norton Science and Language Academy Project) Series 2021**



**SCHEDULE I**

**MATURITY SCHEDULE**

**[\$XXX]  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE ACADEMY PROJECT)  
TAX-EXEMPT SERIES 2021A**

**[\$XXX] Term Bond due \_\_\_\_\_; Rate \_\_\_\_\_%; Price 100%; Yield \_\_\_\_\_%; CUSIP:  
\_\_\_\_\_**

**Mandatory Sinking Fund Redemption**

The Series 2021A Bonds maturing July 1, 20[\_\_\_] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

**Series 2021A Bond Maturing  
July 1, 20[\_\_\_]**

<u>July 1,</u>	<u>Principal Amount</u>
*	\$

\_\_\_\_\_  
\*Maturity Date

**Optional Redemption**

The Series 2021 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon the written direction of the Borrower from prepayment of the Series 2021 Promissory Note made by the Borrower pursuant to the Original Loan Agreement) in whole or in part on any date commencing July 1, 20[\_\_\_], of the maturity selected by the Borrower, and if less than all of a maturity, then by lot within a maturity, at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

**[\$YYY]**  
**CHARTER SCHOOL REVENUE BONDS**  
**(NORTON SCIENCE AND LANGUAGE ACADEMY PROJECT)**  
**TAXABLE SERIES 2021B**

**[\$YYY] Term Bond due \_\_\_\_\_; Rate \_\_\_\_\_%; Price 100%; Yield \_\_\_\_\_%; CUSIP:**  
 \_\_\_\_\_

**Mandatory Sinking Fund Redemption**

The Series 2021B Bonds maturing July 1, 20[\_\_\_] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

**Series 2021B Bond Maturing**  
**July 1, 20[\_\_\_]**

<u>July 1,</u>	<u>Principal Amount</u>
*	\$

\_\_\_\_\_  
 \*Maturity Date

**Optional Redemption**

The Series 2021 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon the written direction of the Borrower from prepayment of the Series 2021 Promissory Note made by the Borrower pursuant to the Original Loan Agreement) in whole or in part on any date commencing July 1, 20[\_\_\_], of the maturity selected by the Borrower, and if less than all of a maturity, then by lot within a maturity, at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

## EXHIBIT A

### BORROWER LETTER OF REPRESENTATIONS

[Pricing Date], 2021

California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833

Truist Securities, Inc.,  
9777 Wilshire Blvd.  
Beverly Hills, California 90212

Wilmington Trust, National Association  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626

Re: California Enterprise Development Authority \$[XXX] Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority \$[YYY] Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the "Series 2021 Bonds")

Ladies and Gentlemen:

The undersigned Authorized Signatory of 230 South Waterman Avenue LLC (the "Borrower"), a California limited liability company the sole member of which is The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), acting in her official capacity, hereby agrees and certifies as follows in connection with the issuance of the above-referenced Series 2021 Bonds.

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Bond Purchase Agreement dated the date hereof among the California Enterprise Development Authority (the "Authority"), the Borrower, the Lessee, and Truist Securities, Inc., as the underwriter ( the "Underwriter").

1. I am the duly appointed and qualified Authorized Signatory of the Borrower with all requisite authority to execute this Letter of Representations.

2. The Borrower is a California limited liability company duly organized and presently in good standing under the laws of the State of California (the "State").

3. The Borrower's sole member is the Lessee. The Lessee is an organization described in Section 501(c)(3) of the Code, does not constitute a private foundation under Section 509(a) of the Code, and the income of the Lessee is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code. The Lessee has received a determination from the Internal Revenue Service to the foregoing effect, and

none of the bases for such determination have changed since the date thereof. The Borrower has not filed Form 8832 to treat the Borrower as a corporation and has not otherwise made an election to be treated as a corporation for federal income tax purposes. The Lessee has not filed Form 8832 to treat the Borrower as a corporation and has not otherwise made an election to treat the Borrower as a corporation for federal income tax purposes. The Borrower continues to be treated as a single member disregarded entity for federal income tax purposes.

4. The Borrower has all power and authority to consummate the transactions contemplated by, and has duly authorized all necessary action to be taken by it for the approval, execution and delivery of, the Bond Purchase Agreement, the Limited Offering Memorandum, the Loan Agreement, the Ground Lease, the Lease Agreement, the Deed of Trust, the Series 2021 Promissory Note, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, the Construction Contract, the Improvement Agreement, the Assignment of Improvement Agreement, and all other agreements, certificates, contracts or instruments to be executed by the Borrower in connection with the issuance of the Series 2021 Bonds (collectively, the "Borrower Documents").

5. The execution and delivery of the Borrower Documents and compliance by the Borrower with the provisions of the Borrower Documents, does not and will not, to the best knowledge of the Borrower, conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease or instrument to which the Borrower is a party or by which the Borrower or any of its property is or may be bound.

6. There is no litigation or proceeding that has been served on the Borrower or, to the best of its knowledge, is otherwise pending or pending or threatened against or affecting the Borrower that challenges the validity, permissibility or enforceability of the Borrower Documents or the transactions contemplated by the Bond Purchase Agreement or the Limited Offering Memorandum. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court or administrative body that has been served on the Borrower or, to the best of its knowledge, is otherwise pending or threatened against or affecting the Borrower, or, to the best of the Borrower's knowledge is there any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the condition of the Borrower or the transactions contemplated by the Bond Purchase Agreement and the Limited Offering Memorandum, or would have an adverse effect on the validity or enforceability of the Borrower Documents or any material agreement or instrument by which the Borrower is or may be bound or which would in any way adversely affect the existence or power of the Borrower or the exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

7. Except as described in the Limited Offering Memorandum, the Borrower has received and there remain currently in full force and effect, or will receive prior to the delivery of the Series 2021 Bonds, all governmental consents and approvals that would constitute a condition precedent to the performance by the Borrower of its obligations under the Borrower Documents or the consummation of the transactions contemplated by the Bond Purchase Agreement and the Limited Offering Memorandum, including any construction to be performed in connection with the Facilities.

8. The Borrower is not in breach of or in default under any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease, sublease or other instrument to which the Borrower is a party or by which the Borrower or its property are bound or, under the existing provisions of which, the Borrower or its property may be bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to any extent which could reasonably be expected to have a material adverse effect on the condition of the Borrower or the transactions contemplated by the Bond Purchase Agreement and the Limited Offering Memorandum, or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Series 2021 Bonds or the Borrower Documents or in any way adversely affect the existence or powers of the Borrower or in any way adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

9. The Limited Offering Memorandum is hereby deemed final as of its date within the meaning of Rule 15c2-12, and the Borrower acknowledges and ratifies the use by the Underwriter, on and prior to the date hereof, of the Limited Offering Memorandum in connection with the offering and sale of the Series 2021 Bonds.

10. The statements and information contained in the Limited Offering Memorandum with respect to the Land, the Building, the Series 2021 Facilities, the Facilities, the Construction Project, the Borrower, the Lessee, the School, AAE, GAVRT, AVCI, the Foundation, and their respective business, affiliates, financial condition, properties and officers, and operation and funding of charter schools in the State of California, including but not limited to the statements and information under the Limited Offering Memorandum headings "INTRODUCTION," "THE BORROWER," "THE LESSEE," "RISK FACTORS," "PLAN OF FINANCE," "LEGAL MATTERS – Pending and Threatened Litigation – No Proceedings Against the Borrower, or the Lessee," "FINANCIAL STATEMENTS" and in Appendices A, B-1, B-2, and C to the Limited Offering Memorandum, as of the date thereof was and as of the date hereof are and as of the Closing Date will be, true and correct in all material respects, and did not and, in the case of the Limited Offering Memorandum, does not and will not as of the Closing Date, omit any statement or information which is necessary to make the statements and information therein, in light of the circumstances under which they are made, not misleading in any material respect. To the knowledge of the Borrower, the Limited Offering Memorandum, as of the date thereof did not and as of the date hereof does not and as of the Closing Date will not, contain any untrue statement of a material fact, and the Limited Offering Memorandum, as of the date thereof did not and as of the date hereof does not and as of the Closing Date will not, omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

11. The representations and warranties of the Borrower contained in the Borrower Documents are true and correct as of the date hereof and will be true and correct on the Closing Date.

12. The Borrower has or shall have by the Closing Date a good and marketable leasehold interest in the Land and first priority fee interest in the remainder of the Mortgaged Estate, free from all encumbrances except Permitted Encumbrances, and such interest shall remain

in the Borrower so long as the Series 2021 Bonds remain Outstanding, except as provided in the Loan Agreement.

13. The Borrower is in possession of a Phase I and Phase II Environmental Site Assessment, which was performed on the Land, and, except as described in the Limited Offering Memorandum, such assessment has not revealed any contamination of the Land or any violation of any rules or regulations of the Environmental Protection Agency or any other Environmental Law.

14. The Borrower is an organization (1) organized and operated exclusively for charitable purposes and not for pecuniary profit, and (2) no part of the net earnings of which inure to the benefit of any Person, private stockholder or individual, all within the meaning of the Securities Act and the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), respectively.

15. There exists no default or any condition or event which would constitute, with the passage of time or the giving of notice, or both, a default hereunder, under the Borrower Documents or the Indenture.

16. The governing body of the Borrower has reviewed and approved the information in the Limited Offering Memorandum and hereby authorizes the Limited Offering Memorandum to be used by the Underwriter in connection with the limited offering and sale of the Series 2021 Bonds. The Borrower hereby approves the form of, and consents to and ratifies the Underwriter's use of, the Limited Offering Memorandum, in connection with the limited offering and sale of the Series 2021 Bonds and in connection with any "Blue Sky" qualifications. The Borrower hereby confirms that it does not object to the distribution of the Limited Offering Memorandum in electronic form. The Borrower shall, within seven days of the date of execution hereof, provide sufficient copies of the Limited Offering Memorandum for the Underwriter to provide such copies to potential customers on request and to comply with the rules of the Municipal Securities Rulemaking Board.

17. The financial projections included in Appendix B-2 to the Limited Offering Memorandum present reasonable projections of the matters included in such projections and are based on reasonable assumptions.

18. The Borrower covenants and warrants that, except for those matters discussed generally in the Limited Offering Memorandum under the caption "RISK FACTORS" it knows of no event or circumstance which presently appears likely to occur which would cause it not to have the economic ability to meet all the obligations imposed under the Borrower Documents.

19. The Borrower is not in default in the payment of principal of or premium, if any, or interest on any obligation issued by it.

20. Prior to the Closing, the Borrower will not incur any material liabilities, direct or contingent, payable from or secured by any of the security or assets which will secure the Series 2021 Bonds without the prior written approval of the Underwriter.

21. Substantially all the proceeds from the sale of the Series 2021 Bonds will be used in the manner provided in the Lease Agreement, the Loan Agreement and the Indenture, and the Borrower will not take or omit to take any action or omission, or permit any action or omission, which action or omission will in any way cause the proceeds from the sale of the Series 2021 Bonds to be applied in a manner contrary to that provided in the Lease Agreement, the Loan Agreement and the Indenture or that could cause interest on the Series 2021 Bonds to be included in gross income of the holders thereof for Federal income tax purposes.

22. If between the date hereof and up to and including the 90th day following the end of the underwriting period (as such term is defined in Rule 15c2-12, the "Underwriting Period") an event occurs affecting the Borrower of which the Borrower has actual knowledge, which might or would cause the information relating to the Borrower or its functions, duties and responsibilities contained in the Limited Offering Memorandum, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Borrower will notify the Authority, and will cooperate with the Authority and the Underwriter if such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum.

23. The Borrower agrees that it will not carry on or permit to be carried on at the Facilities or permit such Facilities to be used in or for any trade or business if such activity would adversely affect the Lessee's or any subsequent lessee's status as an organization described in Section 501(c)(3) of the Code or the exclusion of interest on the Series 2021A Bonds from gross income for federal income tax purposes.

24. Each additional representation, warranty or agreement contained in any certificate signed by the director or any officer of the Borrower, or by any officer of the Lessee as the Borrower's sole member on the Borrower's behalf, and delivered to the Authority, the Trustee or the Underwriter on or before the Closing Date shall constitute a representation, warranty or agreement by the Borrower on which the Authority, the Trustee and the Underwriter shall be entitled to rely.

25. The Borrower covenants and agrees to enter into a written agreement or contract, to be dated as of December 1, 2021, constituting an undertaking to provide ongoing disclosure for the benefit of the registered and beneficial owners of the Series 2021 Bonds on or before the date of delivery of the Series 2021 Bonds as required by Section (b)(5)(i) of Rule 15c2-12, which undertaking shall be in the form set forth in the Limited Offering Memorandum, with such changes as may be agreed to by the Borrower. Except as disclosed in the Limited Offering Memorandum, in the past five years, the Borrower has complied in all material respects with its undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand as of the date first written above.

**230 SOUTH WATERMAN AVENUE LLC, a  
California limited liability company**

By: \_\_\_\_\_  
Lisa Lamb, Authorized Signatory

**Signature Page to Borrower Letter of Representations  
(Exhibit A to Bond Purchase Agreement)**

**California Enterprise Development Authority  
Charter School Revenue Bonds (Norton Science and Language Academy Project) Series 2021**



**EXHIBIT B**

**LESSEE LETTER OF REPRESENTATIONS**

[Pricing Date], 2021

California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833

Truist Securities, Inc.,  
9777 Wilshire Blvd.  
Beverly Hills, California 90212

Wilmington Trust, National Association  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626

Re: California Enterprise Development Authority \$[XXX] Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority \$[YYY] Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the "Series 2021 Bonds")

Ladies and Gentlemen:

The undersigned Chairman of The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), acting in his official capacity, hereby agrees and certifies as follows in connection with the issuance of the above-referenced Series 2021 Bonds.

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Bond Purchase Agreement dated the date hereof among the California Enterprise Development Authority (the "Authority"), 230 South Waterman Avenue LLC (the "Borrower"), the Lessee, and Truist Securities, Inc., as the underwriter (the "Underwriter").

1. I am the duly appointed and qualified Chairman of the Lessee with all requisite authority to execute this Letter of Representations.

(b) The Lessee is a nonprofit public benefit corporation duly incorporated and presently in good standing under the laws of the State of California. The Lessee currently operates a charter school known as Norton Science and Language Academy (the "School") from 230 South Waterman Avenue, San Bernardino, California 92408 pursuant to the Charter School Act of 1992, California Education Code §§ 47600, as amended, (the "Charter School Act") and the charter petition of the Lessee granted by the the San Bernardino County Board of Education (the "Authorizer"), with a term from July 1, 2017 through June 30, 2022, as materially revised to the date hereof (the "Charter"). The Charter is in full force and effect, the Lessee is not in default or

violation of any provision of the Charter, and the Lessee has no reason to believe that the Charter will be revoked or not renewed at the conclusion of its stated term.

2. The Charter complies with the Charter School Act and is valid and in full force and effect. The School is in material compliance with the provisions of the Charter. The Lessee plans to renew or extend the Charter, has not received oral or written notice from any person indicating it would not be able to renew or extend the Charter and will use all reasonable efforts to renew the Charter. The Lessee expects to apply for funding under California Education Code Section 47614.5 for the School when and to the extent it is sited in eligible facilities and will seek funding for the School thereunder each year to the maximum extent available or will seek funding under more favorable state or federal programs if available.

3. The Lessee has been determined to be and is currently operating as an organization described in Section 501(c)(3) of the Code, which is exempt from the payment of federal income taxes under Section 501(a) of the Code, except with respect to any unrelated business income of the Lessee, and which is not a "private foundation" as defined in Section 509(a) of the Code. The Lessee is the sole member of the Borrower. The Lessee has not filed Form 8832 to treat the Borrower as a corporation and has not otherwise made an election to treat the Borrower as a corporation for federal income tax purposes. The Borrower continues to be treated as a disregarded entity for federal income tax purposes.

4. The Lessee has no "unrelated business taxable income" as defined in Section 512 of the Code which could have a material adverse effect on its tax-exempt status or which, if such income were subject to federal income taxation, would have a material adverse effect on its condition, financial or otherwise.

5. The Lessee has all power and authority to consummate the transactions contemplated by, and has duly authorized all necessary action to be taken by it for the approval, execution and delivery of, the Bond Purchase Agreement, the Limited Offering Memorandum, the Lease Agreement, the Lease Blocked Account Agreement, the Continuing Disclosure Agreement, the Program Administration Agreement, the Tax Regulatory Agreement, the Charter, the Guaranty, and all other agreements, certificates, contracts or instruments to be executed by the Lessee in connection with the issuance of the Series 2021 Bonds (collectively, the "Lessee Documents").

6. The execution and delivery of the Lessee Documents and compliance by the Lessee with the provisions of the Lessee Documents, does not and will not, to the best knowledge of the Lessee, conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease or instrument to which the Lessee is a party or by which the Lessee or any of its property is or may be bound.

7. There is no litigation or proceeding that has been served on the Lessee or, to the best of its knowledge, otherwise pending or threatened against or affecting the Lessee that challenges the validity, permissibility or enforceability of the Lessee Documents or the Charter or the transactions contemplated by the Bond Purchase Agreement or the Limited Offering Memorandum. There is no action, suit, proceeding, inquiry or investigation at law or in equity or

before or by any court or administrative body that has been served on the Lessee or, to the best of its knowledge, is otherwise pending or threatened against or affecting the Lessee, or, to the best knowledge of the Lessee, is there any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Lessee, the operations of the Lessee or its properties, or the transactions contemplated by the Bond Purchase Agreement and the Limited Offering Memorandum, or would have an adverse effect on the validity or enforceability of the Lessee Documents or the Charter or any material agreement or instrument by which the Lessee is or may be bound or which would in any way adversely affect the existence or power of the Lessee or the exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

8. Except as described in the Limited Offering Memorandum, the Lessee has received and there remain currently in full force and effect, or will receive prior to the delivery of the Series 2021 Bonds, all governmental consents and approvals that would constitute a condition precedent to the performance by the Lessee of its obligations under the Lessee Documents or the consummation of the transactions contemplated by the Bond Purchase Agreement and the Limited Offering Memorandum, including any construction to be performed in connection with the Facilities.

9. The Lessee is not in breach of or in default under any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease, sublease or other instrument to which the Lessee is a party or by which the Lessee or its property are bound or, under the existing provisions of which, the Lessee or its property may be bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to any extent which could reasonably be expected to have a material adverse effect on the financial condition of the Lessee, the status or effectiveness of the Charter, the operation of the Lessee (in particular its operations at the Facilities) or the transactions contemplated by the Bond Purchase Agreement and the Limited Offering Memorandum, or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Series 2021 Bonds or the Lessee Documents or in any way adversely affect the existence or powers of the Lessee or in any way adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

10. The audited financial statements of the Lessee and the School for the fiscal years ended June 30, 2018, 2019, and 2020, and the unaudited financial statements of the Lessee and the School for the fiscal year ended June 30, 2021, are a fair representation of the financial position of the Lessee and the School as of the dates indicated, and the results of its operations and changes in its fund balances for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied throughout the periods presented, except as otherwise noted therein. Except as described in the Limited Offering Memorandum, if at all, since June 30, 2021, there has been no material adverse change in the condition, financial or otherwise, of the Lessee or the School from that set forth in such financial statements as of and for the period ending that date; and neither the Lessee nor the School has since June 30, 2021, incurred any material liabilities, directly or indirectly, other than in the ordinary course of its operations.

11. The Limited Offering Memorandum is hereby deemed final as of its date within the meaning of Rule 15c2-12, and the Lessee acknowledges and ratifies the use by the Underwriter, on and prior to the date hereof, of the Limited Offering Memorandum in connection with the offering and sale of the Series 2021 Bonds.

12. The statements and information contained in the Limited Offering Memorandum with respect to the Land, the Building, the Series 2021 Facilities, the Facilities, the Construction Project, the Borrower, the Lessee, the School, AAE, GAVRT, AVCI, the Foundation, and their respective business, affiliates, financial condition, properties and officers, and operation and funding of charter schools in the State of California, including but not limited to the statements and information under the Limited Offering Memorandum headings "INTRODUCTION," "THE BORROWER," "THE LESSEE," "RISK FACTORS," "PLAN OF FINANCE," "LEGAL MATTERS – Pending and Threatened Litigation – No Proceedings Against the Borrower, or the Lessee," "FINANCIAL STATEMENTS" and in Appendices A, B-1, B-2, and C to the Limited Offering Memorandum, as of the date thereof was and as of the date hereof are and as of the Closing Date will be, true and correct in all material respects, and did not and does not and will not as of the Closing Date, omit any statement or information which is necessary to make the statements and information therein, in light of the circumstances under which they are made, not misleading in any material respect. To the knowledge of the Lessee, the Limited Offering Memorandum, as of the date thereof did not and as of the date hereof does not and as of the Closing Date will not, contain any untrue statement of a material fact, and the Limited Offering Memorandum, as of the date thereof did not and, in the case of the Limited Offering Memorandum, as of the date hereof does not and as of the Closing Date will not, omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

13. The representations and warranties of the Lessee contained in the Lessee Documents are true and correct as of the date hereof and will be true and correct on the Closing Date.

14. The Lessee has or shall have by the Closing Date a good and marketable leasehold interest in the Facilities, free from all encumbrances except Permitted Encumbrances, and such leasehold interest shall remain in the Lessee so long as the Series 2021 Bonds remain Outstanding, except as provided in the Lease Agreement.

15. The Lessee is in possession of a Phase I and Phase II Environmental Site Assessment, which was performed on the Land, and, except as described in the Limited Offering Memorandum, such assessment has not revealed any contamination of the Land or any violation of any rules or regulations of the Environmental Protection Agency or any other Environmental Law.

16. The Lessee is an organization (1) organized and operated exclusively for charitable purposes and not for pecuniary profit, and (2) no part of the net earnings of which inure to the benefit of any Person, private stockholder or individual, all within the meaning of the Securities Act and the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), respectively.

17. There exists no default or any condition or event which would constitute, with the passage of time or the giving of notice, or both, a default hereunder, under the Lessee Documents, the Charter, or the Indenture.

18. The governing body of the Lessee has reviewed and approved the information in the Limited Offering Memorandum and hereby authorizes the Limited Offering Memorandum to be used by the Underwriter in connection with the limited offering and sale of the Series 2021 Bonds. The Lessee hereby approves the form of, and consents to and ratifies the Underwriter's use of, the Limited Offering Memorandum, in connection with the limited offering and sale of the Series 2021 Bonds and in connection with any "Blue Sky" qualifications. The Lessee hereby confirms that it does not object to the distribution of the Limited Offering Memorandum in electronic form. The Lessee shall, within seven days of the date of execution hereof, provide sufficient copies of the Limited Offering Memorandum for the Underwriter to provide such copies to potential customers on request and to comply with the rules of the Municipal Securities Rulemaking Board.

19. The financial projections included in Appendix B-2 to the Limited Offering Memorandum present reasonable projections of the matters included in such projections and are based on reasonable assumptions.

20. The Lessee covenants and warrants that, except for those matters discussed generally in the Limited Offering Memorandum under the caption "RISK FACTORS" it knows of no event or circumstance which presently appears likely to occur which would cause it not to have the economic ability to meet all the obligations imposed under the Lessee Documents.

21. The Lessee is not in default in the payment of principal of or premium, if any, or interest on any obligation issued by it.

22. No portion of the Facilities will be used for sectarian instruction, as a place of worship, or in connection with any part of the program or a school or department of divinity.

23. Prior to the Closing, the Lessee will not incur any material liabilities, direct or contingent, payable from or secured by any of the security or assets which will secure the Series 2021 Bonds without the prior written approval of the Underwriter.

24. Substantially all the proceeds from the sale of the Series 2021 Bonds will be used in the manner provided in the Lease Agreement, the Loan Agreement and the Indenture, and the Lessee will not take or omit to take any action or omission, or permit any action or omission, which action or omission will in any way cause the proceeds from the sale of the Series 2021 Bonds to be applied in a manner contrary to that provided in the Lease Agreement, the Loan Agreement and the Indenture or that could cause interest on the Series 2021 Bonds to be included in gross income of the holders thereof for Federal income tax purposes.

25. If between the date hereof and up to and including the 90th day following the end of the underwriting period (as such term is defined in Rule 15c2-12, the "Underwriting Period") an event occurs affecting the Lessee of which the Lessee has actual knowledge, which might or would cause the information relating to the Lessee or the School, or their operations, duties and responsibilities contained in the Limited Offering Memorandum, as then supplemented or

amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Lessee will notify the Authority and the Underwriter, and will cooperate with the Authority and the Underwriter if such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum.

26. The Lessee will not take or omit to take any action which will in any way cause the proceeds from the sale of the Series 2021 Bonds to be applied or result in such proceeds being applied in a manner other than as provided in the Tax Regulatory Agreement, the Indenture, the Loan Agreement and the Lease Agreement.

27. The Lessee agrees that it will not carry on or permit to be carried on at the Facilities or permit the Facilities to be used in or for any trade or business if such activity would adversely affect its status as an organization described in Section 501(c)(3) of the Code or the exclusion of interest on the Series 2021A Bonds from gross income for federal income tax purposes.

28. The Lessee covenants and agrees to enter into a written agreement or contract, to be dated as of December 1, 2021, constituting an undertaking to provide ongoing disclosure about the Lessee for the benefit of the registered and beneficial owners of the Series 2021 Bonds on or before the date of delivery of the Series 2021 Bonds as required by Section (b)(5)(i) of Rule 15c2-12, which undertaking shall be in the form set forth in the Limited Offering Memorandum, with such changes as may be agreed to by the Lessee. Except as disclosed in the Limited Offering Memorandum, in the past five years, the Lessee has complied in all material respects with its undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

29. Each additional representation, warranty or agreement contained in any certificate signed by any officer of the Lessee and delivered to the Authority, the Trustee or the Underwriter on or before the Closing Date shall constitute a representation, warranty or agreement by the Lessee on which the Authority, the Trustee and the Underwriter shall be entitled to rely.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the date first written above.

**THE HIGH DESERT "PARTNERSHIP IN  
ACADEMIC EXCELLENCE"  
FOUNDATION, INCORPORATED**

By: \_\_\_\_\_  
David Rib, Chairman

**Signature Page to Lessee Letter of Representations  
(Exhibit B to Bond Purchase Agreement)**

**California Enterprise Development Authority  
Charter School Revenue Bonds (Norton Science and Language Academy Project) Series 2021**

**EXHIBIT C**

**FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

[December 2], 2021

Truist Securities, Inc.,  
9777 Wilshire Blvd.  
Beverly Hills, California 90212

\$[XXX]	\$[YYY]
California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project Tax-Exempt Series 2021A	California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project Taxable Series 2021B

Ladies and Gentlemen:

This letter is addressed to you, as the Underwriter, in connection with the sale of \$[XXX] Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and \$[YYY] California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (together, the "Bonds") pursuant to the Bond Purchase Agreement, dated [Pricing Date], 2021 (the "Purchase Agreement"), among the California Enterprise Development Authority (the "Authority"), 230 South Waterman Avenue LLC, a California limited liability company (the "Borrower"), The High Desert "Partnership in Academic Excellence" Foundation, Incorporated, a California nonprofit public benefit corporation (the "Lessee") and Truist Securities, Inc., as the Underwriter. The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2020 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of December 1, 2021 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), each by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of making a loan of the proceeds thereof to the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

We have delivered our final legal opinion as bond counsel concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel, we have reviewed the Purchase Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, an opinion of counsel to the Borrower and the Lessee, certificates of the Authority, the Trustee, the Borrower, the Lessee and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.



The opinions or conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinion, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to an exemption contained in Section 3(a)(2) of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Agreement has been duly authorized, executed and delivered by the Authority and (assuming due authorization, execution and delivery by and validity against the other parties thereto) is a valid and binding agreement of the Authority enforceable in accordance with its terms.

3. The statements contained in the Limited Offering Memorandum, dated [Pricing Date], 2021 (the "Limited Offering Memorandum"), under the captions "INTRODUCTION," "THE SERIES 2021 BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," APPENDIX D—"SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS" and APPENDIX E—"FORM OF BOND COUNSEL OPINION," in so far as such statements summarize certain provisions of the Bonds, the Loan Agreement, the Lease Agreement, the Indenture and our opinion concerning certain federal and State of California tax matters relating to the Bonds, are accurate in all material respects.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. This letter is delivered to you as Underwriter of the Bonds, is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by the registered

owners or the beneficial owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

## EXHIBIT D

### FORM OF OPINION OF COUNSEL TO THE BORROWER AND THE LESSEE

[December 2], 2021

California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833

Truist Securities, Inc.,  
9777 Wilshire Blvd.  
Beverly Hills, California 90212

Wilmington Trust, National Association  
as Trustee  
650 Town Center Drive, Suite 600  
Costa Mesa, California 92626

**Re: *California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B***

Ladies and Gentlemen:

We have acted as special counsel to The High Desert "Partnership in Academic Excellence" Foundation, Incorporated, a California nonprofit public benefit corporation ("Corporation" or "Lessee"), in connection with the issuance of California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the "Series 2021A Bonds") pursuant to an Indenture of Trust, dated as of June 1, 2020 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of December 1, 2021 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), each by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee") and the related loan made or to be made to 230 South Waterman Avenue LLC, a California limited liability company whose sole member is the Lessee (the "Borrower"), by the Authority. This letter is furnished to you at the request of the Borrower and the Lessee pursuant to Section 4(e)(xii) of the Bond Purchase Agreement (as defined below).

#### **I. STRUCTURE OF TRANSACTIONS**

Our opinion herein is based on the below-described general transaction structure.

Re: *California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B*  
[December 2], 2021  
Page 2 of 19

The Bonds will be issued by the Authority pursuant to the Indenture, by and among the Trustee and the Authority. The Authority will loan the proceeds of the Bonds to the Borrower pursuant to the terms of a Loan Agreement, dated as of June 1, 2020 (the "Loan Agreement"), as supplemented and amended by the Loan Agreement Supplement No. 1 dated as of December 1, 2021 (the "Loan Agreement Supplement" and together with the Original Loan Agreement, the "Loan Agreement"), each by and between the Authority and the Borrower. The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement relating to the Bonds, which is issued in an amount equal to the aggregate principal amount of the Bonds.

The proceeds of the Bonds will be used for the following purposes: (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the "Series 2021 Facilities" and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the "Facilities"); (b) funding a debt service reserve fund for the Series 2021 Bonds (as defined herein); (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the "Series 2021 Project");

The Facilities will be subleased to Lessee pursuant to the terms of a Sublease Agreement, dated as of June 1, 2020 (the "Lease Agreement"), as supplemented and amended by the Lease Agreement Supplement No. 1 dated as of December 1, 2021 (the "Lease Supplement No. 1" and together with the Original Lease Agreement, the "Lease Agreement"), as well as the Ground Lease Agreement dated April 21, 2020 (the "Ground Lease") as supplemented and amended by the Amended Ground Lease Agreement dated as of December 1, 2021 (the "Amended Ground Lease Agreement" and together with the Original Ground Lease, the "Ground Lease"), between the Borrower, the City of San Bernardino and the County of San Bernardino, the Improvement Agreement, and the Assignment of Improvement Agreement (collectively, the "Leases") by and between Borrower and Lessee. The Facilities will be used by Lessee to operate a charter school known as Norton Science and Language Academy (the "Charter School"). Lessee operates the Charter School under the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the California Education Code) (the "Charter School Law").

The Series 2021 Bonds are secured only by a pledge and assignment of such revenues and amounts held in the funds and accounts established pursuant to the Indenture (including proceeds of the sale of the Series 2021 Bonds but excluding amounts held in the Cost of Issuance Fund and the Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Series 2021 Bonds are further secured by an assignment of the right, title and interest of the Authority in the Loan Agreement (except for certain unassigned rights) and by a Leasehold Construction Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing dated as of [June 1, 2020] (the "Deed of Trust"), executed by the Borrower, as trustor.

Re: *California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B*  
[December 2], 2021  
Page 3 of 19

**The revenues of the Lessee derived from its operation of the Academy for Academic Excellence ("AAE"), the Goldstone Apple Valley Radio Telescope ("GAVRT") Radio Astronomy Program, the Apple Valley Center for Innovation ("AVCI"), and the Lewis Center Foundation ("LCF") are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AAE, GAVRT, AVCI, and LCF are not pledged to secure the Bonds.**

The Lessee will enter into an Amended and Restated Lease Blocked Account Agreement dated as of December 1, 2021 (the "Lease Blocked Account Agreement"), with the Trustee as custodian thereunder with respect to certain amounts payable to the Lessee in connection with its operation of the Charter School.

A Limited Offering Memorandum dated [Pricing Date], 2021 (the "Limited Offering Memorandum") has been prepared to furnish information with respect to the sale and delivery of the Bonds. The Borrower and the Lessee will undertake pursuant to a Continuing Disclosure Agreement dated as of December 1, 2021, (the "Continuing Disclosure Agreement") to provide certain financial and operating reports and notices of certain events relating to the Series 2021 Bonds, and the Borrower and the Lessee will undertake pursuant to a Tax Certificate and Agreement dated as of the date hereof (the "Tax Certificate") certain obligations relevant to the tax treatment of the tax-exempt Bonds.

The Bonds were sold pursuant to a Bond Purchase Agreement dated [Pricing Date], 2021, (the "Bond Purchase Agreement"), by and among Truist Securities, Inc., as the underwriter (the "Underwriter"), the Authority, the Borrower and the Lessee.

Unless the context of their use clearly requires otherwise, each capitalized term that is defined in the Indenture or the Loan Agreement and that is used but not defined in this letter (including in the schedules attached hereto) has the meaning given to it in the Indenture or the Loan Agreement or the Lease.

## **II. DOCUMENTS EXAMINED**

We have been furnished with and have examined originals or copies, certified or otherwise identified to our satisfaction, of the transaction documents listed in Schedule 1 attached hereto (collectively, the "Transaction Documents"), the documents listed in Schedule 2 attached hereto, the agreements listed in Schedule 3 attached hereto, the judgments, orders and decrees listed in Schedule 4 attached hereto, the litigation and lien search reports provided by CLAS Information Services ("Litigation Reports") identified on Schedule 5, the Form UCC-1 Financing Statement attached hereto as Exhibit A (the "Financing Statement"), and such other records of Lessee and Borrower, agreements and other instruments, certificates of officials of Lessee and the Borrower, certificates of public officials and other documents as we have considered necessary to provide a basis for the opinions hereinafter expressed. In rendering the opinions hereinafter expressed, we

Re: *California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B*  
[December 2], 2021  
Page 4 of 19

have relied solely upon our examination of the foregoing documents and certificates, and we have made no independent verification of the factual matters set forth in such documents or certificates.

### **III. CERTAIN ASSUMPTIONS**

In rendering the opinions hereinafter expressed, we have assumed the legal capacity of natural persons; the genuineness of all signatures; the authenticity of all documents submitted to us as originals; the conformity to originals of all documents submitted to us as copies; and the accuracy, completeness and authenticity of all certificates of public officers.

With your approval, we have also assumed that:

A. Each party to the Transaction Documents (each such party being, individually, a "Transaction Party"), other than Lessee, has duly executed and delivered the Transaction Documents to which it is a party; and

B. The Transaction Parties have entered into the Transaction Documents in good faith and free from any fraud, misrepresentation, coercion, undue influence, duress, mutual mistake or criminal activity; and

C. Each of the Transaction Documents to which a Transaction Party other than Lessee or the Borrower is a party is a valid and binding obligation of such Transaction Party, enforceable against such Transaction Party in accordance with its terms, including under the law of the jurisdiction of such Transaction Party's incorporation or organization, subject to the effect of bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity (whether applied by a court of law or equity); and

D. The Facilities are located in San Bernardino County, California (the "County"), all collateral described in the Deed of Trust that constitutes fixtures is and will be located on the Facilities, and the Lessor had or will have an interest of record in the Facilities at the time of the filing of the Deed of Trust; and

E. The description of the Facilities in the Deed of Trust is accurate and legally sufficient to enable a subsequent purchaser, mortgagee or secured party to identify such property; and

F. The description of the property subject to the Lease is accurate and legally sufficient to describe the real property intended to be demised in such Lease; and

G. The description in the Deed of Trust of the personal property collateral encumbered thereby (collectively, the "Collateral") is sufficient within the meaning of Sections 9108 and 9504

of the Uniform Commercial Code as in effect on the date hereof in the State of California (the "UCC"); and

H. There are no agreements or understandings among the Transaction Parties, written or oral, and there is no usage of trade or course of prior dealing among the Transaction Parties that would, in either case, define, supplement or qualify the terms of the Transaction Documents; and

I. Each Transaction Party other than Lessee has fully and timely performed all covenants and obligations on its part under the Transaction Documents to which it is a party to be performed as of the date hereof and all representations and warranties with respect to factual matters made by each Transaction Party in any Transaction Document were true and correct as and when made or deemed made or repeated.

#### **IV. OPINION**

Based upon and subject to the foregoing and to the qualifications and limitations set forth below, it is our opinion that, to the extent federal law or the law of the State of California applies to the Transaction Documents:

1. Lessee is a nonprofit public benefit corporation validly existing and in good standing under the laws of the State of California. The Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California.

2. Each of the Lessee and Borrower have the corporate or limited liability company power, as applicable, to enter into and perform its obligations under the Transaction Documents to which it is a party and to carry out its business as presently conducted.

3. Lessee and Borrower have each taken all corporate or limited liability company action, as applicable, necessary to authorize the execution and delivery of, and the performance of its obligations under, the Transaction Documents to which it is a party. Each Transaction Party has duly and validly executed and delivered the Transaction Documents to which it is a party. The Borrower and Lessee have authorized the use and distribution by the Underwriter of the Limited Offering Memorandum.

4. Each of the Transaction Documents to which Lessee or Borrower is a party is a valid and binding obligation of Lessee or Borrower, as applicable, enforceable against Lessee or Borrower in accordance with its terms, except as the enforceability thereof may be limited by (a) bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally (including, without limitation, fraudulent conveyance laws) and (b) general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether considered in a proceeding in equity or at law.

5. All consents, approvals, authorizations or orders of, and filings, registrations and qualifications on the part of Lessee or Borrower with, any United States federal or State of California regulatory authority or governmental body required for the approval and distribution of the Limited Offering Memorandum by the Borrower, for the approval of the Indenture by the Borrower, and for Lessee and Borrower to execute and deliver, and perform their obligations under, the Transaction Documents to which they may be a party have been obtained or made, other than such filings, recordings or indexing as may be necessary to perfect or give constructive notice of the liens or security interests granted by the Lessee or Borrower pursuant to the Transaction Documents, provided that we express no opinion as to any approvals or consents as may be required under any state or federal blue sky securities laws.

6. The approval and distribution of the Limited Offering Memorandum by the Borrower, the approval of the Indenture by the Borrower, the execution and delivery by Lessee or Borrower of the Transaction Documents to which each is a party, and the performance of the obligations of Lessee or Borrower of their respective obligations under those Transaction Documents to which it is a party do not and will not (a) violate the articles of incorporation or organization or the bylaws or operating agreement of the Lessee or Borrower, (b) violate any United States federal or State of California law, rule or regulation that in our experience is typically applicable to transactions of the nature contemplated by such Transaction Documents or generally applicable to companies engaged in the same line of business as Lessee or Borrower (except for federal or state blue sky or securities laws, as to which no opinion is expressed), (c) result in a breach of or constitute a default under any of the agreements identified to us as agreements to which any Lessee or Borrower or any of their properties is bound, the breach of which, non-compliance with which, or default under which would materially and adversely affect the consummation of the Transactions or the financial condition, assets, properties, or operations of Lessee or Borrower (which agreements are listed in Schedule 3 attached hereto), or (d) violate any judgment, order, or decree of any court or arbitrator identified in Schedule 4 attached hereto.

7. [The Deed of Trust is (a) in a proper form for recordation, (b) effective to create a lien on the Borrower's interest in the Facilities for the benefit of the Trustee, as beneficiary, (c) effective to create in favor of the Trustee a security interest in the Collateral described therein to the extent a security interest in such Collateral may be created under Division 9 of the UCC, and (d) in a form sufficient to constitute a fixture filing (as defined in Section 9102(a)(40) of the UCC). The proper recordation and indexing of the Deed of Trust in the Official Records of the County (the "County Records") pursuant to applicable California law will be sufficient to provide constructive notice to third parties of the lien on the Facilities created by the Deed of Trust.]

8. [The security interest of the Trustee in that portion of the Collateral described in the Deed of Trust in which a security interest may be perfected by the filing of a fixture filing (as defined in Section 9102(a)(40) of the UCC) under the UCC will be perfected upon the proper recording and indexing of the Deed of Trust in the County Records pursuant to applicable California law. The security interest of the Trustee in that portion of the Collateral described in the Deed of Trust in which a security interest may be perfected by the filing of a



Re: *California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B*  
[December 2], 2021  
Page 7 of 19

financing statement under the UCC will be perfected upon the filing of the Financing Statement with the office of the Secretary of State of the State of California.]

9. The Charter School is a charter school established pursuant to the Charter School Law, and the charter petition for the School granted by the San Bernardino County Board of Education (the "Authorizer"), with a term from July 1, 2017, through June 30, 2022 (the "Charter") has been approved by the Authorizer and is in full force and effect.

10. Lessee is an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxes under Section 501(a) of the Code, except with respect to any unrelated business income subject to taxation under Section 511 of the Code; to the best of our knowledge, the Lessee has neither (a) received notification from the IRS to the effect that the Lessee is not an organization described in Section 501(c) of the Code, nor (b) taken or failed to take any action (including failure to file any return, report or documents with the IRS) which would jeopardize the status of the Lessee as an organization described in Section 501(c)(3) of the Code. Furthermore, we have no current actual knowledge of any information which would indicate that (1) the Lessee is no longer an organization described in Section 501(c)(3) of the Code or (2) the Lessee is in violation of the terms, conditions and limitations of its letter of determination from the IRS.

11. The Borrower's activity of acquiring, constructing, improving, equipping, furnishing, and financing public charter school facilities and leasing such facilities to the Lessee, as described in the Limited Offering Memorandum, and the activity of the Lessee in operating the Charter School, is not an unrelated trade or business activity with respect to the Borrower or the Lessee under Section 513(a) of the Code.

12. To the best of our knowledge, the Borrower is treated as a "disregarded entity" for federal income tax purposes.

13. The statements contained in the Limited Offering Memorandum under the captions "INTRODUCTION," "THE SERIES 2021 BONDS," and "SECURITY FOR THE SERIES 2021 BONDS," and in "APPENDIX D – SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Leases, are accurate in all material respects.

## **V. CONFIRMATIONS**

At your request, we confirm to you:

1. We are not representing Lessee or Borrower in any action or proceeding that is pending, or overtly threatened in writing by a potential claimant, that seeks to enjoin the transaction or challenge the validity of the Transaction Documents or the performance by Lessee or Borrower of their obligations thereunder.

2. To our knowledge, there are no pending or threatened actions, suits, proceedings, inquiries or investigations, before or by any court, regulatory agency, public board or body affecting Lessee or Borrower or any of their assets or operations that, in the opinion of the Board President of Lessee, if determined adversely to Lessee or Borrower, would materially and adversely affect the consummation of the Transactions, the validity of the Transaction Documents, or the financial condition, assets or operations of Lessee or Borrower.

3. To our knowledge, neither Lessee or Borrower are in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental agency, which default, in the opinion of the Board President of Lessee, might have consequences that would materially and adversely affect the consummation of the Transactions or the financial condition, assets, or operations of Lessee or Borrower.

4. As special counsel to the Lessee and Borrower, we reviewed the Limited Offering Memorandum and participated in discussions with your representatives and your counsel regarding the Limited Offering Memorandum and related matters. We did not participate in the preparation of the Limited Offering Memorandum or any documents incorporated by reference in the Limited Offering Memorandum, except that we provided comments on and reviewed the Limited Offering Memorandum and the Transaction Documents.

5. The purpose of our professional engagement was not to establish or to confirm factual matters set forth in the Limited Offering Memorandum, and we have not undertaken to verify independently any of such factual matters. Moreover, many of the determinations required to be made in the preparation of the Limited Offering Memorandum involve matters of a non-legal nature.

6. Subject to the foregoing and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that nothing has come to our attention that caused us to believe that the Limited Offering Memorandum, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Limited Offering Memorandum, and we do not express any belief with respect to the financial statements or other financial, enrollment, staffing, statistical, or accounting data or information or assessments of or reports on the effectiveness of internal control over financial reporting contained in the Limited Offering Memorandum or as to the accuracy, completeness or fairness of the information with respect to the Trustee, the Issuer, or any appraiser identified in the Limited Offering Memorandum except as affirmed herein, or in the Appendices to the Limited Offering Memorandum (other than Appendices A, C and D insofar as they expressly summarize certain provisions of the Lease or California law applicable to charter schools).

## **VI. QUALIFICATIONS AND LIMITATIONS**

Our opinions set forth above are subject to the following qualifications and limitations:

1. The description of the general transaction structure provided above does not constitute an opinion with respect to any matters set forth therein. Our opinion is limited to the matters set forth in the Opinion portion of this letter.

2. Whenever a statement herein is qualified by "to our knowledge" or any similar phrase, that knowledge is limited to the actual knowledge of Sarah J. Kollman, [Kimberly Rodriguez, and Greg A. Forest], those lawyers currently in the firm who have been involved in representing the Execution Parties in connection with the Transaction Documents. Except as otherwise expressly indicated, we have not undertaken any independent investigation to determine the accuracy of any such statement, and no inference as to our knowledge of any matters bearing on the accuracy of any such statement should be drawn from the fact of our representation of the Lessee.

3. Certain remedies, waivers and other provisions of the Transaction Documents may not be enforceable; nevertheless, subject to the other assumptions, exceptions, qualifications and limitations in this letter, upon a material default by the Borrower in the payment of principal or interest owing under the Loan Agreement or upon a material default by the Borrower in the performance of any other material covenant contained in the Transaction Documents, such unenforceability will not preclude (i) the acceleration of the obligation of the Borrower to repay such principal and interest, (ii) enforcement in accordance with applicable law of the assignments of rents set forth in the Deed of Trust, (iii) the foreclosure in accordance with applicable law of any liens and security interests in the Facilities or the Collateral created by the Deed of Trust, and (iv) judicial enforcement in accordance with applicable law of the obligation of the Borrower to repay such principal or such interest as provided in the Loan Agreement.

4. We express no opinion as to the enforceability of: (a) provisions that are determined to provide for a penalty, liquidated damages, acceleration of future amounts due (other than principal) without appropriate discount to present value, late charges, prepayment charges, yield maintenance charges, increased interest rate upon default, attorneys' fees or other costs and expenses or indemnification for claims, losses, or liabilities in excess of a reasonable amount as determined by a court or other tribunal, (b) provisions that contain a waiver or limitation of (i) broadly or vaguely stated rights, (ii) the benefit of statutory, regulatory, or constitutional rights, unless and to the extent that the statute, regulation, or constitution explicitly allows waiver, (iii) unknown future defenses, (iv) rights to one or more types of damages, and (v) indemnities, (c) provisions that attempt to change or waive rules of evidence or fix the method or quantum of proof to be applied in litigation or other proceedings, (d) provisions for the appointment of a receiver, (e) waivers of rights to jury trials, (f) provisions that by their express terms state that fewer than

all parties to the contract are entitled to recover attorneys' fees and expenses and (g) provisions requiring indemnification for securities law liabilities.

5. We express no opinion as to the enforceability of: (a) provisions that provide that all remedies are cumulative, (b) provisions requiring arbitration of disputes arising out of the transactions contemplated by the Transaction Documents or providing for judicial review of any arbitration award, (c) provisions for the indemnity of a party for damages arising out of, or that purport to release or exculpate a party from, its own gross negligence or willful misconduct, (d) provisions that are unconscionable as a matter of law at the time of closing and (e) provisions that purport to waive any applicable statute of limitation.

6. We express no opinion as to the enforceability of: (a) choice-of-law provisions, (b) time-is-of-the-essence clauses, (c) forum selection clauses and consent to jurisdiction clauses (both as to personal and subject matter jurisdiction) and any provisions that permit service of process by means other than those specified by applicable law, (d) provisions appointing one party as attorney-in-fact for an adverse party, (e) provisions stating that the provisions of a Transaction Document are severable, (f) provisions that prohibit oral modifications, (g) self-help remedy provisions, (h) provisions that require payments to be made free of any setoff, counterclaim or defense, and (i) any provisions of the Deed of Trust providing that the Trustee may determine in its discretion whether an Event of Default has occurred and is continuing thereunder or that, in the event of a dispute as to whether an Event of Default has occurred and is continuing thereunder, the Trustee's determination of same shall govern.

7. We advise you of California statutory provisions and case law to the effect that a guarantor, including a person that has encumbered its property to secure the obligations of another person, may be discharged, in whole or in part, if the beneficiary of the guaranty alters the obligation of the principal, fails to inform the guarantor of material information pertinent to the principal or any collateral, elects remedies that may impair either the subrogation or reimbursement rights of the guarantor against the principal or the value of any collateral, fails to accord the guarantor the protections afforded a debtor under Division 9 of the UCC or otherwise takes any action that prejudices the guarantor, unless, in any such case, the guarantor has effectively waived such rights or the consequences of such action or has consented to such action. See, e.g., California Civil Code Sections 2799 through 2855; Section 9602 of the UCC, *Sumitomo Bank of California v. Iwasaki*, 70 Cal. 2d 81, 73 Cal. Rptr. 564 (1968); *Union Bank v. Gradsky*, 265 Cal. App. 2d 40, 71 Cal. Rptr. 64 (1968). We advise you that Lessee may be deemed a guarantor of the obligations of the Borrower by reason of the Lease. While California Civil Code Section 2856 and case law provide that express waivers of a guarantor's right to be discharged are generally enforceable under California law, we express no opinion with respect to the effectiveness of any such waivers.

8. We express no opinion as to the enforceability of: (a) any waivers or variations of rights or obligations of a debtor or duties of a secured party under provisions referred to in Sections 1302(b) and 9602 of the UCC, (b) any indemnification, exculpation, contribution or limitation of liability provisions in the Transaction Documents to the extent the rights to indemnification,

Re: *California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B*  
[December 2], 2021  
Page 11 of 19

exculpation, contribution or limitation provided for therein are violative of, or are unenforceable under, any law, rule or regulation or public policy, (c) any provisions that limit assignment of rights or duties under the Transaction Documents, (d) any provisions that constitute a waiver of illegality, (e) any documents, agreements or instruments, other than Transaction Documents, referred to in the Transaction Documents (even if incorporated therein by reference) or to any schedules or exhibits not expressly identified in this letter as having been examined by us, (f) any restrictions in the Transaction Documents on the transfer or pledge by Lessee or Borrower of its interest in any collateral or other assets to the extent such restrictions are limited or rendered unenforceable by the provisions of Sections 9406 through 9409 of the UCC, (g) any provisions of the Transaction Documents that constitute an agreement of the parties to agree at a future time, (h) any provisions of the Transaction Documents that provide for the waiver of unknown claims, (i) any provisions that permit service of process by means other than those specified by applicable law, and (j) any provisions of the Transaction Documents (other than the interest rates set forth in Section 2.2 of the Indenture) that require the payment of interest in excess of interest accrued at the maximum rate permitted by law.

9. The enforceability of the Transaction Documents may be subject to the effect of Section 1670.5 of the California Civil Code, which provides that a contract may be unenforceable if any clause of the contract is unconscionable at the time it is made.

10. We advise you that Section 1717 of the California Civil Code provides that, in any action on a contract where such contract specifically provides that attorneys' fees and costs incurred to enforce the provisions of such contract shall be awarded to one of the parties, the prevailing party, whether it is the party specified in the contract or not, shall be entitled to reasonable attorneys' fees in addition to other costs.

11. The enforceability of the Transaction Documents may be subject to the effect of Section 2889 of the California Civil Code, which provides that contracts in restraint of the right of redemption are void.

12. The enforceability of the Transaction Documents may be subject to the effect of Sections 2899 and 3433 of the California Civil Code, that require, in specified circumstances, (a) the holder of a lien upon several things to marshal the lien in favor of persons with subordinate liens in some but not all of the same things, and (b) a creditor that is entitled to resort to each of several funds to resort to the funds in a specified order in favor of persons with an interest in, or the right to resort to, some but not all of the funds.

13. We express no opinion as to (a) the title of any entity to or in, or the existence of, any collateral or other property and we call your attention to the fact that any security interest created in any personal property collateral under the Transaction Documents will not attach to such property or be perfected until value has been given and the debtor has rights therein or the power to transfer rights therein, (b) the creation, enforceability or effect of any lien or security interest under the Transaction Documents in any item of collateral or other property subject to any restriction on or prohibition against transfer contained in any rule or law, statute or regulation or

in any agreement, lease, license, permit, security, instrument or document constituting, evidencing or relating to such item, except to the extent that any such restriction or prohibition is rendered ineffective pursuant to any of Sections 9406 through 9409, inclusive, of the UCC or is otherwise waived by each person entitled to waive it, (c) whether the descriptions of the collateral contained in the Transaction Documents are sufficient within the meaning of Sections 9108 and 9504 of the UCC, and we assume that the name of the secured party set forth in the Deed of Trust and the Financing Statement is correct, (d) the perfection, except to the extent provided in opinion paragraph IV.8 above, or priority of any security interest created under any Transaction Document, (e) whether or to what extent any transactions contemplated by the Transaction Documents will be characterized as sales or transfers for security; or (f) the effect of the bankruptcy, insolvency or receivership of any Transaction Party or of proceedings taken therein on the creation, perfection, priority, enforceability, or effect of any lien or security interest under the Transaction Documents.

14. We advise you that Section 552 of Title 11 of the United States Code (the "Bankruptcy Code") limits the extent to which property acquired by a debtor after the commencement of a case under the Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by the debtor before the commencement of such case.

15. We assume that, in enforcing the Transaction Documents, the relevant Transaction Parties will comply with the procedural requirements of California law relating to the exercise of remedies by a secured creditor (*e.g.*, UCC Sections 9601 *et seq.* regarding creditors' rights with respect to personal property collateral upon the occurrence of a default, California Code of Civil Procedure Sections 726 *et seq.* regarding judicial enforcement of an obligation secured by real property, California Civil Code Sections 2924 *et seq.* regarding the exercise of rights under the power of sale with respect to real property collateral, and California Civil Code Section 2938 with respect to enforcement of an assignment of rents and leases of real property), and we express no opinion regarding the availability of any means of enforcement of the assignments of rents contained in the Deed of Trust except insofar as such Section 2938 expressly authorizes enforcement by the appointment of a receiver by a court in an action for specific performance.

16. Notwithstanding certain language of the Transaction Documents, the Transaction Parties may be limited to recovering only reasonable expenses with respect to the taking, holding, preparing, selling, leasing or conducting similar activities with respect to collateral or other property.

17. We understand that you are relying on a policy of title insurance as to the priority of the lien created by the Deed of Trust. We express no opinion as to (a) the proper recordation or indexing of the Deed of Trust, (b) the efficacy of any other steps taken to establish the priority of the liens on or interests in the Facilities created by the Transaction Documents, or (c) the priority of such liens or interests as to the Loan as originally made or as to any additional or amended indebtedness or forbearance arising under the Loan Agreement. In rendering this opinion, we have not examined the County Records or any other public records of the County or the State of California or of any other county or state other than those provided as part of the title report.

18. We advise you that Section 882.020 of the California Civil Code provides that the lien of a mortgage, deed of trust or similar instrument becomes unenforceable: (a) ten years after the last date fixed for payment of the debt or performance of the obligation ascertainable from the record or (b) if the last date for performance of the obligation cannot be ascertained from the record, then sixty years after being recorded unless a Notice of Intent is recorded as more fully set forth in the statute.

19. We express no opinion as to the validity or the enforceability of any provisions of the Transaction Documents that: (a) require the provision of hazard insurance coverage against risks to the improvements on real property in an amount exceeding the replacement value of the improvements on the real property; (b) impose requirements respecting impound accounts in conflict with applicable law; (c) provide for the application of insurance or condemnation proceeds to reduce indebtedness; (d) purport to make any assignment of rents, issues, and profits from the Facilities absolute, purport to make any such assignment enforceable without the assignee's taking steps to enforce such assignment in accordance with applicable law or purport to allow the assignee to collect any such rents, issues and profits and not apply those collections to the expenses of operating the Facilities or to the indebtedness owing to the assignee; (e) purport to prevent any party from becoming a mortgagee in possession notwithstanding any enforcement actions taken under or in connection with the Transaction Documents; (f) contain a waiver of any party's statutory right to reinstate an obligation secured by real property by paying the delinquent amounts of the fully accelerated debt at any time prior to the time provided by statute or that contain a waiver of any right of redemption; (g) are in conflict with any laws governing foreclosure and disposition procedures regarding any collateral or in conflict with any limitations on attorneys' or trustees' fees; (h) are in conflict with the real property anti-deficiency, fair value, and one form of action provisions of California law; or (i) provide for the acceleration of any indebtedness upon any transfer or further encumbrance of any of the real property collateral, or upon a change of ownership of any entity that directly or indirectly owns any interest in any such collateral, except to the extent that (i) such provisions are made enforceable pursuant to the federal preemption afforded by the Garn-St. Germain Depository Institutions Act of 1982, as set forth as 12 U.S.C. 1701j-3 and the regulations adopted pursuant thereto, or (ii) enforcement is reasonably necessary to protect against impairment of the beneficiary's security or an increase in the risk of default.

20. The enforceability of the Transaction Documents may be subject to the effect of laws governing enforcement, foreclosure and disposition procedures regarding real property collateral and obligations secured thereby, including, without limitation, (a) laws limiting attorneys' or trustees' fees in connection with the enforcement or foreclosure of a mortgage or deed of trust and (b) the anti-deficiency, fair value, and one form of action provisions of California law, including, without limitation, Sections 580a, 580b, and 580d and Section 726 of the California Code of Civil Procedure. We advise you that certain rights and remedies of the trustee or beneficiary under the Deed of Trust may be limited by statutory and equitable rights of redemption and reinstatement.

21. We express no opinion regarding the enforceability of the Deed of Trust or of any obligations secured by the Deed of Trust (including obligations that arise or also arise under separate agreements) after (a) any release of any real property encumbered by the Deed of Trust from the lien of the Deed of Trust without the concurrent consent of the Borrower, (b) the nonjudicial foreclosure of the Deed of Trust or (c) the entry of judgment in an action for the enforcement of an obligation secured by the Deed of Trust.

22. With respect to the opinions and qualifications set forth above, you should be aware of the following provisions of California law:

a. Section 726 of the California Code of Civil Procedure provides that any action to recover on a debt or other right secured by a mortgage or a deed of trust on real property must comply with the requirements of that section, which requirements relate to and specify the procedures for the sale of encumbered property, the application of proceeds, the rendition in certain cases of a deficiency judgment, and other related matters. We advise you that in such an action or proceeding, the debtor may require the creditor to exhaust all of its security before a personal judgment may be obtained against the debtor for a deficiency. We also advise you that failure to comply with the provisions of Section 726 (including an attempt to exercise a right to set off with respect to any funds of a borrower that may be deposited with the lender from time to time and with respect to which the lender does not hold a perfected security interest) may result in the loss of the lender's liens on the real and personal property collateral and the loss of the lender's right to a deficiency judgment. *See, e.g., Walker v. Community Bank*, 10 Cal. 3d 729, 518 P.2d 329, 111 Cal. Rptr. 897 (1974); *Security Pacific Nat'l Bank v. Wozab*, 51 Cal. 3d 991, 275 Cal. Rptr. 201, 800 P.2d 557 (1990). For example, in *Security Pacific Nat'l Bank v. Wozab, supra*, the lender was held to have lost its lien on real property security by exercising a right of setoff with respect to funds of the borrower deposited with the lender and as to which the lender did not have a security interest.

b. Section 580d of the California Code of Civil Procedure provides that no deficiency judgment shall be rendered upon a note secured by a deed of trust or mortgage on real property after sale of the real property under the power of sale contained in such deed of trust or mortgage.

c. Section 2924c of the California Civil Code provides that whenever the maturity of an obligation secured by a deed of trust or mortgage on real property is accelerated by reason of a default in the payment of interest or in the payment of any installment of principal or other sums secured thereby, or by reason of failure of the trustor or mortgagor to pay taxes, assessments, or insurance premiums, the trustor or mortgagor and certain other specified persons have the right, to be exercised at any time within the reinstatement period described in such section, to cure such default by paying the entire amount then due (including certain reasonable costs and expenses incurred in enforcing such obligations but excluding any principal amount that would not then be due had no default occurred) and thereby cure the default and reinstate such deed of trust or mortgage



and the obligations secured thereby to the same effect as if no acceleration had occurred. If the power of sale in the deed of trust or mortgage is not to be exercised, such reinstatement right may be exercised at any time prior to entry of the decree of foreclosure.

d. Section 726.5 of the California Code of Civil Procedure authorizes, under certain circumstances, a real estate-secured commercial lender to waive its lien against a parcel of "environmentally impaired" security (as therein defined) and sue the borrower without foreclosing on the real property collateral for the loan.

e. Section 736 of the California Code of Civil Procedure permits a secured lender, under certain circumstances, to sue for breach of contract relating to any "environmental provisions" (as therein defined) concerning real property security without foreclosing on the real property security or in an action brought following foreclosure, whether judicial or non-judicial.

f. Under Sections 729.020 and 729.030 of the California Code of Civil Procedure, upon a sale of the real property encumbered by a deed of trust pursuant to a judicial foreclosure in accordance with the provisions of the California Code of Civil Procedure, the judgment debtor and the judgment debtor's successors in interest, as applicable, may have the right to redeem the property for a period of up to one year following the date of the sale.

23. We express no opinion as to the creation, enforceability or effect of any security interest except to the extent that Division 9 of the UCC governs such matters, and therefore our opinions with respect to such matters do not address (a) laws of jurisdictions other than California, (b) laws of California other than Division 9 of the UCC, (c) collateral of a type not subject to Division 9 of the UCC, or (d) under the UCC, what law governs perfection or the effect of perfection or non-perfection of any security interest.

24. We advise you that, under the UCC, events occurring subsequent to the creation or perfection of a security interest subject to the UCC may affect such security interest or the perfection thereof, including, but not limited to, factors of the type identified in Section 9315 of the UCC with respect to proceeds; Section 9316 of the UCC with respect to changes in governing law or the location of the debtor; Sections 9507 and 9508 of the UCC with respect to the name and identity of the debtor; Section 9339 of the UCC with respect to subordination agreements; and Sections 9320, 9330 and 9331 of the UCC with respect to subsequent purchasers of collateral. In addition, actions taken by a secured party (e.g., releasing or assigning the security interest, delivery of possession of the collateral to the debtor or another person and voluntarily subordinating a security interest) may affect the validity, perfection or priority of a security interest. We assume that none of the collateral constitutes consumer goods, equipment used in farming operations, farm products, federal crop insurance, timber to be cut or as-extracted collateral (as such terms are or may be defined in the UCC) and we express no opinion as to the creation or perfection of a security interest in commercial tort claims.

25. We call to your attention that, under the UCC, with certain limited exceptions, a financing statement is effective for a period of five years after the date of filing thereof or, in the case of an initial financing statement filed in connection with a public-finance transaction, for a period of 30 years after the date of filing thereof if it indicates that it is filed in connection with a public-finance transaction, and a financing statement will lapse on the expiration of the period of its effectiveness unless before the lapse a continuation statement is filed within six months prior to the end of such five-year or 30-year period. Upon lapse, a financing statement ceases to be effective and any security interest perfected thereby becomes unperfected, unless the security interest is perfected otherwise. With certain limited exceptions, the timely filing of a continuation statement continues the effectiveness of a initial financing statement for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the five-year period, the initial financing statement lapses, unless, before the lapse, another continuation statement is filed. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial financing statement.

26. We advise you that, in the case of a loan secured by real property, Section 2955.5 of the California Civil Code requires the lender to disclose to the borrower, in writing, as soon as practicable and before execution of any note or security documents, that no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

27. We advise you that, under certain circumstances, a lease between a borrower, as lessor, and the borrower's affiliate, as lessee, may be disregarded and the lessee may be treated as the lender's borrower for purposes of determining the rights and remedies of the lender in the event of the bankruptcy of the borrower and the lessee. *See, e.g., In re Best Products Co., Inc.*, 157 B.R. 222 (Bankr. S.D.N.Y. 1993).

28. We offer no opinion with respect to the validity or enforceability of any provisions of the Transaction Documents that:

- a. Purport to prohibit or limit the right of any lessee, sublessee or sub-sublessee of the Facilities to assign or sublet its interest in the Facilities and conflict with California Civil Code Sections 1995.010-1995.340; or
- b. Conflict with California Civil Code Sections 1951.2 – 1951.8.

29. Certain remedies, waivers and other provisions contained in the Lease may not be enforceable; nevertheless, subject to the other assumptions, exceptions, qualifications and limitations in this letter, in the event of a material breach by the Lessee of a material covenant contained in a Lease, such unenforceability will not preclude (a) an action for damages in accordance with applicable law for the breach of such material covenant or (b) the termination of the Lease.

30. We express no opinion with respect to the effect of non-compliance by any Transaction Party (other than Lessee) with any law, rule, regulation or decision applicable to the subject transactions because of the nature or extent of the business of such Transaction Party.

31. Our opinion expressed in paragraph IV.1IV.9 regarding the good standing of Lessee and Borrower is: (i) based solely upon the certificates of status issued by the Secretary of State of the State of California with respect to the Lessee and Borrower listed on Schedule 2 attached hereto and speaks only as to the date of such certificates and not as of the date hereof; and (ii) limited to the meaning of "good standing" as the term is used in such certificates.

32. Our opinions are limited to the federal law of the United States and the law of the State of California. We express no opinion with respect to compliance with any law, rule, regulation or decision that as a matter of customary practice is understood to be covered only when an opinion refers to it expressly. Without limiting the generality of the foregoing, we express no opinion on local or municipal law (other than the opinion set forth in paragraph IV.4IV.9 above), antitrust, environmental, land use, pension, employee benefit, margin, insolvency, fraudulent transfer, antiterrorism, money laundering or investment company laws and regulations. In giving the opinion expressed in opinion paragraphs IV.4 and IV.6IV.9 above, we express no opinion as to whether Borrower or Lessee has obtained any consents, approvals, licenses, permits or similar authorizations necessary for the development of the Facilities, the construction or rehabilitation of the improvements thereon or the use or occupation of the Facilities as intended.

33. In giving the opinion expressed in opinion paragraph IV.6IV.9 above concerning the absence of any violation of the agreements listed in Schedule 3 attached hereto, (a) we have relied solely upon the experience and review of the attorneys listed in paragraph V.2 above, our inquiry of the Borrower and the Lessee of such matters, and lists supplied to us in certificates of officials of the Lessee or the Borrower of agreements to which Lessee or the Borrower is a party or by which any of the properties of Lessee or the Borrower is bound and that will survive the closing of the transactions contemplated by the Transaction Documents, the breach of which, non-compliance with which, or default under which would materially and adversely affect the consummation of the transactions contemplated by the Transaction Documents or the financial condition, assets, properties or operations of Lessee or the Borrower, which agreements are listed on Schedule 3 attached hereto, and (b) we have examined the agreements in the forms provided to us by the Execution Parties. We have assumed that the agreements will be interpreted in accordance with their plain meaning, and we express no opinion as to (x) compliance with, or violation of, financial covenants or similar provisions therein requiring financial calculations or determinations to ascertain compliance, (y) compliance with, or violation of, provisions therein relating to the occurrence of a "material adverse event" or words of similar import, or (z) the effect of any statement or writing that may constitute parol evidence bearing on the interpretation or construction of such agreements.

34. In giving the opinion expressed in opinion paragraph IV.6IV.9 above concerning violations of any judgment, order or decree of any court or arbitrator identified in Schedule 4 attached hereto, (i) we have relied solely upon (a) the experience and review of the attorneys listed

in paragraph V.2 above, (b) the Litigation Reports and (c) lists supplied to us in certificates of officials of the Corporation of judgments, orders or decrees to which Lessee or Borrower is a party or by which any of the properties of Lessee or Borrower are bound and that will survive the closing of the Transaction, the breach of which, non-compliance with which, or default under which would materially and adversely affect the consummation of the transactions contemplated by the Transaction Documents or the financial condition, assets, properties or operations of Lessee or Borrower, which judgments, orders and decrees are listed on Schedule 4 attached hereto, and (ii) we have examined the judgments, orders and decrees in the forms provided to us by Lessee or Borrower. We have made no further investigation.

35. In giving the opinions expressed in paragraph IV.9<sup>IV.9</sup> above concerning the establishment of the School as a charter school pursuant to the Charter School Law, we have examined the charter petitions or charter renewal petitions of the Lessee for the School and the approval of the charter petitions by the chartering authority in the forms provided to us by the Lessee, our inquiry of the Borrower and the Lessee of such matters, and the Certificate of Officers of the Lessee listed in Schedule 2 attached hereto, and our review of the due diligence in this financing transaction.

36. The opinions expressed in paragraph IV.2 and IV.3<sup>IV.9</sup> above are based solely on: (a) the articles of organization and bylaws of the Lessee, respectively, listed in Schedule 2 attached hereto, (b) the letters from the Internal Revenue Service (the "IRS") to the the Lessee, respectively, listed in Schedule 2 attached hereto, (c) IRS Exempt Organizations Select Check (on-line version last updated on \_\_\_\_\_, 2021), which identifies the Lessee as a "public charity," (d) the certificates of officials of the Lessee listed in Schedule 2 attached hereto, (e) the IRS Forms 990 of the Lessee listed in Schedule 2 attached hereto, (f) any other information or documents that we have considered necessary to provide a basis for the opinions, and (g) analysis of the information referred to above based on the Code and related regulations, judicial and administrative rulings and official policy statements of the IRS, where applicable.

37. In giving the confirmation expressed in confirmation paragraph V.2 above concerning pending or threatened actions, suits, proceedings, inquiries or investigations, before or by any court, regulatory agency, public board or body affecting Lessee or Borrower or any of their respective assets or operations, we have considered only matters actually known by us and matters identified to us (i) in the Litigation Reports, (ii) the experience and review of the attorneys listed in paragraph V.2 above and inquiry of such attorneys to representatives of the Lessee and the Borrower, and (iii) in certificates of officials of the Lessee. We have made no further investigation.

38. In giving the confirmation expressed in confirmation V.3 above concerning any default of a Transaction Party with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental agency, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Transaction Documents and the Limited Offering Memorandum, or the financial condition, assets, or operations of Lessee or Borrower, we have considered only defaults actually known by us, our inquiry of the Borrower and the Lessee of such matters, and

Re: *California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B*  
[December 2], 2021  
Page 19 of 19

defaults identified to us in certificates of officials of Lessee. We have made no further investigation.

## **VII. LIMITATION ON USE AND SCOPE OF OPINION**

This letter is provided as a legal opinion and not as a guaranty of a particular outcome. It is limited to the matters expressly set forth herein, and no opinion is implied or may be inferred beyond the opinions expressly stated.

This letter may be relied upon solely as of the date hereof, and we undertake no obligation to update or supplement this letter after the date hereof for any addressee or any other person or to advise you of any facts or circumstances occurring subsequent to the date of this letter, regardless of whether they affect the opinions stated herein. This letter shall be interpreted in accordance with the customary practice of California lawyers who regularly give opinions in transactions of this type and California lawyers who regularly advise opinion recipients regarding such, opinions.

This letter may be relied upon solely by the addressees hereof, Nuveen Asset Management, LLC, as investment advisor, and Kutak Rock LLP, as bond counsel, for use in connection with the Transactions. No other party may rely upon this letter or the opinions expressed herein without our prior written consent. Copies of this letter may not be furnished to any other party, nor may any portion of this letter be quoted, circulated or referred to in any other document, without our prior written consent, provided that a copy of this letter may be included in the transcript for the Transaction.

Notwithstanding the foregoing, a named addressee hereof may furnish a copy of this letter: (a) to any applicable rating agency involved with, or institution providing credit enhancement, liquidity support or reinsurance in connection with, the Transactions; (b) to the independent auditors and lawyers advising such addressee in connection with the Transactions; (c) to any governmental authority having regulatory authority over such addressee; (d) to the permitted assigns, participants and successors (both actual and prospective) of such addressee under the Transaction Documents or any reliance party listed in the paragraph above; or (e) pursuant to court order or legal process of any court or governmental agency as otherwise required by applicable law; provided that none of the foregoing may rely on this letter (unless specifically authorized to do so herein) or further circulate, quote or otherwise refer to this letter (except with our prior written consent or as otherwise required pursuant to any court order or legal process of any court or governmental agency pursuant to applicable law).

Very truly yours,

**LAW OFFICES OF YOUNG,  
MINNEY & CORR, LLP**

D-19 

*Re: California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B*  
*[December 2], 2021*  
*Page 20 of 19*

**SARAH J. KOLLMAN**  
**ATTORNEY AT LAW**

**Schedule 1**  
**Transaction Documents**

1. Bond Purchase Agreement.
2. Indenture.
3. Bonds.
4. Loan Agreement.
5. Sublease.
6. Ground Lease
7. Guaranty of Lease.
8. Improvement Agreement.
9. Assignment of Improvement Agreement.
10. [To be updated: Construction Contracts with Near-Cal Construction dated May 5, 2020, May 8, 2020 and May 20, 2020.]
11. Collateral Assignment of Construction Contracts.
12. Deed of Trust.
13. Promissory Note.
14. Continuing Disclosure Agreement.
15. Tax Certificate.
16. Limited Offering Memorandum.
17. Lease Blocked Account Agreement.
18. [UCC Financing Statements for the Lease, the Loan Agreement and the Deed of Trust.]
19. Draw Review Agreement with First American.

**Schedule 2**  
**Other Documents**

**Lessee**

1. Certified Articles of Incorporation dated November \_\_, 2021, issued by the Secretary of State of the State of California listing the Articles of Incorporation of Lessee and all amendments thereto, if any, filed with the Secretary of State of the State of California as of such date, and a copy certified by the Secretary of State of the State of California of each such document.

2. Bylaws of Lessee, and all amendments thereto, if any, certified as of the date hereof by the Secretary of Lessee.

3. Certificate of Status dated November \_\_, 2021, issued by the Secretary of State of the State of California with respect to Lessee.

4. Resolution of the Board of Directors of Lessee adopted on [November 8], 2021, certified as of the date hereof by the Secretary of Lessee.

5. Certificate of Officer dated as of the date hereof executed by the Chairman of Lessee.

6. Certificate of Secretary dated as of the date hereof executed by the Secretary of Lessee.

7. The Charter School Renewal Petition for a TK-12 School approved January 3, 2017 by San Bernardino County Office of Education ("SBCOE").

8. Minutes of the Meeting of the San Bernardino County Board of Education held on January 3, 2017.

9. The Form 1023 Application for Recognition of Exemption Under Section 501(c)(3) of the Code dated November 20, 1992 filed by Lessee with the Service.

10. A letter from the Service to Lessee dated January 1993, stating the Service's determination that Lessee is an organization exempt from Federal income tax under Section 501(c)(3) of the Code, as well as an exempt status continuation letter from the Service dated March 29, 1999.

11. The Forms 990 Returns of Organizations Exempt from Income Tax for the years ended June 30, 2018, June 30, 2019, and June 30, 2020, filed by Lessee with the Service.

12. Independent Auditor's Report and Financial Statements for Lessee for the Years Ended June 30, 2018, June 30, 2019, and June 30, 2020.



13. All minutes provided by the Borrower for the Board of Directors of the Borrower from July 1, 2017, through present

**Borrower**

1. Certified Articles of Organization dated November \_\_, 2021, issued by the Secretary of State of the State of California listing the Articles of Incorporation of Lessee and all amendments thereto, if any, filed with the Secretary of State of the State of California as of such date, and a copy certified by the Secretary of State of the State of California of each such document.

2. Operating Agreement of Borrower, and all amendments thereto, if any, certified as of the date hereof by the Secretary of Lessee.

3. Certificate of Status dated November \_\_, 2021, issued by the Secretary of State of the State of California with respect to Borrower.

4. Certificate of Officers dated as of the date hereof executed by the President of Lessee.

5. Certificate of Secretary dated as of the date hereof executed by the Secretary of Lessee.

### **Schedule 3 Agreements**

**[Update to come from Sarah]**

1. The Charter
2. March 31, 2017 Memorandum of Understanding between Lessee and and the San Bernardino County Superintendent of Schools
3. March 1, 2008 Lewis Center New Business Agreement
4. May 16, 2017 Lease Agreement for iPads between Apple Inc and High Desert Foundation
5. July 28, 2017 Lease Agreement for iPads between Apple Inc and High Desert Foundation
6. June 6, 2018 Lease Agreement for iPads between Apple Inc and High Desert Foundation
7. April 17, 20019 Amendment to Group Annuity Contract
8. June 3, 2019 Fausto Barragan Employment Agreement
9. June 1, 2018 DM Selva Local Plan with San Bernardino Superintendent of Schools
10. June 27, 2019 Lease Agreement for iPads between Apple Inc and High Desert Foundation
11. July 1, 2019 Memorandum of Agreement to Establish and Operate an Air Force Junior Reserve Officer Training Corps Unit
12. August 2, 2019 Development Consultant Services Agreement between High Desert and Charter School Property Development

**Schedule 4**  
**Judgments, Orders and Decrees**

1. None.

**Schedule 5**  
**Lien and Litigation Reports**

1. Search Reports dated November \_\_, 2021, prepared by CLAS Information Services regarding Lessee and Borrower.

**Exhibit A**  
**Financing Statement**  
*(See attached)*

**EXHIBIT E**

**FORM OF OPINION OF COUNSEL TO THE AUTHORITY**

[December 2], 2021

California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833

\$[XXX]	\$[YYY]
California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project Tax-Exempt Series 2021A	California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project Taxable Series 2021B

Ladies and Gentlemen:

We have acted as counsel for the California Enterprise Development Authority, a public entity of the State of California (the "Authority"), preliminary to and in connection with the issuance by the Authority of its \$[XXX] Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the "Series 2021A Bonds") and its \$[YYY] Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds"). The Bonds are issued under an Indenture of Trust, dated as of June 1, 2020 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of December 1, 2021 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), each by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). The Bonds are being sold to Truist Securities, Inc. (the "Underwriter") pursuant to a Bond Purchase Agreement, dated [Pricing Date], 2021, among the Authority; 230 South Waterman Avenue LLC, a California limited liability company (the "Borrower"); The High Desert "Partnership in Academic Excellence" Foundation, Incorporated, a California nonprofit public benefit corporation (the "Lessee") and the Underwriter.

In connection with the issuance on this date of the Bonds by the Authority, we have examined, among other things, the following:

- A. The proceedings relating to the organization of the Authority, including the Joint Exercise of Powers Agreement and Bylaws of the Authority and all amendments thereto;
- B. Resolution No. 21-\_\_\_, adopted by the Board of Directors of the Authority on [CEDA Resolution Date], 2021 in connection with the Bonds (the "Resolution").

In representing the Authority, we have acted as counsel with regard to matters of California law only. No opinion is given concerning the securities laws of any state, the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended. Neither we nor the Authority have made any independent investigation of any factual matters except that we have examined the documents hereinabove set out.

Based upon and subject to the foregoing and upon such other information and documents as we believe necessary to enable us to render the opinions in this letter, we are of the opinion that:

(1) The Authority is a public entity, validly existing and in good standing under the laws of the State of California, with the power and authority to act as set forth pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code (Commencing with Section 6500).

(2) The Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which meeting was called and held pursuant to law and with all public notice required by law, and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been amended, modified or superseded as of the date hereof

(3) The Indenture; the Tax Regulatory Agreement, dated as of the date hereof, among the Authority, the Borrower and the Lessee; and the Loan Agreement, dated as of June 1, 2020, as supplemented and amended by the Loan Agreement Supplement No. 1 dated as of December 1, 2021, each by and between the Authority and the Borrower, have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto, are in full force and effect, and are valid and legally binding instruments of the Authority enforceable against the Authority in accordance with their respective terms, except as may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect and by the application of general principles of equity.

The foregoing opinion is rendered solely to the above named addressees in connection with the transactions described herein, and may not be released to or relied upon by any other person or for any other purposes without our prior written consent. We undertake no obligation to update the foregoing opinion.

Very truly yours,

**EXHIBIT F**

**[\$XXX]  
CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE  
ACADEMY PROJECT)  
TAX-EXEMPT SERIES 2021A**

**ISSUE PRICE CERTIFICATE**

**Dated: [December 2], 2021**

The undersigned, on behalf of Truist Securities, Inc., as the underwriter ("Truist") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

**1. *Sale of the Bonds.***

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

**2. *Defined Terms.***

(a) *Authority* means the California Enterprise Development Authority.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).



The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Truist's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority and the Borrower with respect to certain of the representations set forth in the Tax Regulatory Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP, Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Authority and the Borrower from time to time relating to the Bonds.

**TRUIST SECURITIES, INC.**, as the Underwriter

By: \_\_\_\_\_  
Robert A. Nickell, Jr., Managing Director

Dated as of the date first written above.

**Signature Page to Issue Price Certificate**

**California Enterprise Development Authority  
Charter School Revenue Bonds (Norton Science and Language Academy Project) Series 2021**

**SCHEDULE A**  
**SALE PRICES**

**INDENTURE OF TRUST**

by and between

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**  
as Authority

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION**  
as Trustee

\$40,895,000

California Enterprise Development Authority  
Charter School Revenue Bonds  
(Norton Science and Language Academy Project)  
Tax-Exempt Series 2020

Dated as of June 1, 2020

TABLE OF CONTENTS

Page

ARTICLE I  
DEFINITIONS; INDENTURE TO CONSTITUTE CONTRACT

Section 1.01. Definitions..... 5  
Section 1.02. Indenture to Constitute Contract..... 19

ARTICLE II  
AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 2.01. Authorized Amount of Bonds..... 19  
Section 2.02. All Bonds Equally and Ratably Secured by Trust Estate; Limited  
Obligation of Bonds and Pledges Securing the Same..... 19  
Section 2.03. Authorization of Series 2020 Bonds; Payment of Bonds ..... 20  
Section 2.04. Execution of Bonds..... 21  
Section 2.05. Registration, Transfer and Exchange of Bonds; Persons Treated as  
Registered Owners ..... 22  
Section 2.06. Lost, Stolen, Destroyed and Mutilated Bonds ..... 23  
Section 2.07. Delivery of Series 2020 Bonds ..... 23  
Section 2.08. Authentication Certificate..... 24  
Section 2.09. Cancellation and Destruction of Bonds ..... 24  
Section 2.10. Temporary Bonds..... 24  
Section 2.11. Additional Bonds ..... 25  
Section 2.12. Book-Entry System..... 27  
Section 2.13. Restrictions on Registration and Transfer of Bonds Rated Lower than  
BBB- or Unrated..... 28

ARTICLE III  
REVENUES AND FUNDS

Section 3.01. Pledge of Trust Estate ..... 34  
Section 3.02. Establishment of Funds; Obligations ..... 34  
Section 3.03. Payments into Bond Fund..... 35  
Section 3.04. Use of Moneys in Bond Fund ..... 35  
Section 3.05. Custody of Bond Fund ..... 35  
Section 3.06. Payments into Debt Service Reserve Fund ..... 36  
Section 3.07. Use of Moneys in Debt Service Reserve Fund ..... 36  
Section 3.08. Custody of Debt Service Reserve Fund ..... 37  
Section 3.09. Payments Into and Use of Moneys in Project Fund; Disbursements..... 37  
Section 3.10. Completion of Project ..... 38  
Section 3.11. Custody of Project Fund ..... 38  
Section 3.12. Payments into and Use of Moneys in Cost of Issuance Fund..... 38  
Section 3.13. Termination of Cost of Issuance Fund..... 38  
Section 3.14. Custody of Cost of Issuance Fund ..... 39  
Section 3.15. Rebate Fund ..... 39  
Section 3.16. Custody of the Rebate Fund..... 41

## TABLE OF CONTENTS

		Page
Section 3.17.	Payments into and Use of Moneys in the Repair and Replacement Fund .....	41
Section 3.18.	Payments into and Use of Moneys in Expense Fund.....	42
Section 3.19.	Custody of the Expense Fund .....	42
Section 3.20.	Nonpresentment of Bonds.....	42
Section 3.21.	Moneys to be Held in Trust .....	42
Section 3.22.	Insurance and Condemnation Proceeds .....	43
Section 3.23.	Security Advice Waiver .....	43
Section 3.24.	Repayment to the Borrower from the Funds.....	43

### ARTICLE IV COVENANTS OF AUTHORITY

Section 4.01.	Performance of Covenants .....	43
Section 4.02.	Instruments of Further Assurance.....	44
Section 4.03.	Payment of Principal, Premium, if any, and Interest .....	44
Section 4.04.	Unrelated Bond Issues .....	44
Section 4.05.	Security Instruments .....	45
Section 4.06.	Rights Under Loan Agreement .....	45
Section 4.07.	Performance of Obligations .....	45

### ARTICLE V REDEMPTION OF BONDS PRIOR TO MATURITY

Section 5.01.	Optional Redemption of Bonds .....	46
Section 5.02.	Redemption of Bonds upon Occurrence of Certain Events .....	46
Section 5.03.	Mandatory Redemption and Purchase in Lieu of Redemption.....	46
Section 5.04.	Method of Selecting Bonds.....	48
Section 5.05.	Notices of Redemption .....	48
Section 5.06.	Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue .....	49
Section 5.07.	Cancellation .....	49
Section 5.08.	Partial Redemption of Bonds .....	49
Section 5.09.	No Partial Optional Redemption in Event of Default.....	49

### ARTICLE VI INVESTMENTS

Section 6.01.	Investment of Bond Fund, Debt Service Reserve Fund, Project Fund, Cost of Issuance Fund, Repair and Replacement Fund and Rebate Fund .....	49
---------------	--	----

TABLE OF CONTENTS

Page

ARTICLE VII  
DISCHARGE OF INDENTURE

Section 7.01. Discharge of Indenture..... 51  
Section 7.02. Survival..... 52

ARTICLE VIII  
DEFAULTS AND REMEDIES

Section 8.01. Events of Default ..... 53  
Section 8.02. Remedies for Events of Default Under Indenture..... 53  
Section 8.03. Direction of Remedies ..... 54  
Section 8.04. Rights and Remedies of Registered Owners..... 55  
Section 8.05. Application of Moneys ..... 55  
Section 8.06. Trustee May Enforce Rights Without Bonds..... 56  
Section 8.07. Proofs of Claim..... 57  
Section 8.08. Delay or Omission No Waiver..... 57  
Section 8.09. No Waiver of One Default to Affect Another ..... 58  
Section 8.10. Discontinuance of Proceedings on Default; Position of Parties  
Restored ..... 58  
Section 8.11. Waivers of Events of Default..... 58

ARTICLE IX  
CONCERNING THE TRUSTEE

Section 9.01. Duties of Trustee..... 58  
Section 9.02. Fees and Expenses of Trustee..... 63  
Section 9.03. Resignation or Replacement of Trustee..... 64  
Section 9.04. Conversion, Consolidation or Merger of Trustee ..... 65

ARTICLE X  
SUPPLEMENTAL INDENTURES AND AMENDMENTS OF LOAN AGREEMENT, LEASE  
AGREEMENT AND DEED OF TRUST

Section 10.01. Supplemental Indentures Not Requiring Consent of Registered Owners..... 65  
Section 10.02. Supplemental Indentures Requiring Consent of Registered Owners..... 66  
Section 10.03. Execution of Supplemental Indentures ..... 67  
Section 10.04. Amendments, etc. of Loan Agreement and Lease Agreement Not  
Requiring Consent of Registered Owners..... 67  
Section 10.05. Amendments, etc. of Loan Agreement and Lease Agreement  
Requiring Consent of Registered Owners..... 67  
Section 10.06. Execution of Amended Loan Agreement or Lease Agreement ..... 68  
Section 10.07. Amendments, etc. of Deed of Trust Not Requiring Consent of  
Registered Owners ..... 68

TABLE OF CONTENTS

	Page
Section 10.08. Amendments, etc. of Deed of Trust Requiring Consent of Registered Owners .....	68
Section 10.09. Execution of Amended Deed of Trust .....	69

ARTICLE XI  
MISCELLANEOUS

Section 11.01. Evidence of Signature of Registered Owners and Ownership of Bonds .....	69
Section 11.02. Parties Interested Herein .....	70
Section 11.03. Titles, Headings, Etc .....	70
Section 11.04. Severability .....	70
Section 11.05. Third Party Beneficiaries .....	70
Section 11.06. Governing Law; Venue .....	70
Section 11.07. Execution in Counterparts .....	71
Section 11.08. Limitation of Liability of the Authority .....	71
Section 11.09. Notices .....	72
Section 11.10. Payments Due on Holidays .....	73
Section 11.11. No Personal Liability of Officials of Authority or Trustee .....	73
Section 11.12. Bonds Owned by Authority, Borrower or Lessee .....	73
Section 11.13. Agreement to Provide Ongoing Disclosure .....	74
Section 11.14. Right to Inspect .....	74
Section 11.15. Incorporation of Terms of Loan Agreement and Lease Agreement .....	74
Section 11.16. Power to Issue Bonds and Make Pledge and Assignment .....	74
Section 11.17. Patriot Act Notice .....	75
EXHIBIT A	FORM OF SERIES 2020 BOND
EXHIBIT B	COSTS OF ISSUANCE PAYABLE AT CLOSING
EXHIBIT C	FORM OF INVESTOR LETTER



## INDENTURE OF TRUST

**THIS INDENTURE OF TRUST**, dated as of June 1, 2020 (as the same may be amended and supplemented, including by Supplemental Indentures, the “Indenture”), is by and between the **CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**, a joint exercise of powers authority organized and operating under the laws of the State of California, or its successors and assigns (the “Authority”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America.

### WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”) and a Joint Exercise of Powers Agreement, dated June 1, 2006 (the “Joint Powers Agreement”), among the cities of Eureka, Lancaster and Selma and other public agencies who have and may subsequently become associate members of the Authority; and

WHEREAS, the Authority is authorized by the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements, or enter into loan agreements to, among other things, finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the County of San Bernardino (the “County”) is an associate member of Authority and is authorized to acquire and dispose of property, both real and personal; and

WHEREAS, 230 South Waterman Avenue LLC (the “Borrower”), whose sole member is The High Desert “Partnership in Academic Excellence” Foundation, Incorporated, a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Code (the “Lessee”), has applied for the financial assistance of the Authority in the financing of the acquisition, renovation, improvement, furnishing and equipping of certain land and educational facilities located at 230 South Waterman Avenue, San Bernardino, California and operated by the Lessee, which operates the charter school known as Norton Science and Language Academy (the “School”); and

WHEREAS, the Authority is authorized under the Act and the Joint Powers Agreement to issue its revenue bonds for the purposes aforesaid and the Authority has determined that the public interest will be best served and that the purposes of the Act can be more advantageously obtained by the Authority’s issuance of bonds in order to loan the funds to the Borrower as a means of accomplishing the foregoing, with such loan to be evidenced by the Loan Agreement (as defined below); and

WHEREAS, the Series 2020 Facilities will be used and operated by the Lessee in the operation of the School; and

WHEREAS, the Series 2020 Facilities will be leased by the Borrower to and operated by the Lessee pursuant to the Lease Agreement, dated as of June 1, 2020 (as amended, restated or supplemented from time to time, the “Lease Agreement”) by and between the Borrower and the Lessee; and

WHEREAS, under the Lease, the Lessee is obligated to make rental payments from legally available Revenues of the School to the Borrower for the lease of the Series 2020 Facilities; and

WHEREAS, the Authority has authorized the issuance of its \$40,895,000 Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020 (the “Series 2020 Bonds”), in order to make one or more loans to the Borrower pursuant to a Loan Agreement dated as of June 1, 2020 (the “Loan Agreement”) by and between the Borrower and the Authority for purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as a charter school located at 230 South Waterman Avenue, San Bernardino, California (the “Series 2020 Facilities”) and of the Head Start Facility for the benefit of the County of San Bernardino; (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the “Series 2020 Project”); and

WHEREAS, the Series 2020 Facilities and the Head Start Facility are located within the territorial limits of the County, being a member of the Authority (the “Authority Member”); and

WHEREAS, the Authority has duly entered into the Loan Agreement specifying the terms and conditions of a loan by the Authority to the Borrower of the proceeds of the Series 2020 Bonds (the “Loan”) to provide for the financing of the Series 2020 Project and the payment to the Authority of amounts sufficient for the payment of the principal of (or redemption price of) and interest on the Series 2020 Bonds and certain related expenses; and

WHEREAS, the Series 2020 Bonds, and the Trustee’s certification and authentication and assignment to appear thereon, shall be substantially in the form thereof set forth in Exhibit A hereto, and incorporated into this Indenture by this reference, with such necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof (or redemption price thereof) and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have

been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Authority, in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Registered Owners thereof and of the sum of One Dollar to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time Outstanding under this Indenture, according to their tenor and effect, to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Indenture and has granted, bargained, sold, alienated, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, assign, pledge, set over and confirm unto Wilmington Trust, National Association, as Trustee, to the extent provided herein, and to its successors and assigns forever, the following described property, franchises and income:

(a) The rights, title and interests of the Authority in the Loan Agreement (as defined below), as amended from time to time, by and between the Authority and the Borrower, except the Authority's Unassigned Rights (as defined herein);

(b) The rights, title and interests of the Authority and the Borrower in the Lease Agreement, as amended from time to time, except the Borrower's Unassigned Rights (as defined herein) and the Authority's Unassigned Rights (as defined herein);

(c) The rights, title and interests of the Authority in the Facilities, subject to Permitted Encumbrances (as defined herein), except the Authority's Unassigned Rights;

(d) The Loan Payments (as defined herein) except the Authority's Unassigned Rights;

(e) The Deed of Trust, the Assignment of Improvement Agreement, the Collateral Assignment of Construction Contract, and the rights, title and interests of the Authority and the Borrower under the Promissory Notes (each defined herein);

(f) All Funds created in this Indenture (other than the Cost of Issuance Fund and the Rebate Fund), except for (i) moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Bonds that are no longer deemed to be Outstanding hereunder, and (ii) all trust accounts containing all insurance and condemnation proceeds, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture and provided that moneys held in individual subaccounts of the Debt Service Reserve Fund shall only secure and are to be applied solely to the payment of the Series of Bonds to which such individual subaccount relates; and

(g) Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security hereunder by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms hereof.

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

IN TRUST, NEVERTHELESS, upon the terms herein set forth in this Indenture, except as herein provided for the equal and proportionate benefit, security and protection of all Registered 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 of the Bonds except as otherwise provided in Article VII hereof or with respect to moneys otherwise held to redeem or pay particular Bonds hereunder;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay, or cause to be paid, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Authority and the United States of America all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture to be and remain in full force and effect.

IT IS HEREBY EXPRESSLY ACKNOWLEDGED that the Authority has entered into this Indenture and issued the Bonds to fulfill the public purposes of the Act, and the Trustee hereby accepts such trust and covenants to enforce the provisions of this Indenture, the Loan Agreement and the Lease Agreement so as to effect the public purposes of the Act.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights, interests and revenues and funds hereby pledged, assigned and mortgaged 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 Authority has agreed and covenanted, and does hereby agree and covenant with the Trustee for the benefit of the Registered Owners from time to time of the Bonds as follows:

## ARTICLE I

### DEFINITIONS; INDENTURE TO CONSTITUTE CONTRACT

**Section 1.01. Definitions.** All words and phrases defined in Article I of the Loan Agreement and/or Article I of the Lease Agreement and not otherwise defined herein shall have the same meaning in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

“*Act*” means the Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Act of Bankruptcy*” means the filing of a petition in bankruptcy under the United States Bankruptcy Code, or the institution of proceedings under State insolvency or other laws affecting creditors’ rights generally, by or against the Authority or the Borrower or the Lessee as debtor; provided that such filings or proceedings have not been dismissed or, if dismissed, are subject to appeal.

“*Additional Bonds*” means Additional Bonds that may be issued under Section 2.11 of this Indenture.

“*Additional Promissory Notes*” means any nonnegotiable promissory note or notes, in addition to the Series 2020 Promissory Note, made payable to the order of the Authority and endorsed by the Authority to the Trustee and delivered by the Borrower to the Trustee in connection with the issuance of Additional Bonds, as provided in Section 2.11 herein.

“*Annual Administration Fees*” means any annual fees of the Trustee related to the Bonds, annual fees of the Dissemination Agent under the Continuing Disclosure Agreement, and the Authority Annual Fee.

“*Assignment of Improvement Agreement*” means that certain Assignment of Improvement Agreement, dated as of June 1, 2020, by Lessee in favor of the Trustee and consented to by the County of San Bernardino, related to the construction of the Head Start Facility.

“*Authority*” means the California Enterprise Development Authority, or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of June 1, 2006 by and among certain California cities and other public agencies, as may be amended from time to time (the “Joint Powers Agreement”) pursuant to the provisions of the Act.

“*Authority Annual Fee*” means \$2,500, payable annually in advance on July 1 of each year, commencing July 1, 2020.

“*Authority Documents*” means, with respect to a Series of Bonds, the Loan Agreement, this Indenture, the Bond Purchase Agreement, and any other agreement, certificate, contract or instrument to be executed by the Authority in connection with the issuance of the Bonds or the financing of a portion of the expense associated with the related Series Project.

“*Authority Indemnified Party*” or “*Authority Indemnified Parties*” means the Authority, its past, present and future members, officers, counsel, advisors and agents, individually and collectively.

“*Authority Issuance Fee*” means \$35,477.50.

“*Authority’s Unassigned Rights*” means the rights of the Authority to (a) inspect books and records, (b) give or receive notices, approvals, consents, requests and other communications, (c) receive payment or reimbursement for expenses and other amounts payable to the Authority pursuant to Section 5.01(e), (f), (g), (h) or (i) of the Loan Agreement, (d) immunity from and limitation of liability, (e) indemnification from liability by the Lessee and the Borrower, (f) security for the Lessee’s and the Borrower’s indemnification obligations, and (g) enforce venue.

“*Authorized Denominations*” means (a) in the case of the Series 2020 Bonds, \$25,000 or any integral multiple of \$5,000 in excess thereof; provided, however, that upon the receipt by the Trustee of an Investment Grade Notice, such denominations shall be reduced to \$5,000 or any integral multiple of \$5,000 in excess thereof; and (b) in the case of Additional Bonds, the amount specified in the Supplemental Indenture authorizing the issuance thereof.

“*Authorized Representative*” means, in the case of the Authority, the Chair or the Vice Chair of the Authority, or any other person designated as an Authorized Representative pursuant to a resolution adopted by the Authority; or, in the case of the Borrower, the Chairman, President or Secretary of its sole member, acting on behalf of the Borrower and evidenced to the Trustee by a written certificate containing the specimen signatures of such Person or Persons and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

“*Beneficial Owner(s)*” means the person or entity for whom the Bonds were deposited with DTC in the name of its nominee, Cede & Co.

“*Bond Closing*” means, as to any Series of Additional Bonds, the date upon which such Series of Additional Bonds is delivered for due consideration, and, as to the Series 2020 Bonds, means June 16, 2020.

“*Bond Counsel*” means Kutak Rock LLP, or such other firm of nationally recognized attorneys with a proven reputation in the field of municipal finance and experienced in the financing of facilities for non-exempt persons through the issuance of tax-exempt bonds under the exemption provided under Section 103 of the Code, and approved by the Authority and the Borrower.

“*Bond Fund*” means the fund by that name created pursuant to Section 3.02 herein.

“*Bond Purchase Agreement*” means, as to any Series of Additional Bonds, the Bond Purchase Agreement related to such Series of Additional Bonds, and, as to the Series 2020 Bonds, means the Bond Purchase Agreement dated June 11, 2020, among the Authority, the Borrower, the Lessee and BB&T Capital Markets, a division of BB&T Securities, LLC, as representative of the Underwriters.

“*Bond Resolution*” means (a) when used with reference to the Series 2020 Bonds, the resolution of the Authority providing for their issuance and approving the Loan Agreement, this Indenture, the Tax Agreement and the Bond Purchase Agreement and related matters; and (b) when used with reference to an issue of Additional Bonds, the resolution of the Authority providing for the issuance of the Additional Bonds and approving any amendment or supplement to the Loan Agreement, any Supplemental Indenture and related matters.

“*Bonds*” means, collectively, the Series 2020 Bonds and any Additional Bonds.

“*Borrower*” means 230 South Waterman Avenue LLC, a California limited liability company, or any successor thereto, or any surviving, resulting or transferee entity thereof, as provided in the Loan Agreement.

“*Borrower Documents*” means, with respect to a Series of Bonds, the Loan Agreement, the Deed of Trust, the Lease Agreement, the Promissory Notes, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, the Assignment of Improvement Agreement, the Collateral Assignment of Construction Contract, the Ground Lease, and each of the other agreements, certificates, contracts or instruments to be executed by the Borrower in connection with the issuance of a Series of Bonds or the financing or refinancing of a portion of the expenses associated with the related Series Project.

“*Borrower’s Unassigned Rights*” means, under the Lease Agreement, the rights of the Borrower to (a) inspect books and records of the Lessee, (b) give or receive notices, approvals, consents, requests and other communications, (c) receive payment or reimbursement for expenses, (d) immunity from and limitation of liability, (e) indemnification from liability by the Lessee, and (f) security for the Lessee’s indemnification obligation.

“*Building*” means that certain building or buildings and all other structures and facilities now owned or hereafter acquired (including all fixtures, heating and air conditioning equipment and all other equipment and machinery affixed to the Land or Building) which are located on the Land, as they may from time to time exist.

“*Business Day*” means any day other than a Saturday or Sunday or a day on which the Federal Reserve System is closed.

“*Capitalized Interest*” means amounts derived from the proceeds of Bonds deposited in the Capitalized Interest Account to pay interest on Bonds and interest earned on such amounts to the extent that such interest earned is required to be applied to pay interest on Bonds.

“*Capitalized Interest Account*” means the account of the Bond Fund of that name created in Section 3.02 hereof.

“*Capital Needs Assessment Date*” means June 30, 2026, and every fifth anniversary thereafter.

“*Cede & Co.*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC as described in Section 2.12(b) hereof.

“*Charter School Construction Subaccount*” means the account of the Project Fund of that name created in Section 3.02 hereof.

“*Charter School Act*” means Part 26.8 of Division 4 of Title II of the California Education Code.

“*Charter School Facility*” means the Real Property as defined in the Deed of Trust.

“*Code*” means the Internal Revenue Code of 1986. References to the Code and Sections of the Code include relevant applicable Regulations and proposed regulations thereunder and under the Internal Revenue Code of 1954, as amended, and any successor provisions to those Sections, Regulations, or proposed regulations and, in addition, all revenue rulings, announcements, notices, procedures and judicial determinations under the foregoing applicable to the Tax-Exempt Bonds.

“*Collateral Assignment of Construction Contract*” means that certain Collateral Assignment of Construction Contract, dated the Closing Date, made by the Borrower in favor of the Trustee.

“*Completion Date*” has the meaning set forth in the Loan Agreement.

“*Continuing Disclosure Agreement*” means, with respect to the Series 2020 Bonds, the Continuing Disclosure Agreement dated as of June 1, 2020, by and among the Lessee, the Borrower and the Dissemination Agent, as may be amended, supplemented or restated from time to time, and, as to any Series of Additional Bonds, the Continuing Disclosure Agreement entered into by the Lessee and the Borrower in connection with such Series.

“*Cost of Issuance Fund*” means the fund by that name created pursuant to Section 3.02 herein, and includes any subaccounts contained therein.

“*Costs of a Series Project*” in connection with the construction, acquisition, improvement, renovation or equipping of a Series Project, means any cost incurred or estimated to be incurred by the Borrower which is reasonable and necessary for carrying out all works and undertakings in providing such Series Project for the Borrower, including the acquisition of real property and any Buildings thereon, the cost of equipment and furnishings, the construction, acquisition, improvement, renovation and equipping of a Series Project, the cost of necessary studies, surveys, plans and specifications, architectural, engineering, legal or other special services, development, construction and reconstruction necessary or useful in connection with such Series Project, the reasonable cost of financing or refinancing incurred by the Borrower or the Authority in connection with the execution of the Loan Agreement, or in the course of the construction, acquisition, improvement, renovation and equipping of a Series Project, including capitalized interest on amounts disbursed in stages, and the cost of such other items as may be reasonable and necessary for the construction, acquisition, improvement, renovation and equipping of a Series Project as permitted under the Act.

“*Debt Service Reserve Fund*” means the fund by that name created pursuant to Section 3.02 herein, and includes any subaccounts contained therein.



“*Debt Service Reserve Fund Requirement*” means, (a) for the Series 2020 Bonds, an amount equal to \$2,860,937.50 and (b) for any Series of Additional Bonds, an amount, determined at the time of issuance of such Additional Bonds, not to exceed the least of (i) 10% of the original principal amount of such Additional Bonds, (ii) 125% of the average annual debt service on such Additional Bonds, or (iii) 100% of the Maximum Annual Debt Service payable on such Additional Bonds; provided the Debt Service Reserve Fund Requirement for any Series of Additional Bonds may be revised to a lesser amount in accordance with requirements of Regulations specifying the maximum amount in a reserve fund permitted to be invested without regard to investment yield.

“*Deed of Trust*” means the Leasehold Construction Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing, executed by the Borrower for the benefit of the Trustee in connection with the Bonds.

“*Dissemination Agent*” means Campanile Group, Inc., or another dissemination agent appointed pursuant to the Continuing Disclosure Agreement.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors and assigns.

“*Electronic Means*” means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission.

“*Event of Default*” means those Events of Default specified in Section 8.01 herein.

“*Expense Fund*” means the fund by that name created pursuant to Section 3.02 herein.

“*Facilities*” means the Series 2020 Facilities and any other facilities hereafter owned by the Borrower at any time and leased to the Lessee under the Lease Agreement for the operation of the School, and pledged to the Trustee to secure the Bonds.

“*Fiscal Year*” means the twelve-month period commencing on July 1 and ending on June 30.

“*Funds*” means, collectively, the Bond Fund, the Debt Service Reserve Fund, the Cost of Issuance Fund, the Project Fund, the Rebate Fund, the Repair and Replacement Fund, the Expense Fund and any other funds, accounts or subaccounts held by the Trustee hereunder.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means those accounting principles applicable in the preparation of financial statements of the Borrower and the Lessee, as promulgated by the Financial Accounting Standards Board, as amended or supplemented from time to time, or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

“*Government Obligations*” means direct obligations of the United States of America or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by the United States of America.

“*Ground Lease*” means that certain Ground Lease Agreement, dated as of April 21, 2020, by and between Borrower, as lessee, and the County of San Bernardino and the City of San Bernardino, as lessors.

“*Hazardous Substances*” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq.; the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“*Head Start Construction Subaccount*” means the account of the Project Fund of that name created in Section 3.02 hereof.

“*Head Start Facility*” means the preschool facility and site improvements to be constructed at 205 Allen Street, San Bernardino, California, comprising approximately 2.23 acres pursuant to the requirements of the Ground Lease.

“*Indebtedness*” means all indebtedness of the Borrower or the Lessee (as consolidated for financial reporting purposes) for borrowed moneys related to or payable from, in whole or in part, revenues of the School, including, but not limited to, indebtedness which has been incurred or assumed in connection with the acquisition, construction, improvement, renovation or equipping of the Facilities, all indebtedness, no matter how created, secured by the Facilities, whether or not such indebtedness is assumed by the Borrower or the Lessee, any leases required to be capitalized in accordance with Generally Accepted Accounting Principles, installment purchase obligations and guaranties.

“*Independent*” means a Person who is not a member of the governing body of the Borrower or its Affiliates or an officer or employee of the Borrower or its Affiliates.

“*Indenture*” means this Indenture of Trust, dated as of June 1, 2020, by and between the Authority and the Trustee, including any indentures supplemental hereto made in conformity herewith, pursuant to which the Bonds are authorized to be issued and secured.

“*Interest Payment Date*” means, as to a Series of Additional Bonds, the Interest Payment Date established in the related Supplemental Indenture, and as to the Series 2020 Bonds, means each January 1 and July 1, commencing January 1, 2021.

“*Investment Obligations*” means any of the following obligations as and to the extent that such obligations are at the time legal investments under the Act for moneys held hereunder and then proposed to be invested therein (provided that the Trustee shall be entitled to rely upon a written request of an Authorized Representative of the Borrower as conclusive evidence that the investments described therein are so authorized under the laws of the State) and shall be the sole investments in which amounts on deposit in any fund or account created hereunder or under the Loan Agreement shall be invested:

(a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself); U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, U.S. Department of Housing and Urban Development, Government National Mortgage Association, and Federal Housing Administration;

(c) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (“FHLMC”), Federal National Mortgage Association (“FNMA”), Student Loan Marketing Association, Resolution Funding Corporation or Farm Credit System;

(d) bonds or notes issued by any state or municipality which are rated by S&P, Fitch and Moody’s in one of the three highest rating categories assigned by such agencies;

(e) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank (including an affiliate of the Trustee), which, in either case, is rated (at the time the investment is entered into) “A” or better by S&P and

Moody's, provided that (i) the term of such repurchase agreement is not greater than thirty days; (ii) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral; (iii) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists of obligations of FHLMC or FNMA, 105%) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest; (iv) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately; (v) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States or any federal agency backed by the full faith and credit of the United States; (vi) the repurchase securities are free and clear of any third-party lien or claim; and (vii) there shall have been delivered to the Trustee, the Authority and the Borrower an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(f) investment agreements, including guaranteed investment contracts ("GICs") with providers in one of the two highest rating categories of Moody's and S&P;

(g) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating (at the time the investment is entered into) by S&P of "AAAm-G", "AAA-m", or "AA-m" and if rated by Moody's rated "Aaa", "Aa1" or "Aa2", including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(h) certificates of deposit secured at all times by collateral described in (a) and/or (b) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee on behalf of the Bondholders has a perfected first security interest;

(i) certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by FDIC, including BIF and SAIF;

(j) commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(k) federal funds or bankers acceptances with a maximum term of one year of any bank which has (at the time the investment is entered into) an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1" or "A" or better by S&P;

(l) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended; and

(m) obligations of a bank or other financial institution rated (at the time the investment is entered into) at least “Aa3” by Moody’s or “AA-” by S&P.

“*Joint Powers Agreement*” means the Joint Exercise of Powers Agreement, dated June 1, 2006, relating to the formation of the Authority, among the cities of Eureka, Lancaster and Selma and other public agencies who have and may subsequently become associate members of the Authority.

“*Land*” means, collectively, the real estate, interests in real estate, and other real property rights described in Exhibit B to the Lease Agreement.

“*Lease Agreement*” mean (a) with respect to the Series 2020 Bonds, collectively, those certain Sublease Agreements, each dated as of June 1, 2020, by and between the Borrower and the Lessee with respect to the Facilities, as it may be modified, supplemented, restated or replaced from time to time in accordance with its terms and the terms of this Indenture; and (b) for any Series of Additional Bonds, the lease agreement executed in connection with such Series of Additional Bonds.

“*Lease Blocked Account Agreement*” has the meaning set forth in the Lease Agreement.

“*Lease Payments*” means Base Lease Payments and Additional Lease Payments (each as defined in the Lease Agreement) required to be paid by the Lessee pursuant to Section 5.02 of the Lease Agreement.

“*Lessee*” means The High Desert “Partnership in Academic Excellence” Foundation, Incorporated, a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Code and authorized to operate charter schools by the State under the Charter School Act, or any successor thereto, and any surviving, resulting or transferee entity thereof, as provided in the Lease Agreement.

“*Letter of Representations*” means the Blanket Letter of Representations from the Authority to DTC.

“*Lien*” means any mortgage or pledge of, security interest in, or lien or encumbrance on, any property which secures any Indebtedness or other obligation of the Lessee or the Borrower, excluding liens applicable to property in which the Lessee has only a leasehold interest unless the lien secures Indebtedness.

“*Loan Agreement*” means the Loan Agreement dated as of June 1, 2020, by and between the Borrower and the Authority, as it may be modified, supplemented, restated or replaced from time to time in accordance with its terms and the terms of this Indenture; and (b) for any Series of Additional Bonds, the loan agreement executed in connection with such Series of Additional Bonds.

“*Loan Payment(s)*” means those payments required to be paid by the Borrower pursuant to Section 5.01 of the Loan Agreement.

“*Long-Term Indebtedness*” means any Indebtedness incurred, assumed or guaranteed by the Lessee maturing on or after the expiration of the one year period after it is incurred.

“*Majority Bondholder*” means any registered owner of, or owners who together own, greater than 50% of the aggregate Outstanding principal amount of the Bonds.

“*Maximum Annual Debt Service*” means, as of any date of calculation, the highest Principal and Interest Requirements on Long-Term Indebtedness (provided the final maturity payment for a Series of Bonds shall be reduced by amounts on deposit in the Debt Service Reserve Fund and available for such payment) for any current or any succeeding Fiscal Year, taking into account the provisions for determining the Principal and Interest Requirements on Long-Term Indebtedness set forth in Section 8.13 of the Lease Agreement.

“*Monthly Disbursement Date*” means, as to a Series of Additional Bonds, the Monthly Disbursement Date set forth in the supplement to this Indenture, and as to the Series 2020 Bonds, means the 25<sup>th</sup> day of each month commencing July 25, 2020.

“*Net Proceeds*” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“*Offering Document*” means the Limited Offering Memorandum dated June 11, 2020, prepared in connection with the sale of Series 2020 Bonds.

“*Opinion of Counsel*” means an opinion in writing of legal counsel, who may be counsel to the Authority, the Trustee, the Borrower or the Lessee, reasonably acceptable to the addressees thereof.

“*Outstanding*” or “*outstanding*” means, when used with respect to the Bonds, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds (or securities to the extent permitted in Section 7.01 hereof) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.05, 2.06 or 2.10 hereof;

(d) Bonds for which the conditions enumerated in Section 5.06 hereof have been met; and

(e) Bonds owned by the Borrower or the Lessee.

“*Participants*” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

“*Permitted Encumbrance(s)*” means, as of any particular time, those items defined as such in the Deed of Trust and any of the following:

(a) Liens for taxes and special assessments on the Facilities not then delinquent;

(b) the Lease Agreement and the Deed of Trust;

(c) purchase money security interests with respect to any item of equipment related to the Facilities;

(d) utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Facilities or any reasonably probable future use of the Facilities, or (ii) materially reduce the value which would be reasonably expected to be received for the Facilities upon any sale (including any foreclosure of the mortgage granted by the Deed of Trust);

(e) mechanics’ and materialmen’s Liens related to the Facilities when payment of the related bill is not overdue and as may be permitted by the Lease Agreement;

(f) judgment liens against the Borrower or the Lessee so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(g) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Facilities, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Facilities or materially and adversely affect the value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchaser of, the Facilities; (ii) Liens on the Facilities for taxes, assessments, levies, fees, water and sewer charges or rents, and other governmental and similar charges not yet due or delinquent; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Facilities which do not materially impair the use of the Facilities or materially and adversely affect the value thereof; or (iv) rights reserved to or vested in

any municipality or public authority to control or regulate the Facilities or to use the Facilities in any manner, which rights do not materially impair the use of the Facilities or materially and adversely affect the value thereof;

(h) Liens and any other restrictions, exceptions, leases, easements or encumbrances which are existing on the date of initial issuance and delivery of the Series 2020 Bonds and as identified in the title policy delivered to the Trustee pursuant to this Indenture, provided that no such Lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Facilities not subject to such Lien on such date, unless such Lien as so extended, renewed or modified would otherwise qualify as a Permitted Encumbrance hereunder; and

(i) Liens on the Facilities or the Revenues (as defined in the Lease Agreement) with respect to any Indebtedness that meets the conditions described in Section 8.13 of the Lease Agreement.

“*Person*” includes an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof.

“*Principal and Interest Requirements on Long-Term Indebtedness*” means, for any Fiscal Year, the amount required to pay the interest and principal for Long-Term Indebtedness in such Fiscal Year, excluding “funded interest” from the proceeds of Indebtedness.

“*Principal Payment Date*” or “sinking fund payment date” means, as to a Series of Additional Bonds, the Principal Payment Date or sinking fund payment date established for that Series of Bonds in the related Supplemental Indenture and, as to the Series 2020 Bonds, means each July 1, commencing July 1, 2023.

“*Project*” means, collectively, the Series 2020 Project described in the Loan Agreement and, as to any Series of Additional Bonds, that Series Project described in the related amendment or supplement to the Loan Agreement.

“*Project Fund*” means the fund by that name created pursuant to Section 3.02 herein and includes any subaccounts contained therein.

“*Promissory Note(s)*” or “*Note(s)*” means, collectively and individually, the Series 2020 Notes and any Additional Promissory Notes between the Borrower and the Authority with respect to the Bonds.

“*Rating Agency*” means Fitch Ratings, Moody’s Investors Service or S&P Global Ratings, or their respective successors and assigns.

“*Rebate Amount*” means the Rebate Amount with respect to a Series of Tax-Exempt Bonds determined in accordance with Section 3.15 herein.

“*Rebate Analyst*” means an independent certified public accountant, financial analyst or Bond Counsel, or any firm of the foregoing, or financial institution, experienced in making the



arbitrage and rebate calculations required pursuant to Section 148(f) of the Code, selected and compensated by the Borrower to make the computations and give the directions required under Section 3.15 of this Indenture.

“*Rebate Fund*” means the fund by that name created pursuant to Section 3.02 herein.

“*Rebate Year*” means, as to a Series of Tax-Exempt Bonds, the period beginning on the date of issuance of that Series of Tax-Exempt Bonds and ending on the next succeeding June 30, and for all other Rebate Years, the one-year period beginning on the day after the end of the preceding Rebate Year and ending on the following June 30, unless the Borrower, the Authority and the Trustee are advised by the Rebate Analyst that another period is required by law; provided, however, that the last Rebate Year for a Series of Tax-Exempt Bonds shall end on the date the Bonds of such Series are no longer Outstanding.

“*Registered Owner*” or “*Owner*” means the Person or Persons in whose name or names a particular Bond is registered on the registration records maintained for that purpose pursuant to Section 2.05 hereof.

“*Regular Record Date*” means the 15<sup>th</sup> calendar day preceding each Interest Payment Date.

“*Regulations*” or “*Treasury Regulations*” means the temporary or final Income Tax Regulations promulgated by the Department of Treasury and applicable to the Bonds issued pursuant to Sections 141 through 150 of the Code or Section 103 of the Internal Revenue Code of 1954. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to Sections 141 through 150 of the Code and applicable to the Bonds.

“*Remittance Address*” means, (i) for payment of the Authority’s annual fee by check, California Enterprise Development Authority, 2150 River Plaza Drive, Suite 275, Sacramento, California 95833, or such other address designated by the Authority as such from time to time, or (ii) for payment of the Authority’s annual fee by wire transfer with wire instructions provided by the Authority from time to time.

“*Repair and Replacement Fund*” means the fund by that name created pursuant to Section 3.02 herein.

“*Repair and Replacement Fund Contribution*” means (a) prior to July 1, 2021, \$0; (b) commencing July 1, 2021 until the Capital Needs Assessment Date, \$4,000 on the first Business Day of each month up to a total of \$240,000; and (c) commencing on the first day of the month beginning after the Capital Needs Assessment Date, the Repair and Replacement Fund Requirement less the amount then on deposit in the Repair and Replacement Fund, divided by 60; provided, however, that in the event the Borrower pays all or a portion of the cost of a capital need projected in the Capital Needs Assessment from a source of funds other than the Repair and Replacement Fund, as certified in writing by an Authorized Representative of the Borrower to the Trustee, the Repair and Replacement Fund Contribution for the remainder of the applicable five-year period shall be decreased by the amount of such projected cost that is paid from such

other source of funds divided by the number of Repair and Replacement Fund Contribution payments remaining in the applicable five-year period.

“*Repair and Replacement Fund Monthly Deposit*” means, commencing with the June 25, 2021 Monthly Disbursement Date, the Repair and Replacement Fund Contribution.

“*Repair and Replacement Fund Requirement*” shall (a) initially be \$0 as of the date of delivery of the Bonds; (b) commencing July 1, 2021 for a period of 60 months, increasing by the amount of the Repair and Replacement Fund Contribution for a total of \$240,000; and, (c) from and after the Capital Needs Assessment Date, shall be the total projected costs of such capital needs determined by an Independent Consultant set forth in the applicable Capital Needs Assessment (as defined in Section 3.17 herein).

“*School*” means any charter school operated by the Lessee pursuant to the Charter School Contract (as defined in the Lease), or educational program operated by the Lessee.

“*Series*” means a series of Bonds issued pursuant to this Indenture.

“*Series 2020 Bonds*” means the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020, issued in the original aggregate principal amount of \$40,895,000.

“*Series 2020 Facilities*” means the education and related facilities to be leased to the Lessee for use as educational facilities and located at 230 South Waterman Avenue, San Bernardino, California 92408.

“*Series 2020 Project*” means (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of the Series 2020 Facilities and the Head Start Facility; (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds.

“*Series 2020 Promissory Note*” means the Series 2020 Promissory Note executed by the Borrower and made payable to the Authority in the aggregate principal amount of \$40,895,000.

“*Series Project*” means the Project related to a Series of Bonds.

“*Special Record Date*” means a special record date, which shall be a Business Day, fixed to determine the names and addresses of owners for purposes of paying interest on a special Interest Payment Date for the payment of defaulted interest, all as further provided in Section 2.03 hereof.

“*State*” means the State of California.

“*Supplemental Indenture*” means any indenture supplemental to this Indenture entered into between the Authority and the Trustee in accordance with Article X hereof.

“*Tax Regulatory Agreement*” means, with respect to each Series of Tax-Exempt Bonds, the Tax Regulatory Agreement, dated as of the Bond Closing of such Series of Tax-Exempt Bonds, among the Authority, the Borrower and the Lessee, as amended from time to time.

“*Tax-Exempt Bonds*” means the Series 2020 Bonds, and any Additional Bonds, the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is excludable from gross income of the Beneficial Owner thereof for federal income tax purposes, which bond shall be substantially in the form of Exhibit A-1 to this Indenture.

“*Taxable Bonds*” means any Additional Bonds, the interest on which is not excludable from gross income of the Beneficial Owner thereof for federal income tax purposes.

“*Trust Estate*” means the property pledged, assigned and mortgaged to the Trustee pursuant to the granting clauses hereof.

“*Trustee*” means Wilmington Trust, National Association, designated as paying agent, registrar and trustee hereunder, or any successor corporate trustee.

“*Underwriter*” means, with respect to the Series 2020 Bonds, collectively, BB&T Capital Markets, a division of BB&T Securities, LLC and RBC Capital Markets, LLC , and with respect to any Series of Additional Bonds, the underwriter identified in the related Supplemental Indenture.

**Section 1.02. Indenture to Constitute Contract.** In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time, the provisions of this Indenture shall be part of the contract of the Authority with the Registered Owners of the Bonds, and shall be deemed to be and shall constitute contracts between the Authority, the Trustee and the Registered Owners from time to time of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds except as otherwise provided in Article VII hereof or with respect to moneys otherwise held to redeem or pay particular Bonds hereunder. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or pursuant to this Indenture.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

**Section 2.01. Authorized Amount of Bonds.** No Bonds may be issued under this Indenture except in accordance with this Article II. The total principal amount of Series 2020 Bonds that may be issued hereunder is hereby expressly limited to \$40,895,000 except as provided in Sections 2.05, 2.06 and 2.10 herein.

**Section 2.02. All Bonds Equally and Ratably Secured by Trust Estate; Limited Obligation of Bonds and Pledges Securing the Same.** Except as hereinafter provided, all Bonds, whether Taxable Bonds or Tax-Exempt Bonds, issued under this Indenture and at any

time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture, and shall all be equally and ratably secured hereby.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THIS INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THIS INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THIS INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

**Section 2.03. Authorization of Series 2020 Bonds; Payment of Bonds.** The Authority may issue, sell and deliver the Series 2020 Bonds and one or more Series of Additional Bonds for the purpose of providing for the financing of the Project, upon the satisfaction of the conditions, and in the manner, provided for in this Indenture.

(a) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as “California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020.” The Series 2020 Bonds shall be issuable as fully registered bonds in Authorized Denominations and shall be numbered separately and lettered, if at all, in such manner as the Trustee shall determine. The Series 2020 Bonds will be in substantially the form set forth in Exhibits A to this Indenture.

The Series 2020 Bonds shall be dated as of the date of their issuance and delivery. The Series 2020 Bonds shall bear interest on the basis of a 360-day year, consisting of twelve 30-day months, from their date until payment of principal has been made or provided for, payable on each January 1 and July 1, commencing January 1, 2021, except that Series 2020 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of such Series 2020 Bonds. The Series 2020 Bonds shall mature in the principal amounts, on the dates and shall bear interest at the rates set forth below.

**Series 2020 Bonds**

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>
<u>July 1</u> July 1, 2058	\$40,895,000	6.25%

The Series 2020 Bonds are subject to the sinking fund provisions of Section 5.03(a) hereof. The Series 2020 Bonds are otherwise subject to prior redemption as herein set forth. The Series 2020 Bonds shall be substantially in the form and tenor hereinabove recited with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

(b) The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee or at the designated office of its successor in trust. Payment of principal of and any premium on the Bonds shall be payable upon presentation and surrender of the Bonds at the designated corporate trust office of the Trustee. So long as the owner of the Bonds are registered to Cede & Co., payment of principal and redemption price shall be made without presentment. Payment of interest on any Bond shall be made to the Registered Owner thereof by check or draft mailed on each Interest Payment Date by the Trustee to the Registered Owner at his or her address as it last appears on the registration records kept by the Trustee at the close of business on the Regular Record Date for such Interest Payment Date (except that the Registered Owners of at least \$1,000,000 in aggregate principal amount of Bonds Outstanding may, by written request received by the Trustee at least ten (10) Business Days prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America), but any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owners of the Bonds not less than ten (10) days prior thereto by first-class mail to each such Registered Owner as shown on the registration records of the Trustee and on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted

interest. All such payments shall be made in lawful money of the United States of America. Notwithstanding any other provisions of this Indenture to the contrary, so long as a Bond is registered in the name of Cede & Co., all payments with respect to the principal of, premium, if any, and interest on the Bonds and all notices with respect to the Bonds will be made and given, respectively, in the manner provided in the Letter of Representations.

**Section 2.04. Execution of Bonds.** The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of an Authorized Representative of the Authority. The Bonds shall then be delivered to the Trustee for authentication.

In case the Authorized Representative of the Authority or any officer of the Authority whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile thereof shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until authentication; and any Bond may be signed on behalf of the Authority by such persons as are at the time of execution of such Bond proper officers of the Authority, even though at the date of this Indenture, such person was not such officer.

**Section 2.05. Registration, Transfer and Exchange of Bonds; Persons Treated as Registered Owners.** The Authority shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee. Subject to the provisions of Section 2.13, upon surrender for transfer of any Bond at the designated corporate trust office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or its attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of like Series and aggregate principal amount of the same maturity.

Bonds may be exchanged at the designated corporate trust office of the Trustee for a like series and aggregate principal amount of Bonds of the same maturity in Authorized Denominations. The Authority shall execute and the Trustee shall authenticate and deliver Bonds which the Registered Owner making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Authority of any Bond of any Authorized Denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Trustee shall not be required to transfer or exchange any Bond during any period beginning on a Regular Record Date or Special Record Date with respect to such Bond and ending at the close of business on the Business Day immediately preceding the next Interest Payment Date or Principal Payment Date, as applicable. The Trustee shall not be required to transfer or exchange any Bond subject to redemption during the period of five (5) days before the mailing of notice of redemption as herein provided; except that Bonds not subject to mandatory sinking fund redemption in accordance with Section 5.03(a) hereof with respect to the Series 2020 Bonds, and in accordance with the related Supplemental Indenture with respect to any Additional Bonds, may be transferred or exchanged during such period in the event of a mandatory sinking fund redemption. After the giving of such notice the Trustee shall not be

required to transfer or exchange any Bond, which Bond or portion thereof has been called for redemption.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, except to the extent otherwise provided herein with respect to Regular Record Dates and Special Record Dates for the payment of interest, and payment of either principal or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or its legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Trustee shall require the payment by any Registered Owner requesting exchange or transfer of any tax or other generally imposed governmental charge required to be paid with respect to such exchange or transfer.

**Section 2.06. Lost, Stolen, Destroyed and Mutilated Bonds.** Upon receipt by the Trustee of evidence satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to it, and upon surrender and cancellation of the Bond, if mutilated, (a) the Authority shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same Series, date, maturity and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Trustee may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Authority and of the Trustee in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

**Section 2.07. Delivery of Series 2020 Bonds.** Upon the execution and delivery of this Indenture, the Authority shall execute and deliver to the Trustee and the Trustee shall authenticate the Series 2020 Bonds and deliver them to the initial purchaser thereof as directed by the Authority and as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Series 2020 Bonds, there shall have been filed with or delivered to the Trustee the following:

(a) A resolution duly adopted by the Authority, authorizing the execution and delivery of the Loan Agreement relating to the Series 2020 Bonds, the Tax Regulatory Agreement, the Bond Purchase Agreement relating to the Series 2020 Bonds, this Indenture and the issuance of the Series 2020 Bonds;

(b) A duly executed copy of this Indenture, the Tax Regulatory Agreement, the Loan Agreement, the Lease Agreement, the Lease Blocked Account Agreement, the Assignment of Improvement Agreement, the Collateral Assignment of Construction Contract and the Deed of Trust related to the Series 2020 Bonds;

- (c) The Series 2020 Promissory Note duly executed by the Borrower and duly endorsed by the Authority to the order of the Trustee without recourse or warranty;
- (d) The written order of the Authority as to the delivery of the Series 2020 Bonds, signed by an Authorized Representative of the Authority;
- (e) An opinion of Bond Counsel substantially to the effect that the Series 2020 Bonds constitute legal, valid and binding obligations of the Authority and that the interest on the Series 2020 Bonds will be excluded from gross income for federal income tax purposes to the Beneficial Owners thereof;
- (f) A binding commitment to issue a lender's policy of title insurance as required by Section 4.08 of the Loan Agreement;
- (g) An Opinion of Counsel with respect to the Borrower and the Lessee in form and substance acceptable to the Authority, the Underwriter and Bond Counsel;
- (h) An investor letter from Nuveen Asset Management, LLC, as bondholder representative, regarding the Series 2020 Bonds in the form attached hereto as Exhibit C with such modifications as are acceptable to the Authority; and
- (i) Such other documents and Opinions of Counsel as the Authority, the Underwriter or Bond Counsel may reasonably request.

The satisfaction of the requirements of this Section 2.07 shall be conclusively evidenced by the payment of the purchase price of the Series 2020 Bonds by the Underwriter, the delivery of the opinion of Bond Counsel referred in item (e) above, and the delivery of the Series 2020 Bonds by the Authority.

**Section 2.08. Authentication Certificate.** The authentication certificate upon the Bonds shall be substantially in the form appended to the form of the Bonds attached hereto as Exhibit A. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Trustee; and such certificate of the Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same authorized signatory sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 2.09. Cancellation and Destruction of Bonds.** Whenever any Outstanding Bonds shall be delivered to the Trustee for the cancellation thereof pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.06 hereof, such Bonds shall be promptly cancelled and destroyed by the Trustee and evidence of such destruction shall be furnished by the Trustee to the Authority and the Borrower, if requested.



**Section 2.10. Temporary Bonds.** Pending the preparation of definitive Bonds, the Authority may execute and the Trustee shall authenticate and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any Authorized Denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by the Authority. Every temporary Bond shall be executed by the Authority and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the Authority shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange therefor without charge at the designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds.

**Section 2.11. Additional Bonds.** The Authority may issue Additional Bonds from time to time only with respect to one or more Projects, pursuant to the terms and conditions of this Indenture.

Any Additional Bonds shall, to the extent provided for herein, be on a parity with the Series 2020 Bonds and any Additional Bonds theretofore or thereafter issued and Outstanding as to the assignment to the Trustee of the Authority's right, title and interest in the Trust Estate for the payment of debt service on the Bonds; provided, that nothing herein shall prevent the payment of debt service on any series of Additional Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2020 Bonds and any one or more Series of Additional Bonds, or (ii) not being secured and protected from sources or by property or instruments not applicable to the Series 2020 Bonds and any one or more Series of Additional Bonds.

Before the Trustee shall authenticate and deliver any Additional Bonds, the Trustee shall receive the following items:

- (a) Duly executed counterparts of (i) amendments or supplements to the existing Loan Agreement which amendment or supplement provides for payments sufficient to pay the debt service on the related Additional Bonds, (ii) a Supplemental Indenture providing for the issuance of and the terms and conditions of the Additional Bonds and (iii) a Lease Agreement relating to the Series Project to be financed or refinanced from the proceeds of the Additional Bonds then to be issued;
- (b) One or more Additional Promissory Notes in an aggregate principal amount equal to the aggregate principal amount of the related Additional Bonds and duly endorsed by the Authority to the order of the Trustee without recourse or warranty;
- (c) A written order of the Authority as to the delivery of the Additional Bonds, signed by an Authorized Representative of the Authority;
- (d) A copy of the resolution duly adopted by the Authority authorizing (i) the execution and delivery of the supplement to the existing Loan Agreement, the Bond

Purchase Agreement with the Underwriter and the supplement to this Indenture, each relating to the Additional Bonds and (ii) the issuance of the Additional Bonds;

(e) An opinion of Bond Counsel: (i) to the effect that the Additional Bonds to be delivered will be valid and legal special obligations of the Authority in accordance with their terms and will be secured hereunder equally and on a parity (except as otherwise permitted herein) with all other Bonds at the time outstanding hereunder as to the assignment to the Trustee of the Trust Estate; and (ii) the interest on any Additional Bonds that are Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes;

(f) A written Opinion of Counsel to the Borrower and the Lessee, which counsel shall be reasonably satisfactory to the Authority, to the effect that any amendments or supplements to the Loan Agreement, the Lease Agreement and the Deed of Trust and the Additional Promissory Note(s) have been duly authorized, executed and delivered by the Borrower and the Lessee, as appropriate, and that all of such items constitute legal, valid and binding obligations of the Borrower and/or the Lessee, enforceable in accordance with their respective terms, subject to reasonable exceptions for bankruptcy, insolvency and similar laws and the application of equitable principles;

(g) Evidence satisfactory to the Trustee that on delivery of the Additional Bonds then to be delivered there will be or has been paid into or provided for the Debt Service Reserve Fund any amounts required by this Indenture or the supplement to this Indenture relating to such Additional Bonds;

(h) A certificate of the Lessee that it has complied with the requirements of Section 8.13 of the Lease Agreement;

(i) A certificate of the Lessee stating that it is in good standing with the California State Board of Education, or other certificate, letter or other document evidencing the Lessee's continued authority to operate the School under or by virtue of the Charter School Act or any related official regulation or policy then in effect;

(j) If any of the Outstanding Bonds are then rated, a letter from the applicable Rating Agency that the issuance of the Additional Bonds will not cause such Rating Agency to lower or withdraw its then current rating(s) on Outstanding Bonds;

(k) Unless the Trustee is provided with a letter from the Rating Agency then rating the Series 2020 Bonds that upon issuance of the Additional Bonds, the rating on the Outstanding Bonds (including the Additional Bonds) will not be lower than an investment grade rating, an investor letter, in form satisfactory to the Authority, from each of the purchasers of the Additional Bonds; and

(l) The Trustee has received certificates of an Authorized Representative of the Borrower which shall:

(a) state the general purpose for which the Additional Bonds will be issued;

(b) state the maximum aggregate principal amount of Additional Bonds to be issued, the maturity date or dates thereof, and the interest rate or rates with respect thereto; and

(c) be accompanied by an Opinion of Counsel for the Borrower to the effect that all conditions precedent specified in this Indenture and in the Loan Agreement have been satisfied.

When (1) the documents listed above have been received by the Trustee, and (2) the Additional Bonds have been executed and authenticated, the Trustee shall deliver the Additional Bonds to or upon the order of the Underwriter, but only upon payment to the Trustee of the specified amount (including, without limitation, any accrued interest) set forth in the order to which reference is made in paragraph (c) above.

### **Section 2.12. Book-Entry System.**

(a) Notwithstanding any other provision hereof, each Series of Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of that Series of Bonds. Upon initial issuance, the ownership of each Bond shall be registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC. Except as provided in Section 2.12(d) hereof, all of the Outstanding Bonds shall be registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Authority, the Borrower nor the Trustee shall have responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than a Registered Owner, as shown in the registration records kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption or (iii) the payment to any Participant or any other Person, other than a Registered Owner, as shown in the registration records kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Authority, the Borrower and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration records kept by the Trustee as the absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, the interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the registration records kept by the Trustee, or their respective attorneys duly authorized in writing, as provided in Section 2.05 hereof, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, premium, if any, and interest on the

Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the registration records kept by the Trustee, shall receive a certificated Bond evidencing the obligation to make payments of principal, 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 herein with respect to Regular Record Dates and Special Record Dates, the words “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

(c) The Trustee shall take all action necessary for all representations of the Authority in the Letter of Representations with respect to the paying agents and the bond registrar, respectively, to at all times to be complied with.

(d) (a) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Authority, the Borrower and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(b) The Authority, in its sole discretion and without the consent of any other Person, may terminate the services of DTC with respect to the Bonds if the Trustee determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) A continuation of the requirement that all of the Outstanding Bonds be registered in the registration records kept by the Trustee in the name of Cede & Co. or any other nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds.

(c) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.12(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.12(d)(i) or subsection 2.12(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Authority is obligated to execute and deliver Bond certificates to the Trustee for authentication at the expense of the Beneficial Owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all

payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

**Section 2.13. Restrictions on Registration and Transfer of Bonds Rated Lower than BBB- or Unrated.** Notwithstanding any other provision hereof, for so long as the Bonds are unrated or rated below BBB- (or its equivalent) or lower by any Rating Agency rating the Bonds, the Bonds may not be registered in the name of, or transferred to, any person except an Accredited Investor or Qualified Institutional Buyer (each as defined below); provided, however, pursuant to Section 2.12, Bonds registered in the name of DTC or its nominee shall be deemed to comply with this Section so long as each Beneficial Owner of such Bonds is an Accredited Investor or Qualified Institutional Buyer. With respect to any Bonds not registered in the name of DTC, the Trustee is under no obligation to verify documentation received in compliance with this Section.

(a) “*Accredited Investor*” shall mean any Person who comes within any of the following categories, or who the issuer of the relevant securities reasonably believes comes within any of the following categories, at the time of the sale of such securities to that Person:

(a) Any bank as defined in Section 3(a)(2) of the Securities Act of 1933, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933 whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Securities Act of 1933; any investment company registered under the Investment Company Act of 1940 (the “Investment Company Act”) or a business development company as defined in Section 2(a)(48) of the Securities Act of 1933; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by Persons that are Accredited Investors;

(b) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(c) Any organization described in Section 501(c)(3) of the Code, corporation, Massachusetts or similar business trust, or partnership, not formed

for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(d) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(e) Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000.

(A) Except as provided in paragraph (a)(v)(B) of this Section, for purposes of calculating net worth under this paragraph (a)(v):

(1) The person's primary residence shall not be included as an asset;

(2) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

(B) Paragraph (a)(v)(A) of this Section will not apply to any calculation of a person's net worth made in connection with a purchase of securities in accordance with a right to purchase such securities; provided that:

(1) Such right was held by that person on July 20, 2010;

(2) That person qualified as an Accredited Investor on the basis of net worth at the time such person acquired such right; and

(3) That person held securities of the same issuer, other than such right, on July 20, 2010.

(f) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's

spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(g) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii); and

(h) Any entity in which all of the equity owners are Accredited Investors.

(b) “*Qualified Institutional Buyer*” means an institution which meets at least one of the following criteria:

(a) any of the following entities, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity:

(A) Any insurance company as defined in Section 2(a)(13) of the Securities Act of 1933;

NOTE: A purchase by an insurance company for one or more of its separate accounts, as defined by Section 2(a)(37) of the Investment Company Act of 1940 (the “Investment Company Act”), which are neither registered under Section 8 of the Investment Company Act nor required to be so registered, shall be deemed to be a purchase for the account of such insurance company.

(B) Any investment company registered under the Investment Company Act or any business development company as defined in Section 2(a)(48) of the Securities Act of 1933;

(C) Any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

(D) Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

(E) Any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974;

(F) Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (i)(D) or (E) of this Section, except trust funds that include as participants individual retirement accounts or H.R. 10 plans;

(G) Any business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(H) Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act of 1933 or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act of 1933 or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and

(I) Any investment adviser registered under the Investment Advisers Act.

(b) Any dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer; provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

(c) Any dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934 acting in a riskless principal transaction on behalf of a Qualified Institutional Buyer;

NOTE: A registered dealer may act as agent, on a non-discretionary basis, in a transaction with a Qualified Institutional Buyer without itself having to be a Qualified Institutional Buyer.

(d) Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other Qualified Institutional Buyers, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. Family of investment companies means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor); provided that, for purposes of this Section:

(A) Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act 17 CFR 270.18f-2) shall be deemed to be a separate investment company; and

(B) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned



subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

(e) Any entity, all of the equity owners of which are Qualified Institutional Buyers, acting for its own account or the accounts of other Qualified Institutional Buyers; and

(f) Any bank as defined in Section 3(a)(2) of the Securities Act of 1933, any savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act of 1933, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under Rule 144A of the Securities Act of 1933 in the case of a bank or savings and loan association in the United States of America, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of this Section.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with Generally Accepted Accounting Principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under Section 13 or 15(d) of the Securities Exchange Act of 1934, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

For purposes of this Section, "riskless principal transaction" means a transaction in which a dealer buys a security from any Person and makes a simultaneous offsetting sale of such security to a Qualified Institutional Buyer, including another dealer acting as riskless principal for a Qualified Institutional Buyer.

For purposes of this Section, “effective conversion premium” means the amount, expressed as a percentage of the security’s conversion value, by which the price at issuance of a convertible security exceeds its conversion value.

THE AUTHORITY MAY REMOVE THE FOREGOING RESTRICTIONS WITHOUT NOTICE TO OR CONSENT OF ANY BENEFICIAL OWNER. AT SUCH TIME AS THE BORROWER SHALL PROVIDE TO THE AUTHORITY AND THE TRUSTEE WRITTEN EVIDENCE TO THE EFFECT THAT EACH RATING AGENCY THEN RATING THE SERIES 2020 BONDS HAS RATED THE SERIES 2020 BONDS "BBB-" OR EQUIVALENT, OR HIGHER (WITHOUT REGARD FOR GRADATION WITHIN A RATING CATEGORY AND WITHOUT REGARD FOR CREDIT ENHANCEMENT UNLESS SUCH CREDIT ENHANCEMENT EXTENDS THROUGH THE FINAL MATURITY DATE OF THE SERIES 2020 BONDS), THIS TRANSFER RESTRICTION SHALL BE OF NO FURTHER FORCE OR EFFECT AND THE AUTHORIZED DENOMINATIONS OF THE SERIES 2020 BONDS SHALL BE CHANGED (IF NECESSARY) TO DENOMINATIONS OF \$5,000 OR ANY INTEGRAL MULTIPLE THEREOF.

### ARTICLE III

#### REVENUES AND FUNDS

**Section 3.01. Pledge of Trust Estate.** Subject only to the rights of the Authority to apply amounts under the provisions of this Article III, a pledge of the Trust Estate to the extent provided herein is hereby made, and the same is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge hereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under this Indenture. The security so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority with respect to the Trust Estate and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

**Section 3.02. Establishment of Funds; Obligations.** The Authority hereby establishes and creates the following funds and accounts, which shall be special trust funds established and maintained by the Trustee for the benefit of the Bonds:

- (a) Bond Fund (and within the Bond Fund, the Capitalized Interest Account);
- (b) Debt Service Reserve Fund;
- (c) Project Fund (containing subaccounts), consisting of:
  - (a) Head Start Construction Subaccount;
  - (b) Charter School Construction Subaccount;
- (d) Cost of Issuance Fund;

- (e) Rebate Fund;
- (f) Repair and Replacement Fund; and
- (g) Expense Fund.

The Borrower has covenanted in Section 5.01 of the Loan Agreement to make, or to cause the Lessee to make, monthly deposits to the Bond Fund and, as needed, to the Debt Service Reserve Fund, Rebate Fund, the Repair and Replacement Fund and the Expense Fund.

**Section 3.03. Payments into Bond Fund.**

(a) With respect to each Series of Additional Bonds, there shall be deposited into the Bond Fund on the date of the Bond Closing of a Series of Additional Bonds, accrued interest, if any, on such Series of Additional Bonds and an amount, if any, to pay Capitalized Interest, all as specified in the Supplemental Indenture related to such Series of Additional Bonds. There shall also be deposited into the Bond Fund as and when received (a) payments from the Borrower (or the Lessee) as provided in Section 5.01(a) and (c) of the Loan Agreement, (b) all moneys transferred to the Bond Fund pursuant to Section 3.07 or 6.01 hereof, (c) all other moneys deposited into the Bond Fund pursuant to the Loan Agreement or this Indenture, (d) all moneys transferred to the Capitalized Interest Account of the Bond Fund pursuant to Section 4.01 of the Loan Agreement and (e) all other moneys received by the Trustee when accompanied by directions from Authorized Representatives of the Borrower, not inconsistent with the Loan Agreement or this Indenture, that such moneys are to be paid into the Bond Fund. If the Trustee does not receive sufficient payments pursuant to Section 5.01(a) of the Loan Agreement for deposit into the Bond Fund by the fifth day after any required payment date pursuant to Section 5.01(a) of the Loan Agreement, the Trustee will promptly notify the Authority and the Borrower of such nonpayment.

(b) The Trustee shall transfer from the 2020 Capitalized Interest Subaccount of the Bond Fund to the Bond Fund the following amounts on or before the following dates, to be applied to the payment of interest on the Series 2020 Bonds:

<u>Date</u>	<u>Capitalized Interest Subaccount Transfer Amount</u>
01/01/2021	\$1,384,466.15
07/01/2021*	1,277,968.75

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\*Final Transfer.

**Section 3.04. Use of Moneys in Bond Fund.** Except as provided in this Section and in Sections 6.01 and 8.05 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds on each Principal Payment Date and each Interest Payment Date, respectively.

**Section 3.05. Custody of Bond Fund.** The Bond Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and to withdraw sufficient funds from the Bond Fund for other purposes authorized herein.

Amounts on deposit in the Bond Fund shall: (a) be held in trust solely for the benefit of the Registered Owners and the Beneficial Owners of the Bonds; (b) be applied only in accordance with the provisions of this Indenture; and (c) the Borrower shall have no legal, equitable nor reversionary interest in, or right to, such amounts. In the event of any Act of Bankruptcy by the Borrower or the Lessee, neither of the Borrower nor the Lessee shall assert, claim or contend that any portion of the Bond Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

**Section 3.06. Payments into Debt Service Reserve Fund.** On the Bond Closing with respect to each Series of Bonds, there shall be established in the Debt Service Reserve Fund a subaccount related to such Series of Bonds. The Bonds of a Series shall be secured only by the particular subaccount of the Debt Service Reserve Fund established with respect to such Series. With respect to the Series 2020 Bonds, there shall be deposited into a subaccount of the Debt Service Reserve Fund an aggregate amount of Series 2020 Bond proceeds equal to \$2,860,937.50. Upon the issuance of each Series of Additional Bonds, there shall be deposited into a subaccount of the Debt Service Reserve Fund related to such Series of Additional Bonds, an aggregate amount specified in the related Supplemental Indenture equal to the Debt Service Reserve Fund Requirement for such Series of Bonds. There shall also be deposited into the applicable subaccount of the Debt Service Reserve Fund (a) all other moneys required to be deposited therein pursuant to the Loan Agreement or this Indenture, and (b) all other moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Borrower not inconsistent with the Loan Agreement or this Indenture that such moneys are to be paid into the applicable subaccount of the Debt Service Reserve Fund. In the event amounts on deposit in a subaccount of the Debt Service Reserve Fund are less than the applicable Debt Service Reserve Fund Requirement for such Series, the Trustee shall give written notice, within five (5) Business Days of when the Trustee has knowledge of such deficiency, to the Authority and the Borrower of such deficiency and that such deficiency must be replenished in accordance with Section 5.01(b) of the Loan Agreement and Section 3.07 herein. Interest and other income received on investments of moneys in a subaccount of the Debt Service Reserve Fund shall be transferred to the Bond Fund, or in accordance with Section 3.07 herein, so long as such subaccount of the Debt Service Reserve Fund is funded to an amount equal to the applicable Debt Service Reserve Fund Requirement.

**Section 3.07. Use of Moneys in Debt Service Reserve Fund.** Except as provided below, moneys in a subaccount of the Debt Service Reserve Fund shall be used for the payment of the principal of, premium, if any, and interest on the corresponding Series of Bonds in the event moneys in the Bond Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date, sinking fund payment date, maturity date or otherwise. Upon the occurrence of an Event of Default hereunder and the exercise by the Trustee of the remedy specified in Section 10.02(a)(i) of the Loan Agreement and Section 8.02(a) hereof, any moneys in subaccounts of the Debt Service Reserve Fund shall be transferred

by the Trustee to the Bond Fund. On the final maturity date of a Series of Bonds, any moneys in the subaccount of the Debt Service Reserve Fund related to such Series of Bonds shall be used to pay the principal of such Series of Bonds on such final maturity date. In the event of the redemption of a Series of Bonds in whole, any moneys in the subaccount of the Debt Service Reserve Fund related to such Series of Bonds shall be transferred to the Bond Fund and applied to the payment of the principal of and premium, if any, on such Series of Bonds. In the event of a prepayment in whole of amounts due under the Loan Agreement and the defeasance pursuant to Section 7.01 herein of all of the Outstanding Bonds of the related Series, any moneys in the subaccount of the Debt Service Reserve Fund related to such Series of Bonds shall be applied to the defeasance of such Series of Bonds. The Trustee shall value the Investment Obligations in the Debt Service Reserve Fund and in each subaccount thereof semiannually on each Interest Payment Date of each year at the lesser of their market value or cost. If on any valuation date the amount in any subaccount of the Debt Service Reserve Fund (determined pursuant to this Section) is greater than the Debt Service Reserve Fund Requirement for such Series of Bonds, such excess shall be transferred by the Trustee, (i) prior to the applicable Completion Date, to the Charter School Construction Subaccount of the Project Fund, and (ii) after such Completion Date, to the Bond Fund in accordance with Section 3.06 hereof. If on any valuation date the amount in any subaccount of the Debt Service Reserve Fund (determined pursuant to this Section) is less than the Debt Service Reserve Fund Requirement for such Series of Bonds and the deficiency is caused solely by a decreased value of the Investment Obligations therein and not due to a transfer to cure a shortfall in the Bond Fund, the Borrower shall deposit with the Trustee on or prior to the next Monthly Disbursement Date, for deposit into the applicable subaccount of the Debt Service Reserve Fund, an amount equal to the amount by which the Debt Service Reserve Fund amount for such Series of Bonds is less than the Debt Service Reserve Fund Requirement for such Series of Bonds. If on any Monthly Disbursement Date the amount in any subaccount of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement for such Series of Bonds and the deficiency is caused by a transfer to cure a shortfall in the Bond Fund resulting from the failure of the Borrower to make the payments due on the Promissory Notes, the Borrower agrees pursuant to Section 5.01(b) of the Loan Agreement to pay to the Trustee for deposit in the applicable subaccount of the Debt Service Reserve Fund all amounts transferred to the Bond Fund to make up for any amounts not paid on the Promissory Notes in not more than twelve substantially equal monthly installments beginning on the Monthly Disbursement Date in the month following such deficiency, and provided that no replenishment installment payment shall be less than \$5,000.

Amounts on deposit in subaccounts of the Debt Service Reserve Fund shall be held in trust solely for the benefit of the Registered Owners and the Beneficial Owners of the related Series of Bonds and shall be applied only in accordance with the provisions of this Indenture. The Borrower shall have no legal, equitable nor reversionary interest in, or right to, such amounts. In the event of any Act of Bankruptcy by the Borrower or the Lessee, neither the Borrower nor the Lessee shall assert, claim or contend that any portion of the Debt Service Reserve Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

**Section 3.08. Custody of Debt Service Reserve Fund.** The Debt Service Reserve Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the applicable subaccounts of the Debt Service Reserve Fund to pay the principal of, premium, if any, and interest on the

Bonds, which authorization and direction the Trustee hereby accepts. In the event there shall be a deficiency in the Bond Fund on any payment date for the Bonds because of a default by the Borrower under the Loan Agreement, the Trustee shall promptly make up such deficiency from the applicable subaccount of the Debt Service Reserve Fund.

**Section 3.09. Payments Into and Use of Moneys in Project Fund; Disbursements.**

There shall be deposited into subaccounts of the Project Fund from the proceeds of the Series 2020 Bonds all amount transferred to the Project Fund pursuant to Section 4.01 of the Loan Agreement. With respect to each Series of Additional Bonds, the amount of proceeds to be deposited in the related subaccount of the Project Fund shall be provided for in the related Supplemental Indenture. The Trustee is hereby authorized and directed to make each disbursement required by the provisions of Section 4.02 of the Loan Agreement and the related Supplemental Indenture and to issue its checks or wire transfers therefor against the related subaccount of the Project Fund; provided that the Trustee will not disburse any amounts from the Project Fund (except for those provided for on Exhibit D to the Loan Agreement) until it has received an executed requisition substantially in the form of Exhibit C to the Loan Agreement. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall provide monthly statements of transactions to the Borrower.

**Section 3.10. Completion of Project.** The completion of each Series Project and payment or provision made for payment of the full cost of such Series Project shall be evidenced by the filing with the Trustee of the certificates required by the provisions of Section 4.03 of the Loan Agreement. Any balance remaining in the related subaccount of the Project Fund on the date such certificates are received by the Trustee shall be deposited by the Trustee in accordance with Section 4.03 of the Loan Agreement.

**Section 3.11. Custody of Project Fund.** The Project Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the appropriate subaccount of the Project Fund for Costs of a Series Project requisitioned by the Borrower in the forms attached to the Loan Agreement as Exhibit C, which authorization and direction the Trustee hereby accepts. The Authority authorizes and directs the Trustee to withdraw, from the appropriate subaccount of the Project Fund, the initial disbursement amount set forth on Exhibit D to the Loan Agreement without any requisition.

**Section 3.12. Payments into and Use of Moneys in Cost of Issuance Fund.** With respect to the Series 2020 Bonds, there shall be deposited into the Cost of Issuance Fund Series 2020 Bond proceeds of \$443,688.49 on the Bond Closing. With respect to each Series of Additional Bonds, there shall be deposited into the Cost of Issuance Fund that amount as provided in the related Supplemental Indenture. Such moneys shall be expended to pay issuance expenses in accordance with the provisions of Section 4.04 of the Loan Agreement. The Trustee is hereby authorized and directed to issue its checks or wire transfers on the Cost of Issuance Fund for each payment in accordance with Section 4.04 of the Loan Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Cost of Issuance Fund and all payments therefrom, which shall be open to inspection by the Borrower, the Lessee,

the Authority or their duly authorized agents during normal business hours of the Trustee upon reasonable prior notice to the Trustee.

**Section 3.13. Termination of Cost of Issuance Fund.** With respect to each Series of Bonds, any amounts remaining on deposit in a subaccount of the Cost of Issuance Fund on the date ninety (90) days after the Bond Closing of the related Series of Bonds shall be transferred to the Project Fund and disbursed pursuant to Section 3.09 herein and such subaccount shall be closed.

**Section 3.14. Custody of Cost of Issuance Fund.** The Cost of Issuance Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Cost of Issuance Fund for the purposes set forth in Section 4.04 of the Loan Agreement and Section 3.12 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.15. Rebate Fund.** There shall be established for each Series of Tax-Exempt Bonds a separate subaccount in the Rebate Fund related to such Series of Tax-Exempt Bonds. There shall be deposited in each subaccount of the Rebate Fund as and when received (i) investment income on moneys in the related Funds to the extent provided in the direction of the Borrower pursuant to Section 4.06 of the Loan Agreement and subject to the limitations in Section 6.01 hereof, (ii) moneys received from the Borrower pursuant to Section 5.01(d) of the Loan Agreement, (iii) moneys transferred to the Rebate Fund from the Debt Service Reserve Fund (but only to the extent that the amount on deposit therein is in excess of the related Debt Service Reserve Fund Requirement), the Project Fund and the Bond Fund pursuant to the provisions of this Section, and (iv) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Loan Agreement or this Indenture that such moneys are to be paid into the related subaccount of the Rebate Fund. All amounts in the Rebate Fund, including income earned from investment of such amounts, shall be held by the Trustee, in trust, free and clear of the lien of this Indenture. Except as provided in the next paragraph, amounts in the Rebate Fund shall not be used for the payment of debt service on the Bonds.

With respect to each Series of Tax-Exempt Bonds, promptly after each fifth Rebate Year, beginning June 30, 2024, and not later than 10 days after the redemption, payment at maturity or other retirement of the last bond of any Series of Tax-Exempt Bonds, the Borrower shall engage, and furnish information to, the Rebate Analyst and cause the Rebate Analyst to calculate the Rebate Amount with respect to that Series of Tax-Exempt Bonds and deliver to the Authority and the Trustee a written notice of any Rebate Amount payable and direction for payment due, if any. Upon receipt of the Rebate Analyst notice and direction, the Trustee shall determine if the amount in the related subaccount of the Rebate Fund is equal to the calculated Rebate Amount. The Trustee shall notify the Borrower of the amount then on deposit in the applicable subaccount in the Rebate Fund. If the amount in the related subaccount of the Rebate Fund is in excess of the amount required to be therein in accordance with the notice of the Rebate Analyst, then the Trustee shall transfer such excess to the Bond Fund. To the extent the moneys in the related subaccount of the Rebate Fund are less than the amount required to be deposited therein, the Borrower shall transfer to the Trustee such amounts necessary to reserve for the anticipated Rebate Amount payment to the United States Department of the Treasury in accordance with Section 5.01(d) of the Loan Agreement.

If at any time the Borrower is required to retain the Rebate Analyst to calculate the Rebate Amount but fails to deliver a notice of any Rebate Amount payable to the Trustee in a timely manner after each fifth Rebate Year, then the Trustee shall notify the Authority and the Authority may retain a Rebate Analyst, but only at the expense of the Borrower and without advancing the Authority's own funds, to calculate the Rebate Amount. If the Authority chooses to retain the Rebate Analyst, then the Authority, after delivering to the Borrower a demand for payment of an amount sufficient to pay the Rebate Analyst, shall direct the Trustee to withdraw such amount as may be needed to pay the Rebate Analyst from the following funds in the following order of priority: from the subaccount of the Debt Service Reserve Fund related to the applicable Series of Bonds (but only to the extent that the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement), the Repair and Replacement Fund, the Project Fund and the Bond Fund.

The Trustee shall have the right, but shall not be obligated, to seek written instructions from any Rebate Analyst as it deems necessary, concerning any payments to be made by it from the Rebate Fund and shall be free from any liability for acting in accordance with such reasonable instructions.

The Trustee, on behalf of the Authority, is hereby directed to pay to the United States Department of the Treasury from time to time the amounts as required by the notice of the Rebate Analyst, provided that the Trustee shall pay over to the United States Department of the Treasury: (1) at least once each five years after the issuance date of a Series of Tax-Exempt Bonds within 60 days of the date as of which the Rebate Amount was calculated, an amount equal to 90% of the Rebate Amount allocable to that Series of Tax-Exempt Bonds as of such date (and not theretofore paid to the United States Department of the Treasury) and (2) not later than 60 days after the redemption, payment at maturity or other retirement of the last bond of a Series of Tax-Exempt Bonds, 100% of the Rebate Amount allocable to such Series of Tax-Exempt Bonds.

If, at any time when the Trustee is required to withdraw money from the Rebate Fund, the moneys on deposit in a subaccount of the Rebate Fund are insufficient for the purposes thereof, notwithstanding any investment of moneys requirements in Section 6.01 hereof, the Trustee, after first delivering a demand for such deficiency to the Borrower and no money for such purpose is provided by the Borrower, shall transfer moneys to the Rebate Fund from the following Funds in the following order of priority: the subaccount of the Debt Service Reserve Fund related to the applicable Series of Bonds (but only to the extent that the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement), the Repair and Replacement Fund, the Project Fund and the Bond Fund.

The Trustee shall comply with the instructions of the Borrower or the Rebate Analyst provided that computations and payments may be made on other bases, at other times, and in other amounts, or omitted altogether, all as shall be set forth in an opinion of Bond Counsel to the effect that compliance with such instructions will not adversely affect any exclusion of interest on any of the Tax-Exempt Bonds from gross income for federal income tax purposes (the "Subsequent Rebate Instructions"), even if such Subsequent Rebate Instructions are different from or inconsistent with this Section. The Trustee shall be entitled to rely conclusively on the calculations made pursuant to this Section and any Subsequent Rebate Instructions and shall not



be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations.

This section shall supersede all other sections of this Indenture, to the end that the exclusion from gross income for the purposes of federal income taxation of interest on Series of Tax-Exempt Bonds shall not be adversely affected as a result of the inadequacy at any time of the Rebate Fund, unless the total amount held by the Trustee under all Funds established hereunder is insufficient.

The Trustee shall retain records of the determination of the amount required to be deposited in the Rebate Fund, of the proceeds of any investments of money in the Rebate Fund, and of the amounts paid to the United States Department of the Treasury until the date six years after the discharge of the last of the Tax-Exempt Bonds.

**Section 3.16. Custody of the Rebate Fund.** The Rebate Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw funds from the Rebate Fund for the purposes set forth in Section 3.15 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.17. Payments into and Use of Moneys in the Repair and Replacement Fund.** On the date of issuance of the Series 2020 Bonds, no proceeds of the Series 2020 Bonds will be deposited in the Repair and Replacement Fund. Commencing July 1, 2021, the Borrower shall make monthly deposits into the Repair and Replacement Fund in the amounts of the Repair and Replacement Fund Contribution until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement, and thereafter shall make Repair and Replacement Fund Contributions in the amount required to maintain the Repair and Replacement Fund Requirement. Pursuant to Section 8.17 of the Loan Agreement, the Borrower has covenanted to select an Independent consultant to complete, on or before each Capital Needs Assessment Date as long as any Bonds are Outstanding, a capital needs assessment of the Facilities projecting the Borrower's capital needs at the Facilities and the total cost thereof over the next succeeding five years (each a "Capital Needs Assessment"). There also shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Borrower pursuant to Section 5.01(1) of the Loan Agreement, (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Loan Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Borrower not inconsistent with the Loan Agreement or this Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in this Section. The Trustee shall value the amounts on deposit in the Repair and Replacement Fund on each Capital Needs Assessment Date. On any valuation date any amounts on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement shall be transferred by the Trustee to the Bond Fund; provided, however, that the amount remaining in the Repair and Replacement Fund immediately after such transfer shall not be less than the Repair and Replacement Fund Requirement.

Absent an Event of Default hereunder, the Trustee is hereby authorized and directed to make each disbursement required by the provisions of Section 4.09 of the Loan Agreement and to issue its checks or wire transfers therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Authority and the Borrower.

The Repair and Replacement Fund shall be in the custody of the Trustee, but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Repair and Replacement Fund for the purposes authorized in this Section.

**Section 3.18. Payments into and Use of Moneys in Expense Fund.** With respect to the Series 2020 Bonds, there shall be deposited into the Expense Fund Series 2020 Bond proceeds of \$0 on the Bond Closing. With respect to each Series of Additional Bonds, there shall be deposited into the Expense Fund that amount as provided in the related Supplemental Indenture. Moneys in the Expense Fund shall be expended to pay Annual Administration Fees in accordance with the provisions of Section 4.11 of the Loan Agreement. The Trustee is hereby authorized and directed to issue its checks or wire transfers on the Expense Fund for each payment in accordance with Section 4.11 of the Loan Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Expense Fund and all payments therefrom, which shall be open to inspection by the Borrower, the Lessee, the Authority or their duly authorized agents during normal business hours of the Trustee upon reasonable prior notice to the Trustee.

**Section 3.19. Custody of the Expense Fund.** The Expense Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Expense Fund for the purposes set forth in Section 3.18 hereof, which authorization and direction the Trustee hereby accepts, without the requirement for any requisition.

**Section 3.20. Nonpresentment of Bonds.** In the event any Bonds of any Series, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof, including accrued interest thereon, shall have been deposited into the Bond Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the Authority to the Registered Owner or Registered Owners thereof for the payment of such Bonds, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the Registered Owner or Registered Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her, its or their part under this Indenture with respect to said Bond. Such moneys shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the Borrower such funds theretofore held by it for payment of such Bonds. Thereafter, the Registered Owner of that Bond shall look only to the Borrower for payment and then only to amounts so received by the Borrower. The obligations of the

Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

**Section 3.21. Moneys to be Held in Trust.** All moneys required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture and, except for moneys deposited with or paid to the Trustee by or for the account of the Authority pursuant to the Loan Agreement and this Indenture or for the payment or redemption of specific Bonds of any Series, and moneys held by the Trustee in the Rebate Fund, the Cost of Issuance Fund and in the separate trust accounts pursuant to Sections 3.20 and 3.22 hereof (to the extent, in the case of moneys held pursuant to Section 3.22 hereof, such moneys are held pending disbursement for repair or replacement of the Facilities), shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

**Section 3.22. Insurance and Condemnation Proceeds.** Reference is hereby made to the provisions of the Loan Agreement and the Lease Agreement wherein it is provided that under certain circumstances the Net Proceeds of insurance payments and condemnation awards are to be paid to the Trustee and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform such duties and obligations specified in the Loan Agreement and the Lease Agreement. The Trustee shall fully cooperate with the Borrower and the Lessee in the handling and conduct of any prospective or pending insurable event or condemnation proceeding with respect to the Facilities or any part thereof.

**Section 3.23. Security Advice Waiver.** The Authority, the Borrower and the Lessee acknowledge that the regulations of the Comptroller of the Currency grant the Authority, the Borrower and the Lessee the right to receive brokerage confirmations of security transactions as they occur. The Authority, the Borrower and the Lessee specifically waive receipt of such confirmations to the extent permitted by law and acknowledge that they will receive periodic cash transaction statements, which will detail all investment transactions made by the Trustee hereunder.

**Section 3.24. Repayment to the Borrower from the Funds.** Any amounts remaining in the Funds related to any Series of Bonds after payment in full of the Bonds of that Series (or making provision for such payment), the fees and expenses of the Trustee, the Authority's Fee and all other amounts required to be paid hereunder and under the Loan Agreement to the Authority and the Trustee and others (including payments into the Rebate Fund and to the Department of Treasury of the United States), shall be paid to the Borrower upon the discharge of this Indenture.

## ARTICLE IV

### COVENANTS OF AUTHORITY

**Section 4.01. Performance of Covenants.** The Authority covenants that it will take no action reasonably within its control which will permit an investment or other use of the proceeds of Tax-Exempt Bonds or take no action with respect to the amounts payable under the Loan Agreement or the Lease Agreement which would cause the Tax-Exempt Bonds to be "arbitrage

bonds” under Section 148(a) of the Code and the Regulations thereunder or “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations thereunder, and it further covenants that it will comply with the requirements of such Sections and Regulations. The foregoing covenants shall extend throughout the term of the Tax-Exempt Bonds, to all Funds and subaccounts created under this Indenture and all moneys on deposit to the credit of any such Fund or subaccount, and to any other amounts which are Tax-Exempt Bond proceeds for purposes of Section 148 of the Code and the Regulations thereunder.

The Authority covenants that it will take no action and permit no action within its control to be taken which would adversely affect the exemption from federal income tax of interest on any Series of Tax-Exempt Bonds. The Authority is deemed to have complied with this paragraph if the Authority complies with this Indenture, to grant the security interest herein provided, to assign and pledge its interest in the Lease Agreement, the Loan Agreement and the Promissory Notes (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth; all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture and the Loan Agreement has been duly and effectively taken; and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable limited and special obligations of the Authority according to the terms thereof and hereof.

The covenants of the Authority in this Section 4.01 are made solely in reliance on the representations and covenants of the Borrower set forth in the Loan Agreement and the Tax Regulatory Agreement, and a default by the Borrower with respect thereto shall not be considered a default of the Authority hereunder. The covenants of the Authority in this Section 4.01 are limited to those actions within its control, and further limited to the extent that the costs and expenses of taking such actions are borne by the Borrower or a third party.

**Section 4.02. Instruments of Further Assurance.** The Authority covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered by the parties within its control, such instruments supplemental hereto and such further acts, instruments and transfers as are necessary or that the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Trustee, the Authority’s interest in and to all interests, revenues, proceeds and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein. The Authority shall be under no obligation to prepare, record or file any such instruments or transfers.

**Section 4.03. Payment of Principal, Premium, if any, and Interest.** The Authority will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from the Trust Estate, which is hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Indenture shall be considered or construed as pledging any funds or assets of the Authority other than those pledged hereby or creating any liability of the Authority’s members, employees or other agents.

**Section 4.04. Unrelated Bond Issues.** The Authority has, prior to the issuance of the Series 2020 Bonds, issued, and subsequent to the issuance of the Series 2020 Bonds, the Authority expects to issue, various series of bonds in connection with the financing of other projects (said bonds, together with any bonds issued by the Authority between the date hereof and issuance of the Series 2020 Bonds, shall be referred to herein as the “Other Bonds”). Any pledge, mortgage or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

**Section 4.05. Security Instruments.** The Trustee has received or will receive a recorded Deed of Trust and filed financing statements, as appropriate, for each Series Project (in the form prepared on the date of issuance of the related Series of Bonds), a fully executed Collateral Assignment of Construction Contract, and a fully executed Assignment of Improvement Agreement on the date of issuance of the Series 2020 Bonds. The Borrower will cause all supplements thereto to be recorded, registered and filed. The Borrower shall cause any continuation statements to be filed as required by law. The Trustee shall not be responsible for the recordation of the Deed of Trust or for the filing or for the sufficiency or accuracy of any financing statements filed to perfect security interests granted under this Indenture.

**Section 4.06. Rights Under Loan Agreement.** The Authority will observe and perform all of the terms, conditions and obligations required on its part to be observed or performed under the Loan Agreement. The Authority agrees that to the extent the Loan Agreement gives the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, that such part of the Loan Agreement shall be as though it were set out in this Indenture in full.

The Authority agrees that the Trustee, as assignee of the Loan Agreement, may enforce, in its name or in the name of the Authority, all rights of the Authority and all obligations of the Borrower under and pursuant to the Loan Agreement (subject to certain exceptions stated in the granting clauses hereof) for and on behalf of the Registered Owners, whether or not the Authority is in default hereunder.

**Section 4.07. Performance of Obligations.** None of the Authority, any Authority member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of certain revenues hereunder. Neither the Authority, its members, the State of California, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its members, the State of California or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Authority shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

The Loan Agreement sets forth covenants and obligations of the Authority and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Authority agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and agrees that the Trustee, in its name, may enforce all rights of the Authority (other than the Authority's Unassigned Rights) and all obligations of the Borrower under and pursuant to the Loan Agreement and on behalf of the Registered Owners, whether or not the Authority has undertaken to enforce such rights and obligations.

## ARTICLE V

### REDEMPTION OF BONDS PRIOR TO MATURITY

#### **Section 5.01. Optional Redemption of Bonds.**

(a) The Series 2020 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon the written direction of the Borrower from prepayment of the Series 2020 Promissory Note made by the Borrower pursuant to Section 11.01 of the Loan Agreement) in whole or in part on any date commencing July 1, 2027 of the maturity selected by the Borrower, and if less than all of a maturity, then as selected by the Borrower or by lot within a maturity, if not otherwise selected by the Borrower, at the redemption prices of the principal amount redeemed (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the date fixed for redemption. Upon the delivery of such written request by the Borrower to the Trustee, the Authority shall be deemed, without any action on the Authority's part, to have exercised its option to redeem the Bonds under this Section.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
July 1, 2027 through June 30, 2028	102%
July 1, 2028 through June 30, 2029	101%
July 1, 2029 and thereafter	100%

(b) Additional Bonds shall be subject to optional redemption at such times and upon such terms as shall be fixed by the related Supplemental Indenture.

**Section 5.02. Redemption of Bonds upon Occurrence of Certain Events.** The Bonds of a Series are also subject to extraordinary redemption at the expense of the Borrower from the Net Proceeds of any insurance policy or condemnation award and in the event the related Facilities or any portion thereof is damaged or destroyed or taken in condemnation proceedings as provided in Section 7.02 of the Loan Agreement. If called pursuant to this Section 5.02, such Bonds are callable on any date in whole or in part from and to the extent of funds on deposit

under this Indenture and available for this purpose at a redemption price equal to the principal amount of each Bond redeemed and accrued interest to the redemption date.

**Section 5.03. Mandatory Redemption and Purchase in Lieu of Redemption.**

(a) ***Mandatory Sinking Fund Redemption.***

(a) The Series 2020 Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

*[Remainder of page intentionally left blank]*

### Series 2020 Bonds

<b><u>Date</u></b> <b><u>(July 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2023	\$305,000
2024	320,000
2025	340,000
2026	365,000
2027	385,000
2028	410,000
2029	435,000
2030	460,000
2031	490,000
2032	520,000
2033	555,000
2034	590,000
2035	625,000
2036	665,000
2037	705,000
2038	750,000
2039	795,000
2040	845,000
2041	900,000
2042	955,000
2043	1,015,000
2044	1,080,000
2045	1,145,000
2046	1,220,000
2047	1,295,000
2048	1,375,000
2049	1,460,000
2050	1,555,000
2051	1,650,000
2052	1,755,000
2053	1,860,000
2054	1,980,000
2055	2,100,000
2056	2,235,000
2057	2,375,000
2058*	5,380,000

\*Maturity Date

(b) Additional Bonds of a Series may be subject to mandatory sinking fund redemption at such times and upon such terms as shall be fixed by the related Supplemental Indenture relating to such Bonds.



(b) *Reserved.*

(c) *Reserved.*

(d) **Purchase in Lieu of Redemption.** At the election of the Borrower upon a call for optional redemption in whole of the Bonds, if and only if the Borrower obtains a favorable Opinion of Bond Counsel, by written notice to the Trustee, given not less than forty-five (45) days in advance of the proposed date of redemption, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and will be purchased by funds provided to the Trustee by the Borrower. The purchase price of Bonds so purchased and payable on such Redemption Date in lieu of redemption shall be equal to the redemption price set forth in Section 5.01 above payable on such date of redemption had the Bonds been so redeemed. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower.

**Section 5.04. Method of Selecting Bonds.** Unless otherwise specifically stated herein, any partial redemption within a Series of Bonds shall be redeemed in inverse order of maturity selected in writing by the Borrower, or if not selected by the Borrower, by lot by the Trustee in any manner that the Trustee may determine; or if less than all of the Bonds in a single maturity shall be redeemed, the Bonds redeemed shall be selected by lot within such maturity.

**Section 5.05. Notices of Redemption.** All or a portion of the Bonds shall be called for optional redemption pursuant to Section 5.01 hereof by the Trustee upon receipt by the Trustee, at least forty-five (45) days prior to the redemption date, of a certificate of the Borrower specifying the principal amount of the Series of Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption. In the case of every redemption (other than mandatory sinking fund redemption), the Trustee shall cause notice of such redemption by giving via Electronic Means or mailing by first-class mail a copy of the redemption notice to the Registered Owners of the Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than sixty (60) nor less than thirty (30) days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. In the case of optional redemption pursuant to Section 5.01 or extraordinary redemption pursuant to Section 5.02, the Trustee shall state that the redemption is conditioned upon receiving from the Borrower, prior to the redemption date, sufficient moneys to redeem such Bonds and that if such money is not so received, no Bonds shall be redeemed. The Trustee shall furnish the Borrower with a copy of each notice of redemption given with respect to any optional redemption under Section 5.01 hereof and any extraordinary redemption under Section 5.02 hereof as soon as practicable after the delivery of notice to the Registered Owners of the Bonds.

Each notice of redemption shall specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If

less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof to be redeemed.

**Section 5.06. Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue.** On or before the redemption date specified in any notice of redemption of the Borrower delivered pursuant to Section 5.05 hereof, moneys sufficient to redeem all the Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Trustee by the Borrower. On the redemption date, the principal amount of each Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this Article V, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and such deposit having been made), the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Authority shall be under no further liability in respect thereof, as provided in Section 3.20 hereof.

**Section 5.07. Cancellation.** All Bonds which have been redeemed and all Bonds delivered to the Trustee by the Borrower for cancellation shall be cancelled by the Trustee and destroyed as provided in Section 2.09 hereof.

**Section 5.08. Partial Redemption of Bonds.** Upon surrender of any Bond for redemption in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, the cost of which shall be paid by the Borrower, a new Bond or Bonds of the same series and maturity and of Authorized Denominations, in an aggregate principal amount equal to that portion of the Bond not redeemed.

**Section 5.09. No Partial Optional Redemption in Event of Default.** Notwithstanding any provisions of this Article V, the Bonds shall not be subject to partial optional redemption pursuant to Section 5.01 hereof if an Event of Default has occurred hereunder and has not been cured or otherwise waived by the Trustee for the purpose of making any such redemption payment.

## ARTICLE VI

### INVESTMENTS

**Section 6.01. Investment of Bond Fund, Debt Service Reserve Fund, Project Fund, Cost of Issuance Fund, Repair and Replacement Fund and Rebate Fund.** Moneys in the Project Fund, Cost of Issuance Fund, Debt Service Reserve Fund, Bond Fund, Repair and Replacement Fund and Rebate Fund shall be invested and reinvested by the Trustee in Investment Obligations, at the written direction of an Authorized Representative of the Borrower which may direct the Trustee to follow the written directions of one or more asset managers selected by the Borrower (each, an “Asset Manager”).

(a) Upon receipt of such a written direction from the Authorized Representative of the Borrower, such direction shall constitute full authority for the

Trustee to settle trades made on behalf of the Borrower by such Asset Manager for the benefit of any Fund or account held by the Trustee under this Indenture. The Trustee shall have no liability for any loss, expense or liability incurred by the Borrower as a result of any such investment made in accordance with the provisions of this Section 6.01. The designation of an Asset Manager pursuant to this Section shall remain in effect until revoked in a writing delivered by an Authorized Representative of the Borrower to the Trustee.

(b) The Trustee may conclusively rely upon investment instructions from an Authorized Representative of the Borrower, or an Asset Manager designated by an Authorized Representative of the Borrower pursuant to subparagraph (a) above, as to the suitability of such investments for the Borrower.

(c) If no such investment direction from the Authorized Representative of the Borrower is received and no direction from the Authorized Representative of the Borrower is received directing the Trustee to follow the written directions of one or more Asset Managers, the funds shall be held uninvested. At no time shall any funds constituting gross proceeds of any Tax-Exempt Bonds be used in any manner to cause or result in a prohibited payment under applicable Regulations pertaining to, or in any other fashion as would constitute failure of compliance with, Section 148 of the Code. In determining the foregoing, the Borrower may rely conclusively on written confirmation from the Rebate Analyst; provided the Trustee shall have no obligation for determining compliance with this Section. Investments of moneys in the Bond Fund shall mature or be redeemable without penalty at the option of the Trustee at the times and in the amounts necessary to provide moneys to pay the principal of, premium, if any, and interest on the Bonds as they become due at stated maturity or by redemption. Each investment of moneys in the Project Fund, Cost of Issuance Fund, Debt Service Reserve Fund, Repair and Replacement Fund and Rebate Fund shall mature or be redeemable without penalty at such time as may be necessary to make payments from such Fund.

Subject to any directions from an Authorized Representative of the Borrower with respect thereto, and any restrictions contained in Section 3.15 hereof relating to the Rebate Fund from time to time, the Trustee may sell those investments and reinvest the proceeds therefrom in Investment Obligations maturing or redeemable as aforesaid. Any of those investments may be purchased from or sold to the Trustee or any bank, trust company or savings and loan association affiliated with the Trustee. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient moneys applicable hereunder to and at the times required for the purposes of paying the principal of, premium, if any, and interest on the Bonds when due as aforesaid, and shall do so without necessity for any order on behalf of the Authority or the Borrower and without restriction by reason of any order. An investment made from moneys credited to the Project Fund, Bond Fund, Debt Service Reserve Fund, Cost of Issuance Fund, Repair and Replacement Fund or Rebate Fund shall constitute part of that respective Fund. Proceeds of the sale of and income on investments in the Project Fund, Bond Fund, Debt Service Reserve Fund, Cost of Issuance Fund, Repair and Replacement Fund or Rebate Fund shall be credited to such Funds; provided, however, notwithstanding anything in this Indenture to the contrary, any interest or other gain realized as a result of any investments or reinvestments of moneys in Funds or accounts shall first be used to pay fees and expenses of each Asset Manager.

## ARTICLE VII

### DISCHARGE OF INDENTURE

**Section 7.01. Discharge of Indenture.** If, when the Bonds secured hereby shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in this Section 7.01), together with all other sums payable hereunder, all amounts payable to the Authority and the Trustee under the Loan Agreement and all amounts payable to the United States Treasury pursuant to Section 148 of Code, then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also, if all Outstanding Bonds secured hereby shall have been purchased by the Borrower or the Lessee and delivered to the Trustee for cancellation, and all other sums payable hereunder, all amounts payable to the Authority and the Trustee under the Loan Agreement, and all amounts payable to the United States Treasury pursuant to Section 148 of the Code have been paid, or provision shall have been made for the payment of the same, then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, upon the request of the Borrower, the Trustee shall assign and transfer to or at the direction of the Borrower all property then held by the Trustee hereunder with respect to the Borrower and shall execute such documents as may be reasonably required and furnished by the Borrower and shall turn over to the Borrower the appropriate amount of any surplus in any Fund except to the extent otherwise required to maintain the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes or to avoid the application of any penalties under the Code.

Payment of any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been provided for within the meaning and with the effect expressed in this Section 7.01 if: (a) in case said Bond is to be redeemed on any date prior to its maturity, the Borrower shall have given to the Trustee in form satisfactory to it irrevocable instructions to give, on a date in accordance with the provisions of Section 5.05 hereof, notice of redemption of such Bond on said redemption date, such notice to be given in accordance with the provisions of Section 5.05 hereof; (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the Authority, the principal of, premium, if any, and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be; (c) there shall have been delivered to the Trustee a certificate from a firm of independent certified public accountants or other professional experienced in such matters certifying as to the sufficiency of the deposit made pursuant to the preceding clause (b); (d) there shall have been delivered to the Trustee an opinion of Bond Counsel that such payment does not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds; and (e) in the event said Bond is not by its terms subject to redemption within the next forty-five (45) days, the Borrower shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.05 hereof, a notice to the Registered Owner of such Bond that the deposit required by (b) above has been made with the Trustee and that payment of said Bond has

been provided for in accordance with this Section 7.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bond. Neither such securities nor moneys deposited with the Trustee pursuant to this Section 7.01 or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bond; provided any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in clause (b) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of any payment from such moneys or securities deposited with the Trustee.

The release of the obligations of the Authority and Borrower under this Section 7.01 shall be without prejudice to the right of the Trustee or the Authority to be paid reasonable compensation for all services rendered hereunder and all their reasonable expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of their powers and duties hereunder (including fees, costs and expenses of their agents and counsel).

Notwithstanding anything contained herein to the contrary, provision shall not be made for the payment of any Bonds if such provision would constitute an advance refunding of Tax-Exempt Bonds under the Code and the Regulations, unless simultaneously with such provision for payment, the Borrower shall deliver to the Authority and the Trustee an opinion of nationally recognized Bond Counsel acceptable to the Authority to the effect that such provision will not adversely affect the exclusion from gross income of the interest on the Tax-Exempt Bonds.

As to each Series of Bonds, the provisions contained in this Section 7.01 apply equally to the discharge of the lien of this Indenture for all of the Bonds of that Series or any portion thereof.

**Section 7.02. Survival.** Notwithstanding the payment in full of the Bonds, the discharge of this Indenture as set forth in Section 7.01 above, and the termination or expiration of the Loan Agreement, the Lease Agreement and the Deed of Trust, all provisions in this Indenture concerning (a) the tax-exempt status of the Tax-Exempt Bonds (including, but not limited to provisions concerning the payment of the Rebate Amount), (b) the interpretation of this Indenture, (c) the governing law, (d) the forum for resolving disputes, (e) the Authority's right to rely on facts or certificates, (f) the indemnity of the Authority's members, officers, counsel, advisors and agents from liability, (g) the Authority's lack of pecuniary liability, (h) the indemnity of the Trustee, and (i) the rights, powers and duties of the Trustee as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds, shall survive and remain in full force and effect.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

**Section 8.01. Events of Default.** Each of the following is hereby defined as and shall be deemed an “Event of Default” with respect to Bonds issued under this Indenture:

(a) Failure in the payment by the Authority of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, on a sinking fund payment date or upon proceedings for redemption.

(b) Failure in the payment by the Authority of any installment of interest on any Bond when the same shall become due and payable.

(c) Failure shall be made in the observance or performance of any covenant, agreement, contract or other provision of the Bonds of any Series or this Indenture (other than as referred to in (a) or (b) of this Section) and such default shall continue for a period of thirty (30) days after written notice to the Authority, the Borrower and the Trustee from the Majority Bondholder, or to the Authority and the Borrower from the Trustee, specifying such default and requiring the same to be remedied; provided that, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate in the judgment of the Trustee to remedy such failure shall have been commenced within such thirty-day period and shall thereafter be diligently pursued to completion and the failure shall be remedied thereby within ninety (90) days of such notification, unless said remedy cannot be completed within ninety (90) days and the Borrower is actively working toward a remedy.

(d) The occurrence of an “Event of Default” under the Loan Agreement, the Lease Agreement, the Deed of Trust or the Ground Lease.

Upon the occurrence of an Event of Default with respect to Bonds under this Indenture, the Trustee shall promptly notify the Borrower by Electronic Means of such occurrence, which notification shall set forth the specific nature of the Event of Default or Defaults.

The time periods for cure set forth in (c) above shall not be applicable to any events or actions which cause or might adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes.

**Section 8.02. Remedies for Events of Default Under Indenture.** Upon the occurrence of an Event of Default with respect to Bonds issued hereunder, the Trustee shall have the following rights and remedies:

(a) *Acceleration.* In the event the Borrower is in default under the Loan Agreement, the Trustee (i) may by notice in writing given to the Authority and the Borrower, or (ii) shall, upon the written request of the Majority Bondholder, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become

immediately due and payable. Upon any declaration of acceleration hereunder, the Authority and the Trustee shall immediately declare all Loan Payments under the Loan Agreement to be immediately due and payable as provided in Section 10.02 of the Loan Agreement.

(b) *Receivership.* Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Registered Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers, with respect to the Borrower, of the rents, revenues, income, products and profits related to the Borrower and the Facilities pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

(c) *Foreclosure.* The Trustee shall have the right of foreclosure on all or any portion of any Facilities to the extent of any interest of the Authority, the Borrower or the Lessee therein with the power of sale under the Deed of Trust and may exercise all of the rights and remedies of a secured party under the California Uniform Commercial Code with respect thereto.

(d) *Suit for Judgment on the Bonds.* The Trustee shall be entitled to sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, for the enforcement of any of its rights, or the rights of the Registered Owners, but any such judgment against the Authority shall be enforceable only against the Trust Estate. No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers or remedies of the Trustee hereunder, or any lien, rights, powers or remedies of the Registered Owners of the Bonds, but such lien, rights, powers and remedies of the Trustee and of the Registered Owners shall continue unimpaired as before.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default hereunder shall have occurred, and if requested by the Majority Bondholder, and after being indemnified or receiving other assurances as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Registered Owners of such Bonds.

**Section 8.03. Direction of Remedies.** Anything in this Indenture to the contrary notwithstanding, the Majority Bondholder shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, 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 or remedies hereunder, provided that such

direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section unless indemnified or receiving other assurances as provided in Section 9.01 hereof.

**Section 8.04. Rights and Remedies of Registered Owners.** No Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 9.01 hereof, or of which by Section 9.01 hereof it is deemed to have notice, nor unless such default shall have become an Event of Default and the Majority Bondholder shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless they have also offered to the Trustee indemnity or other assurances as provided in Section 9.01 hereof nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity or other assurances are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her, its or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of the Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Registered Owner of Bonds to enforce the payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Registered Owners of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed.

**Section 8.05. Application of Moneys.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VIII shall, together with all other amounts held in all funds held by the Trustee hereunder (other than the Rebate Fund), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys, including the costs and expenses of the Registered Owners and the fees, expenses, liabilities and advances incurred or made by the Trustee, including fees and expenses of the Trustee's attorneys and advisors, be held or deposited into the Bond Fund during the continuance of an Event of Default and shall be applied as follows:

(a) Unless the principal of all the Bonds in default shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the Persons entitled thereto of all of interest then due on the Bonds, in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full all interest due, 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 of and premium, if any, on any of the Bonds which shall have become due (other than Bonds 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 and, if the amount available shall not be sufficient to pay in full Bonds 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 due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal, 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 privilege.

(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 paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

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. The Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds, the premium, if any, and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Trustee and the Authority and all other amounts to be paid to the Authority or the Trustee or the United States Treasury hereunder or under the Loan Agreement and Lease Agreement have been paid, any balance remaining in the Funds shall be paid to the Borrower.

**Section 8.06. Trustee May Enforce Rights Without Bonds.** All rights of action and claims under this Indenture or any of the Bonds Outstanding may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings

relative thereto; and any 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 Registered Owners of the Bonds.

**Section 8.07. Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Authority, the Borrower or the Lessee or any other obligor upon the Bonds or the property of the Authority, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, from prepayment on the Promissory Notes, as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Authority and/or the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Registered Owners allowed in such judicial proceeding; and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

(b) and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Registered Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Registered Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

So long as Bonds are Outstanding, the Trustee is hereby appointed, and the successive respective Registered Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Registered Owners of the Bonds, with authority to make or file, in the respective names of the Registered Owners of the Bonds or on behalf of all Registered Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Registered Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Registered Owners of the Bonds against the Authority, the Borrower, the Lessee or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Authority, the Borrower, the Lessee or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

**Section 8.08. Delay or Omission No Waiver.** No delay or omission of the Trustee or of any Registered Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or

acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

**Section 8.09. No Waiver of One Default to Affect Another.** No waiver of any default hereunder, whether by the Trustee or the Registered Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

**Section 8.10. Discontinuance of Proceedings on Default; Position of Parties Restored.** In case the Trustee or the Registered Owners shall have proceeded to enforce any rights under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Registered Owners, then and in every such case the Authority, the Trustee and the Registered Owners shall be restored to their former position and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Authority, the Trustee and the Registered Owners shall continue as if no such proceedings had been taken.

**Section 8.11. Waivers of Events of Default.** Except as otherwise provided herein, the Trustee may waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal of and interest on the Bonds, and shall do so upon the written request of the Majority Bondholder; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds at the date of maturity or redemption thereof or any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of the principal and premium, if any, and all expenses of the Trustee, and all amounts to be paid to the Authority and the Trustee hereunder and under the Loan Agreement, in connection with such default shall have been paid or provided for, or (b) any default in the payment of amounts set forth in Section 5.01(f) of the Loan Agreement. In case of any such waiver or rescission, or in case any proceedings 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 Authority, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

## ARTICLE IX

### CONCERNING THE TRUSTEE

**Section 9.01. Duties of Trustee.** The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

- (a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture.

These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), 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 person would exercise or use under similar circumstances.

(b) The Trustee may execute any of the trusts hereof or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standards specified above and in subsection (g) of this Section, and shall be entitled to act upon an Opinion of Counsel concerning all matters of the trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Facilities or collecting any insurance moneys or for the validity of the execution by the Authority of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Facilities, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Authority, or on the part of the Borrower, except as hereinafter expressly set forth; but the Trustee may require of the Borrower full information and advice as to the performance of the covenants, conditions and agreements as to the condition of the Facilities contained herein or in the Loan Agreement or Lease Agreement. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.01 hereof. Except as expressly set forth herein, neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Borrower, the Authority, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. Except as expressly set forth herein, the Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the Registered Owner of the Bonds with the same rights which it would have if not Trustee.

(e) The Trustee shall be entitled to conclusively rely upon, and shall be protected in acting or refraining from acting upon, any notice, request, consent,

certificate, order, affidavit, letter, telegram or other paper or document reasonably believed to be genuine and correct and to have been signed or sent by the proper Person or Persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to this Indenture upon the request or the consent of the Authority or any Person who at the time of making such request or giving such consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon, and shall be protected in acting or refraining from acting upon, a certificate signed on behalf of the Authority by an Authorized Representative of the Authority or on behalf of the Borrower by an Authorized Representative of the Borrower or on behalf of the Lessee by an Authorized Representative of the Lessee or such other person as may be designated for such purpose by the Authority, the Borrower or the Lessee not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate 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.

(g) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care, subject to Section 9.01(a) hereof. In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the Borrower to cause to be made any of the payments to the Trustee required to be made hereunder, unless an officer in the trust department of the Trustee responsible for the administration of this Indenture has actual notice thereof or the Trustee shall be specifically notified in writing of such default by the Authority or the Majority Bondholder and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the address of the Trustee provided for in Section 11.09 hereof, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no default except as aforesaid.

(i) All moneys received by the 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 but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Trust Estate, including all books, papers and records of the Authority pertaining to the Facilities and the Bonds.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Authority or the Borrower to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(m) Before taking any action under Article VIII hereof or exercising any power granted to the Trustee hereunder or under the Lease Agreement, Loan Agreement or any other Borrower Document, or otherwise taking any action at the direction of the Registered Owners of the Bonds, the Trustee may require in its sole discretion that reasonable indemnity or other assurances be furnished to it for the reimbursement of all expenses which it may incur (including fees, costs and expenses of its agents and counsel) and to protect it against all risk and liability by reason of any action so taken, including, without limitation, any and all environmental liability, and except only any liability which may result from its gross negligence or willful misconduct. The Trustee may in its sole discretion take action without requiring such indemnification or other assurances and in such event, the Trustee shall be entitled to indemnification by the Borrower pursuant to Section 8.06 of the Loan Agreement and by the Lessee pursuant to Section 8.06 of the Lease Agreement and to reimbursement of its fees and expenses pursuant to Section 9.02 hereof (in each case, including fees, costs and expenses of its agents and counsel). Nothing in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder.

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or other disclosure prepared or distributed in connection with the Bonds.

(o) The Trustee shall be entitled to request and receive and agrees to accept and act on written instructions or directions pursuant to this Indenture sent by the Borrower or the Authority by unsecured e-mail, facsimile transmission, or other similar

unsecured electronic methods, provided, however, that the Borrower or the Authority shall provide to the Trustee an incumbency certificate listing designated individuals with the authority to provide such instructions, which incumbency certificate shall be amended whenever an individual is to be added or deleted from the listing. If the Borrower or the Authority elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from any action taken or not taken by the Trustee or from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction that the Trustee receives after the Trustee has acted on a previous instruction or direction. The Borrower and the Authority each agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on instructions, and the risk of interception and misuse by third parties.

(p) The Trustee shall have no duty to investigate or analyze documents, including any reports, financial statements, insurance policies, or other material delivered to the Trustee under the terms of this Indenture, the Loan Agreement or the Lease Agreement and shall only be required to act on such information if the Trustee has actual knowledge of an Event of Default hereunder (and the Trustee is entitled to rely on any written request or certificate executed by an Authorized Representative of the Borrower).

(q) The Trustee shall execute the acknowledgment and acceptance of the Loan Agreement and of the Lease Agreement solely in its capacity as Trustee under this Indenture and all provisions of this Indenture relating to the rights, privileges, powers, immunities, limitations from liability and protections of the Trustee shall apply with equal force and effect to all actions taken or not taken by the Trustee pursuant to the Loan Agreement or the Lease Agreement.

(r) On or before July 15 of each year the Trustee shall notify the Authority, via mutually acceptable electronic means or by mail, of the aggregate principal amount of Outstanding Bonds as of June 30 of such year or that no Bonds remain Outstanding.

(s) The Trustee shall transfer the Authority's Annual Fee, promptly upon receipt thereof from the Borrower, to the Authority at the Remittance Address.

(t) In connection with the Lessee's incurrence of parity additional Indebtedness pursuant to Section 8.13 of the Lease Agreement, the Trustee agrees to cooperate with the Borrower in connection with documentation required to reflect and implement the parity position of such Indebtedness. Such documentation may consist of, but is not limited to, a custody and parity lien agreement, intercreditor agreement or deposit account control agreement (the "Parity Agreement") with a representative of the holders of the parity Indebtedness (a "Parity Trustee") and a third party (the "Indebtedness Custodian").

The Indebtedness Custodian will (a) hold all sums held by it for the payment of principal of (and premium, if any) or interest or any other amounts on the Bonds and the parity Indebtedness in trust for the benefit of the Trustee and the Parity Trustee until such sums shall be paid to such entities or otherwise disposed of as therein provided; and (b) give the Trustee notice of any default by the Lessee in the making of any such payment of principal (and premium, if any) or interest or any other amounts.

Any Revenues collected by the Indebtedness Custodian under the Parity Agreement and any proceeds of any sale of the Facilities, whether made under any power of sale herein granted or pursuant to judicial proceedings, together with, in the case of an entry or sale as otherwise provided herein, any other sums then held by the Indebtedness Custodian under the Parity Agreement, shall be applied to the payment of the Bonds and the other parity Indebtedness in a prorata fashion based on then Outstanding principal amount of the Bonds and the then outstanding principal amount of parity Indebtedness.

No holder of any parity Indebtedness shall have any right to institute any proceeding, judicial or otherwise, with respect to the documents related to such parity Indebtedness, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

(i) such holder has previously given written notice to the Trustee of a continuing event of default; and

(ii) the holders of not less than 50% in principal amount of all parity Indebtedness Outstanding shall have made written request to institute proceedings in respect of such event of default;

it being understood and intended that no one or more holders of any parity Indebtedness shall have any right in any manner whatever by virtue of, or by availing of, any provision of the documents related to the applicable parity Indebtedness to affect, disturb or prejudice the rights of any other holder of parity Indebtedness, or to obtain or to seek to obtain priority or preference over any other holders, or to enforce any right under their respective documents, except in the manner herein provided and for the equal and ratable benefit of all the holders of parity Indebtedness.

**Section 9.02. Fees and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its ordinary services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, including legal fees and expenses, as and when the same become due as provided in Section 5.01(g) of the Loan Agreement.

The Trustee is also entitled to extraordinary fees and reimbursement of extraordinary costs and expenses, which shall be paid as provided in Section 5.01(g) of the Loan Agreement, should it become necessary for the Trustee to perform extraordinary services, which may include, but are not limited to, services not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business or



performed after the occurrence of any default under the Borrower Documents or Indenture or in connection with a request of the Trustee to provide its consent or approval. Payment of extraordinary fees is appropriate even if the possibility of such things could have been identified at the inception of the transaction.

**Section 9.03. Resignation or Replacement of Trustee.** The present or any future Trustee may resign and be discharged from its duties and obligations hereunder at any time by giving to the Authority, the Borrower, the Lessee and the Registered Owners thirty (30) calendar days' written notice of such resignation. Such resignation and discharge shall take effect immediately on the appointment of a successor. The present or any future Trustee may be removed at any time by an instrument in writing by the Borrower (so long as the Borrower is not in default under the Borrower Documents), or by Authority or by the Majority Bondholder, and such removal shall take effect immediately on the appointment of a successor. The Trustee may also be removed at any time for any breach of the trust set forth herein.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Borrower (so long as the Borrower is not in default under the Borrower Documents), or by the Majority Bondholder by an instrument or concurrent instruments signed by such Registered Owners, or their attorneys-in-fact duly appointed; provided that the Authority (with the consent of the Borrower, as long as the Borrower is not then in default under the Loan Agreement) may appoint a successor until a new successor shall be appointed by the Registered Owners as herein authorized. The Authority, upon making such appointment, shall forthwith give notice thereof to the Registered Owners and the Borrower, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the Authority shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Majority Bondholder. In the event that the Majority Bondholder fails to appoint a successor, the Trustee shall be entitled, in its sole discretion and at the sole cost and expense of the Borrower, including with respect to reasonable attorneys' fees and expenses, to petition a court of competent jurisdiction for appointment of a successor trustee or for other appropriate relief, and any such resulting appointment or relief shall be binding upon the Authority, the Borrower, the Registered Owners, and any and all other parties, and thereafter shall have no further duties, responsibilities or obligations hereunder.

Every successor shall always be a bank or trust company in good standing, be qualified to act hereunder, be subject to examination by a federal or state authority and have capital and surplus of not less than \$75,000,000. Any successor appointed hereunder shall execute, acknowledge and deliver to the Authority an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deeds or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor (subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its fees and expenses pursuant to Section 9.02 hereof and to be indemnified pursuant to Section 8.06 of the Loan Agreement and Section 8.06 of the Lease

Agreement), who shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the Authority be reasonably required by any successor for such vesting and confirming, the Authority shall execute, acknowledge and deliver the said deeds, conveyances and instruments on the request of such successor.

The notices provided for in this Section to be given to the Registered Owners shall be given by the Trustee by mailing to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. The notices provided for in this Section to be given to the Authority, the Borrower and the retiring Trustee shall be given in accordance with Section 11.09 hereof.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded.

**Section 9.04. Conversion, Consolidation or Merger of Trustee.** (a) Any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which the Trustee may sell or transfer its corporate trust assets and business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder, and shall be vested with all of the title to the whole property of the Trust Estate hereunder; and (b) That corporation or association shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

## ARTICLE X

### SUPPLEMENTAL INDENTURES AND AMENDMENTS OF LOAN AGREEMENT, LEASE AGREEMENT AND DEED OF TRUST

**Section 10.01. Supplemental Indentures Not Requiring Consent of Registered Owners.** The Authority may and, at the request of the Borrower, the Trustee may, without the consent of, or notice to, the Registered Owners, enter into such indentures supplemental hereto (which supplemental indentures shall thereafter form a part hereof) for any one or more or all of the following purposes:

(a) To add to the covenants and agreements of the Authority contained in this Indenture for the protection or benefit of the Registered Owners, other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners, or to surrender or limit any right or power herein reserved or conferred upon the Authority;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the Bonds;

(c) To subject to the lien of this Indenture additional revenues, properties or collateral;

(d) To modify, alter, amend or supplement this Indenture in such a manner as shall permit the qualification hereof under the Trust Indenture Act of 1939, as from time to time amended; or

(e) To provide for the issuance of Additional Bonds, unless consent is required pursuant to Section 2.11 hereof.

**Section 10.02. Supplemental Indentures Requiring Consent of Registered Owners.**

Exclusive of supplemental indentures covered by Section 10.01 hereof, the Majority Bondholder shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that without the consent of the Registered Owners of all of the Bonds at the time Outstanding and adversely affected thereby nothing herein contained (exclusive of supplemental indentures covered by Section 10.01 hereof) shall permit, or be construed as permitting:

(a) an extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond;

(b) the deprivation of the Registered Owner of any Bond then Outstanding of the lien or the priority of the lien created by this Indenture (other than as permitted hereby when such Bond was initially issued);

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) a reduction in the aggregate principal amount of the Bonds, if any, required for consent to such supplemental indenture or amendment to the Loan Agreement, Lease Agreement or Deed of Trust.

If at any time the Authority shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being reasonably indemnified by the Borrower or the Lessee (to the extent reasonably required by the Trustee) with respect to expenses, mail by first-class mail notice of the proposed execution of such supplemental indenture to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records maintained by the Trustee, setting forth the nature

of the proposed supplemental indenture and stating that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Registered Owners. The Borrower and/or the Lessee shall be jointly and severally responsible for such expenses. If, within sixty (60) days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right 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 Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.03. Execution of Supplemental Indentures.** The Trustee is authorized to join with the Authority in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such supplemental indenture which materially adversely affects its rights, duties or immunities under this Indenture. The Trustee shall be provided an opinion of Bond Counsel to the effect that each such supplemental indenture (a) has been validly authorized and duly executed by the Authority and is enforceable against the Authority in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture. Should the Trustee be asked to determine whether any such supplemental indenture materially adversely affects the interests of the Registered Owners of the Bonds, the Trustee shall be entitled to receive and may conclusively rely upon an Opinion of Counsel in making any such determination. Any supplemental indenture executed in accordance with the provisions of this Article X shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any.

**Section 10.04. Amendments, etc. of Loan Agreement and Lease Agreement Not Requiring Consent of Registered Owners.** The Authority and the Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, supplement, change, restatement, replacement or modification of the Loan Agreement or Lease Agreement as may be required (a) by the provisions of such Loan Agreement or Lease Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, or (c) in connection with any other change therein which is not to the adverse prejudice of the Trustee nor materially adversely affects the interests of the Registered Owners of the Bonds.

**Section 10.05. Amendments, etc. of Loan Agreement and Lease Agreement Requiring Consent of Registered Owners.** Except for the amendments, changes or modifications referred to in Section 10.04 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or Lease Agreement without the giving of notice to and receiving the written approval or consent of the Majority Bondholder, subject to the same limitations set forth in Section 10.02 hereof. Such notice and consent shall be given and procured as provided in Section 10.02 hereof. If at any

time the Authority and Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Loan Agreement or Lease Agreement, the Trustee shall, upon being reasonably indemnified by the Borrower or the Lessee with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Registered Owners. If, within sixty (60) days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification thereof as herein provided, then no Registered Owner of any Bond shall have any right 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 Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.06. Execution of Amended Loan Agreement or Lease Agreement.** The Trustee shall, prior to its consent to any supplemental amendment or change to the Loan Agreement or Lease Agreement, require delivery of an opinion of Bond Counsel to the effect that such supplemental amendment or change to the Loan Agreement or Lease Agreement (a) has been validly authorized and duly executed by the Authority, the Borrower and the Lessee, as applicable, and is enforceable against the Authority, the Borrower and the Lessee, as applicable, in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture. Should the Trustee be asked to determine whether any such amendment or change materially adversely affects the interests of the Registered Owners of the Bonds, the Trustee shall be entitled to receive and may conclusively rely upon an Opinion of Counsel in making any such determination. After execution thereof, any supplemental amendment, modification or change to the Loan Agreement or Lease Agreement executed in accordance with the provisions of this Article X shall thereafter form a part of the Loan Agreement or Lease Agreement and all the terms and conditions contained in any such amendment, modification or change to the Loan Agreement or Lease Agreement as to any provision authorized to be contained therein shall be deemed to be part of the Loan Agreement or Lease Agreement for any and all purposes.

**Section 10.07. Amendments, etc. of Deed of Trust Not Requiring Consent of Registered Owners.** The Authority and the Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Deed of Trust as may be required (a) by the provisions of the Deed of Trust or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, or (c) in connection with any other change therein which is not to the adverse prejudice of the Trustee nor materially adversely affects the interests of the Registered Owners of the Bonds.

**Section 10.08. Amendments, etc. of Deed of Trust Requiring Consent of Registered Owners.** Except for the amendments, changes or modifications referred to in Section 10.07 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or

modification of the Deed of Trust without the giving of notice and the written approval or consent of the Majority Bondholder, subject to the same limitations set forth in Section 10.02 hereof. Such notice and consent shall be given and procured as provided in Section 10.02 hereof. If at any time the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Deed of Trust, the Trustee shall, upon being reasonably indemnified by the Borrower with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Registered Owners. If, within sixty (60) days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification thereof as herein provided, no Registered Owner of any Bond shall have any right 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 Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.09. Execution of Amended Deed of Trust.** The Trustee shall, prior to its consent to any supplemental amendment or change to the Deed of Trust, be provided an opinion of Bond Counsel and the Authority to the effect that any such supplemental amendment or change to the Deed of Trust (a) has been validly authorized and duly executed by all of the parties thereunder and is enforceable against such parties in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture. Should the Trustee be asked to determine whether any such amendment or change materially adversely affects the interests of the Registered Owners of the Bonds, the Trustee shall be entitled to receive and may conclusively rely upon an Opinion of Counsel in making any such determination. After execution thereof, any supplemental amendment, modification or change to the Deed of Trust executed in accordance with the provisions of this Article X shall thereafter form a part of the Deed of Trust and all the terms and conditions contained in any such amendment, modification or change to the Deed of Trust as to any provision authorized to be contained therein shall be deemed to be part of the Deed of Trust for any and all purposes.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01. Evidence of Signature of Registered Owners and Ownership of Bonds.** Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the registered ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may,

nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Registered Owner or his or her attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which such Person purports to act that the Person signing such request or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The registered ownership of any Bond and the amount and numbers of such Bonds and the date of owning the same shall be proved by the registration records of the Authority kept by the Trustee.

Any request or consent of the Registered Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or the Trustee in accordance therewith.

**Section 11.02. Parties Interested Herein.** With the exception of rights herein expressly conferred on the Borrower, 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 Authority, the Authority Indemnified Parties, the Trustee and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Authority Indemnified Parties, the Trustee and the Registered Owners of the Bonds.

**Section 11.03. Titles, Headings, Etc.** The titles and headings of the articles, sections and subsections of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

**Section 11.04. Severability.** In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 11.05. Third Party Beneficiaries.** Each of the Authority Indemnified Parties, other than the Authority, shall be considered to be intended third party beneficiaries of this Indenture. Nothing in this Indenture shall confer any right upon any person other than the parties hereto and the specifically designated third party beneficiaries of this Indenture.

**Section 11.06. Governing Law; Venue.** This Indenture and the Bonds are contracts made under the laws of the State and shall be construed in accordance with and governed by the Constitution and the laws of the State applicable to contracts made and performed in the State. This Indenture and the Bonds shall be enforceable in the State, and any action arising out of this Indenture shall be filed and maintained in Sacramento County Superior Court, Sacramento County, California unless the Authority waives this requirement.

**Section 11.07. Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11.08. Limitation of Liability of the Authority.** Notwithstanding anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Authority may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Authority by the Trustee, the Borrower or the Lessee as to the existence of any fact or state of affairs required hereunder to be noticed by the Authority.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THIS INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THIS INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THIS INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

The Authority shall not be liable for payment of the principal (or redemption price) of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.



The Trustee hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the revenues (consisting primarily of Loan Payments), and hereby agrees that if the revenues shall ever prove insufficient to pay all principal (or redemption price) of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then the Trustee shall give notice to the Borrower in accordance with this Indenture to pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party.

Except during the continuance of an Event of Default, the Borrower shall have the duty to direct the Trustee to invest or reinvest all money held for the credit of Funds established by this Indenture in accordance with Article VI of this Indenture.

**Section 11.09. Notices.** Except as otherwise provided in Section 8.01, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given by Electronic Means or when mailed by certified mail, facsimile or return receipt requested, postage prepaid, or overnight courier, addressed as follows:

If to the Borrower:                   230 South Waterman Avenue LLC  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: llamb@Icer.org

with a copy to:                   Young, Minney & Corr LLP  
655 University Avenue, #150  
Sacramento, California 95825  
Attention: Sarah Kollman, Esq.  
Telephone: (916) 646-1400  
Email: skollman@mycharterlaw.com

If to the Lessee:                   The High Desert "Partnership in Academic Excellence"  
Foundation, Incorporated  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: llamb@Icer.org

with a copy to: Young, Minney & Corr LLP  
655 University Avenue, #150  
Sacramento, California 95825  
Attention: Sarah Kollman, Esq.  
Telephone: (916) 646-1400  
Email: skollman@mycharterlaw.com

If to the Authority: California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833  
Attention: Chair  
Telephone: (916) 448-8252  
Email: gsahota@caled.org

If to the Trustee: Wilmington Trust, National Association  
650 Town Center Drive, Suite 800  
Costa Mesa, California 92626  
Attention: Corporate Trust Department  
Telephone: (714) 384-4153

**Section 11.10. Payments Due on Holidays.** If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 11.11. No Personal Liability of Officials of Authority or Trustee.** No director, member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of any principal (or redemption price) of or interest on the Bonds or any sum hereunder or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution and delivery of this Indenture. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Authority in his or her individual capacity or any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 11.12. Bonds Owned by Authority, Borrower or Lessee.** In determining whether Registered Owners of Bonds in the requisite aggregate principal amount have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Authority, the Borrower or the Lessee or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower or the Lessee (unless the Authority, the Borrower, the Lessee or such Person owns all the Bonds which are then Outstanding) shall be disregarded and deemed not to be Outstanding for the purpose of any such

determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only the Bonds which the Trustee knows are so owned shall be so disregarded. The Bonds so owned which have been pledged in good faith may be regarded as Outstanding 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 Authority, the Borrower, the Lessee or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower or the Lessee. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**Section 11.13. Agreement to Provide Ongoing Disclosure.** Pursuant to Section 2.05 of the Lease Agreement and the Continuing Disclosure Agreement, the Lessee and the Borrower have undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority and the Trustee shall have no liability to the Registered Owners of the Bonds or any other Person with respect to Securities Exchange Commission Rule 15c2-12, as amended. Notwithstanding any other provision of this Indenture, failure of the Lessee and the Borrower to comply with the continuing disclosure requirements shall not be considered an Event of Default hereunder or under the Lease Agreement; however, a Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Lessee and/or the Borrower to comply with their obligations under Section 2.05 of the Lease Agreement.

**Section 11.14. Right to Inspect.** Following reasonable notice to the Borrower and the Lessee, at any and all reasonable times, the Trustee and the Authority and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right (but no duty) during regular business hours fully to inspect the Facilities, including all books and records of the Borrower and the Lessee (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired; provided however, that any disclosure to any third party of the results of any such inspection shall be made only if required by law and then only with proper respect and due regard for the confidentiality requests of donors to the Borrower or the Lessee.

Additionally, at the direction of the Borrower, the Authority hereby appoints the Trustee to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions of the Trustee relating to the receipts and disbursements received or disbursed according to this Indenture, and such books shall be available for inspections by the Registered Owner of any of the Bonds and by the Borrower during normal business hours of the Trustee and under reasonable conditions. Any costs associated with such inspection shall be borne by such Registered Owner or the Borrower, as applicable.

**Section 11.15. Incorporation of Terms of Loan Agreement and Lease Agreement.** The parties hereto acknowledge and agree that to the extent applicable, the terms and provisions of the Loan Agreement and Lease Agreement are incorporated herein as if they were contained in this Indenture.

**Section 11.16. Power to Issue Bonds and Make Pledge and Assignment.** The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture

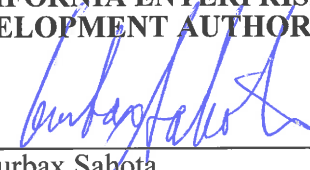
and to pledge and assign the assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Authority has duly authorized the execution and delivery of the Bonds and this Indenture under the terms and provisions of the Act and the Bond Resolution and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Authority of the Bonds and this Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and this Indenture the valid, legal and binding limited obligations of the Authority.

**Section 11.17. Patriot Act Notice.** The Trustee hereby notifies the Authority that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Trustee to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Trustee.

*(Remainder of page left blank intentionally)*

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed in their respective corporate names by their duly authorized representatives, all as of the date first above written.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By  \_\_\_\_\_  
Gurbax Sahota  
Chair

**WILMINGTON TRUST,  
NATIONAL ASSOCIATION, as Trustee**

By \_\_\_\_\_  
Authorized Signatory

*(Indenture of Trust – Norton Science and Language Academy, Series 2020)*

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed in their respective corporate names by their duly authorized representatives, all as of the date first above written.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_  
Gurbax Sahota  
Chair

**WILMINGTON TRUST,  
NATIONAL ASSOCIATION, as Trustee**

By  \_\_\_\_\_  
Authorized Signatory

*(Indenture of Trust – Norton Science and Language Academy, Series 2020)*

**EXHIBIT A**

**FORM OF SERIES 2020 BOND**

**UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT FOR SO LONG AS THIS BOND IS UNRATED OR RATED BELOW “BBB-” (OR ITS EQUIVALENT) OR LOWER BY ANY RATING AGENCY RATING THE SERIES 2020 BONDS, THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, AN ACCREDITED INVESTOR (WITHIN THE MEANING OF RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED).

THE AUTHORITY MAY REMOVE THE FOREGOING RESTRICTIONS WITHOUT NOTICE TO OR CONSENT OF ANY BENEFICIAL OWNER. AT SUCH TIME AS THE BORROWER SHALL PROVIDE TO THE AUTHORITY AND THE TRUSTEE WRITTEN EVIDENCE TO THE EFFECT THAT EACH RATING AGENCY THEN RATING THE SERIES 2020 BONDS HAS RATED THE SERIES 2020 BONDS “BBB-” OR EQUIVALENT, OR HIGHER (WITHOUT REGARD FOR GRADATION WITHIN A RATING CATEGORY AND WITHOUT REGARD FOR CREDIT ENHANCEMENT UNLESS SUCH CREDIT ENHANCEMENT EXTENDS THROUGH THE FINAL MATURITY DATE OF THE SERIES 2020 BONDS), THIS TRANSFER RESTRICTION SHALL BE OF NO FURTHER FORCE OR EFFECT AND THE AUTHORIZED DENOMINATIONS OF THE SERIES 2020 BONDS SHALL BE CHANGED (IF NECESSARY) TO DENOMINATIONS OF \$5,000 OR ANY INTEGRAL MULTIPLE THEREOF.

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY  
 CHARTER SCHOOL REVENUE BOND  
 (NORTON SCIENCE AND LANGUAGE ACADEMY PROJECT)  
 TAX-EXEMPT SERIES 2020**

NO. RA – 1 \$40,895,000.00

<u>MATURITY DATE</u>	<u>DATED</u>	<u>INTEREST RATE</u>	<u>CUSIP</u>
July 1, 2058	June 16, 2020	6.25%	13069A AG3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FORTY MILLION EIGHT HUNDRED NINETY-FIVE THOUSAND DOLLARS

THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (the “Authority”), a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “State”), as amended (the “Act”), and other applicable statutes and laws of the State, for value received, hereby promises to pay, from the sources hereinafter described, the principal amount stated above in lawful money of the United States of America to the Registered Owner named above, or registered assigns, on the maturity date stated above (unless this Bond shall have been called for prior redemption, in which case on such redemption date), upon the presentation and surrender hereof at the designated corporate trust office of Wilmington Trust, National Association, as trustee (the “Trustee”) under an Indenture of Trust dated as of June 1, 2020 (the “Indenture”), by and between the Authority and the Trustee, and to pay, from like sources, to the person who is the Registered Owner hereof on the 15<sup>th</sup> calendar day of the month preceding each Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such Registered Owner (except that Registered Owners of at least \$1,000,000 in aggregate principal amount of the Bonds (as defined below) Outstanding may, by written request received by the Trustee at least ten (10) Business Days (as defined in the Indenture) prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America) at his or her address as it last appears on the registration books kept for that purpose at the corporate trust offices of the Trustee, interest on said sum in like coin or currency from the date hereof at the interest rate set forth above, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2021, until payment of the principal hereof has been made or provided for. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten (10) days prior thereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.



This Bond is one of the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020 (the “Series 2020 Bonds”), duly authorized by the Authority in the aggregate principal amount of \$40,895,000 issued under and equally and ratably secured by the Indenture. The Series 2020 Bonds have been issued under the Act for purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as a charter school located at 230 South Waterman Avenue, San Bernardino, California (the “Series 2020 Facilities”) and of the Head Start Facility for the benefit of the County of San Bernardino; (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the “Series 2020 Project”).

As provided in the Indenture, additional bonds of the Authority may be issued only with respect to Projects (as defined in the Indenture) and may be secured on a parity basis with the Series 2020 Bonds. Such additional bonds may be issued from time to time in one or more series, in various principal amounts and for the benefit of 230 South Waterman Avenue LLC (the “Borrower”), may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such bonds and other obligations issued and to be issued under the Indenture is not limited.

This Series 2020 Bond is a special, limited obligation of the Authority payable solely from and secured by an assignment and pledge of (i) all right, title and interest of Authority in and to, including amounts payable under, the Loan Agreement dated as of June 1, 2020 (the “Loan Agreement”), as amended from time to time, by and between the Authority and the Borrower (except the Authority’s Unassigned Rights, as defined in the Indenture); (ii) all right, title and interest of Authority and the Borrower in and to, including amounts payable under, the Lease Agreement, dated as of June 1, 2020 (the “Lease Agreement”), as amended from time to time, by and between the Borrower, as lessor, and The High Desert “Partnership in Academic Excellence” Foundation, Incorporated, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Lessee”), as lessee (except the Borrower’s Unassigned Rights and the Authority’s Unassigned Rights, each as defined in the Indenture); (iii) the rights, title and interests of the Authority in the Facilities, subject to Permitted Encumbrances (as defined in the Indenture); (iv) the Loan Payments (as defined in the Indenture); (v) the rights, title and interests of the Authority and the Borrower under the Series 2020 Promissory Note, the Deed of Trust (as defined in the Indenture); (vi) all Funds created in the Indenture (other than the Cost of Issuance Fund and the Rebate Fund) subject to certain exceptions provided in the Indenture; and (vii) any and all other interests in real or personal property of every name and nature specifically mortgaged, pledged or hypothecated, as and for additional security by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee.

THE SERIES 2020 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE SERIES 2020 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS

MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE SERIES 2020 BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE SERIES 2020 BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE SERIES 2020 BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE SERIES 2020 BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE SERIES 2020 BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE SERIES 2020 BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE SERIES 2020 BONDS.

Redemption Provisions

Optional Redemption.

(a) The Series 2020 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon the written direction of the Borrower from prepayment of the Series 2020 Promissory Note made by the Borrower pursuant to Section 11.01 of the Loan Agreement) in whole or in part on any date commencing July 1, 2027 of the maturity selected by the Borrower, and if less than all of a maturity, then as selected by the Borrower or by lot within a maturity, if not otherwise selected by the Borrower, at the redemption prices of the principal amount redeemed (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the date fixed for redemption. Upon the delivery of such written request by the Borrower to the Trustee, the Authority shall be deemed, without any action on the Authority's part, to have exercised its option to redeem the Bonds under this Section.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
July 1, 2027 through June 30, 2028	102%
July 1, 2028 through June 30, 2029	101%
July 1, 2029 and thereafter	100%

(b) Additional Bonds shall be subject to optional redemption at such times and upon such terms as shall be fixed by the related Supplemental Indenture.

Redemption of Bonds Upon Occurrence of Certain Events. The Series 2020 Bonds are also subject to extraordinary redemption at the expense of the Borrower from the Net Proceeds of any insurance policy or condemnation award and in the event the Facilities or any portion thereof are damaged or destroyed or taken in condemnation proceedings as provided in Section 7.02 of the Loan Agreement. If called pursuant to Section 5.02 of the Indenture, the Series 2020 Bonds are callable on any date in whole or in part from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of each Series 2020 Bond redeemed and accrued interest to the redemption date.

Mandatory Sinking Fund Redemption.

(a) The Series 2020 Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

<b><u>Date</u></b> <b><u>(July 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2023	\$305,000
2024	320,000
2025	340,000
2026	365,000
2027	385,000
2028	410,000
2029	435,000
2030	460,000
2031	490,000
2032	520,000
2033	555,000
2034	590,000
2035	625,000
2036	665,000
2037	705,000
2038	750,000
2039	795,000
2040	845,000
2041	900,000
2042	955,000
2043	1,015,000
2044	1,080,000
2045	1,145,000
2046	1,220,000
2047	1,295,000
2048	1,375,000
2049	1,460,000
2050	1,555,000
2051	1,650,000
2052	1,755,000
2053	1,860,000
2054	1,980,000
2055	2,100,000
2056	2,235,000
2057	2,375,000
2058*	5,380,000

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\*Maturity Date

(b) Additional Bonds of a Series may be subject to mandatory sinking fund redemption at such times and upon such terms as shall be fixed by the related Supplemental Indenture relating to such Bonds.

**Purchase in Lieu of Redemption.** At the election of the Borrower upon a call for optional redemption in whole of the Bonds, if and only if the Borrower obtains a favorable Opinion of Bond Counsel, by written notice to the Trustee, given not less than forty-five (45) days in

advance of the proposed date of redemption, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and will be purchased by funds provided to the Trustee by the Borrower. The purchase price of Bonds so purchased and payable on such Redemption Date in lieu of redemption shall be equal to the redemption price set forth in Section 5.01 above payable on such date of redemption had the Bonds been so redeemed. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower.

Method of Selecting Bonds; Notices. Unless otherwise specifically stated in the Indenture, any partial redemption of the Series 2020 Bonds shall be redeemed in inverse order of maturity, or if less than all of the Series 2020 Bonds in a single maturity shall be redeemed, the Series 2020 Bonds redeemed shall be selected by lot within such maturity.

In the case of every redemption (other than mandatory sinking fund redemption), the Trustee shall cause notice of such redemption to be given via Electronic Means or by mailing by first-class mail a copy of the redemption notice to the Registered Owners of the Series 2020 Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than sixty (60) nor less than thirty (30) days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2020 Bonds. In the case of optional redemption, or extraordinary redemption upon the occurrence of certain events, the Trustee may state that the redemption is conditioned upon receiving from the Borrower, prior to the redemption date, sufficient amounts to redeem such Series 2020 Bonds and that if such money is not so received, no Series 2020 Bonds shall be redeemed.

Each notice of redemption shall specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2020 Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Series 2020 Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Series 2020 Bonds or portions thereof to be redeemed.

Series 2020 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2020 Bonds.

This Series 2020 Bond is fully transferable and exchangeable by the Registered Owner hereof in person or accompanied by an assignment duly executed by the Registered Owner by his or her duly authorized attorney on the registration books kept by the Trustee, upon surrender of this Series 2020 Bond together with a duly endorsed written instrument of transfer; subject, however, to the terms of the Indenture which limit the transfer and exchange of Series 2020 Bonds during certain periods. Upon such transfer or exchange a new fully registered bond of Authorized Denomination or Denominations for a like series, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange therefor, all subject to the terms, limitations and conditions set forth in the Indenture. The Trustee shall require the payment by any Registered Owner of this Series 2020 Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or

transfer. The Authority and the Trustee may deem and treat the person in whose name this Series 2020 Bond is registered as the absolute owner hereof, whether or not this Series 2020 Bond shall be overdue, for the purpose of receiving payment and for all other purposes, except to the extent otherwise provided herein and in the Indenture with respect to Regular Record Dates and Special Record Dates for the payment of interest, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding the foregoing, so long as the ownership of the Series 2020 Bonds is maintained in book-entry form by The Depository Trust Company (the “Securities Depository”) or a nominee thereof, this Series 2020 Bond may be transferred in whole but not in part only to the Securities Depository or a nominee thereof or to a successor Securities Depository or its nominee.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Authority and of the Registered Owners of the Series 2020 Bonds may be made by the Authority and the Trustee but without the consent of the Registered Owners of the Series 2020 Bonds in certain cases described in the Indenture, including any change which does not materially adversely affect the interests of the Registered Owners of the Series 2020 Bonds. Certain other amendments may be made by the Authority and the Trustee with the consent of the Majority Bondholder; provided, however, that no such modification or amendment shall be made which will constitute an extension of the maturity of, or a reduction in the principal amount of, or a reduction of the rate of interest on or extension of the time of payment of interest on, or a reduction of any premium payable upon redemption of, any Bond, which are unconditional unless consented to by all Registered Owners adversely affected by such change. Any such consent by the Registered Owner of this Series 2020 Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Series 2020 Bond and of any Series 2020 Bond issued upon the transfer or exchange of this Series 2020 Bond whether or not notation of such consent is made upon this Series 2020 Bond.

The Registered Owner of this Series 2020 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. In case an event of default under the Indenture shall occur, the principal of all the Series 2020 Bonds at any such time Outstanding may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee, with the consent of the Registered Owners of a requisite principal amount of the Series 2020 Bonds then Outstanding.

None of the officials, officers, agents, servants or employees of the Borrower or the Authority or any person executing the Series 2020 Bonds shall be liable personally on the Series 2020 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The liability and obligations of the Authority under the Loan Agreement and the Indenture with respect to all or any portion of the Series 2020 Bonds may be discharged at or

prior to the maturity or redemption of the Series 2020 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Loan Agreement and the Indenture.

No covenant or agreement contained in the Series 2020 Bonds or in the Indenture shall be deemed to be the covenant or agreement of any appointed official, officer, agent, servant or employee of the Authority in his or her individual capacity or of any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Series 2020 Bonds, including any officer or employee of the Trustee, shall be liable personally on the Series 2020 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No covenant or agreement contained in the Loan Agreement shall be deemed to be the covenant or agreement of any appointed official, officer, agent, servant or employee of the Borrower in his or her individual capacity, and the members of the governing body of the Borrower shall not be liable personally or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution or statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this bond exist, have happened and have been performed.

Copies of the Indenture, the Loan Agreement, the Lease Agreement, the Deed of Trust and the other documents relating to the Series 2020 Bonds are on file at the designated corporate trust office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the limited liability of the Borrower, the terms of and security for the Series 2020 Bonds, the custody and application of the proceeds of the Series 2020 Bonds, the rights and remedies of the Registered Owners of the Series 2020 Bonds, amendments, and the rights, duties and obligations of the Authority and the Trustee, to all of which the Registered Owner hereof, by acceptance of this Bond, assents.

This Series 2020 Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Trustee shall have signed the certificate of authentication hereon.

*[Remainder of page left blank intentionally.]*

IN WITNESS WHEREOF, the California Enterprise Development Authority has caused this Series 2020 Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_  
Gurbax Sahota  
Chair

*(Norton Science and Language Academy – Series 2020)*



**(FORM OF CERTIFICATE OF AUTHENTICATION)**

This is one of the Series 2020 Bonds described in the within mentioned Indenture of Trust.

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Authorized Officer

**(END OF FORM OF CERTIFICATE OF AUTHENTICATION)**

**(FORM OF ASSIGNMENT)**

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Social Security or Federal Taxpayer Identification Number)

\_\_\_\_\_  
(Please print or typewrite Name and Address,  
including Zip Code, of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee under the Indenture as registrar and attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature guaranteed by:

\_\_\_\_\_  
NOTICE: Signature of the registered owner must be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Rule 17Ad-15

\_\_\_\_\_  
NOTICE: The signature of the registered owner 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 whatsoever.

**(END OF FORM OF SERIES 2020 BOND)**

**EXHIBIT B**

**COSTS OF ISSUANCE PAYABLE AT CLOSING**

<b><u>Payee</u></b>	<b><u>Purpose</u></b>	<b><u>Amount (\$)</u></b>
Kutak Rock LLP	Bond and Issuer Counsel	\$87,500.00
Ballard Spahr LLP	Purchaser Counsel	\$20,000.00
Urban Futures, Inc.	Co-Financial Advisor	\$68,000.00
Campanile Group, Inc.	Co-Financial Advisor and Dissemination Agent	\$5,000.00
Ice Miller LLP	Underwriter Counsel	\$55,000.00
Wilmington Trust, NA	Trustee Acceptance Fee, Trustee Annual Fee and Custodian Annual Fee	\$6,000.00
First American Title Insurance Company	Title Insurance Fees and Expenses	\$44,987.70
High Desert "Partnership in Academic Excellence" Foundation, Inc.	Reimbursement for ALTA Survey, Environmental Reports, Purchaser Counsel and Borrower Counsel	\$73,087.44
ImageMaster	Financial Printer	\$2,500.00
Young, Minney & Corr LLP	Borrower Counsel	\$21,666.14
CDIAC	Reporting Fee	\$5,000.00
California Enterprise Development Authority	Issuance Fee	\$35,447.50
Contingency	Contingency	\$19,499.71
<b>TOTAL</b>		<b>\$443,688.49</b>

**EXHIBIT C**

**FORM OF INVESTOR LETTER**

June 16, 2020

California Enterprise Development Authority  
Sacramento, California

Wilmington Trust, National Association, as Trustee  
Costa Mesa, California

Re: \$40,895,000 California Enterprise Development Authority Charter School  
Revenue Bonds (Norton Science and Language Academy Project) Series 2020  
(the “Bonds”)

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Ladies and Gentlemen:

The undersigned (the “Bondholder Representative”), being the duly appointed representative of the purchaser of all of the above-referenced Bonds (the “Purchasers” and each, a “Purchaser”), does hereby certify, represent and warrant for the benefit of the California Enterprise Development Authority (the “Authority”) and Wilmington Trust, National Association, as Trustee (the “Trustee”), under the Indenture of Trust, dated as of June 1, 2020, by and between the Authority and the Trustee (the “Indenture”) that:

1. The Bondholder Representative is registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940.

2. Each Purchaser has retained the Bondholder Representative to advise and represent the Purchaser regarding the purchase and sale of securities such as the Bonds. Each Purchaser has the ability to bear the economic risks of an investment in the Bonds, and is a Qualified Institutional Buyer (as defined in the Limited Offering Memorandum) or an Accredited Investor (as defined in the Limited Offering Memorandum).

3. To the Bondholder Representative’s knowledge, each Purchaser is not now, and has never been controlled by, or under common control, with the Borrower or the Lessee; and neither the Borrower nor the Lessee has ever been, and is not currently, controlled by any Purchaser. To the Bondholder Representative’s knowledge, no Purchaser has entered into any arrangements with the Borrower or the Lessee or with any affiliate of the Borrower or the Lessee in connection with the Bonds, other than as disclosed to the Issuer and the Trustee.

4. Each Purchaser is acquiring the Bonds for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds, provided however, the Purchaser reserves the right to sell or transfer the Bonds in the future in accordance with the transfer restrictions set forth in the Indenture.

5. Neither of the Issuer nor the Trustee have undertaken or will undertake steps to ascertain the accuracy or completeness of the information furnished to the Bondholder Representative or any Purchaser with respect to the Bonds or the project financed with the proceeds of the Bonds (the “Project”). Neither the Bondholder Representative nor any Purchaser has relied or will rely upon the Issuer or the Trustee in any way with regard to the accuracy or completeness of such information furnished to the Bondholder Representative or any Purchaser in connection with its purchase of the Series 2020 Bonds, nor have the Issuer or the Trustee made any representation to the Bondholder Representative or any Purchaser with respect to that information.

6. The Bondholder Representative is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt and taxable debt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds, and it is capable of and has made its own investigation of the Borrower and the Project on behalf of the Purchasers in connection with its decision to purchase the Bonds on behalf of the Purchasers and has been offered access to the Borrower and its property, financial and other information relating to the Borrower and its business, as well as the Limited Public Offering Memorandum, and such other information as it deemed necessary or appropriate to evaluate the purchase of the Bonds on behalf of the Purchasers. The Borrower has given the Bondholder Representative the opportunity to ask questions of and receive answers from knowledgeable officers or agents of the Borrower concerning the ability to pay debt service on the Bonds and the Project.

7. The Bonds are purchased by every Purchaser for the purpose of investment and each Purchaser intends to hold the Bonds for its own account as a long-term investment, without a current view to any distribution or sale of the Bonds, provided however, the Purchaser reserves the right to sell or transfer the Bonds in the future in accordance with the transfer restrictions set forth in the Indenture. Each Purchaser has been informed that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

8. Each Purchaser has been informed that the Bonds will not be listed on any stock or other securities exchange and were issued without registration under the provisions of the Securities Act, or any state securities laws, and the Bonds may not be resold, transferred, pledged or hypothecated, in whole or in part, unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from registration is available. Each Purchaser has been informed that the Bonds will not carry any rating from any rating service. Each Purchaser has been informed that the Bonds may only be transferred in Authorized Denominations (as defined in the Indenture) and in accordance with the requirements set forth in the Indenture.

9. Each Purchaser has been informed that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Authority (which has no taxing power), the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the

payment of principal and interest on the Bonds; and that the liability of the Authority with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

10. None of the Trustee, the Authority, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Borrower, the Lessee or their respective financial condition, the provision for payment of the Bonds, or the sufficiency of any security therefor. No written information has been provided by the Authority to the Purchaser with respect to the Bonds, other than information under the captions “THE AUTHORITY” and “LEGAL MATTERS – Pending and Threatened Litigation – No Proceedings Against the Authority” in the Limited Offering Memorandum dated June 11, 2020, each relating to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds. It is understood that the underwriters and bond counsel are not considered agents or counsel, respectively, of the Authority.

11. THE PURCHASER ACKNOWLEDGES THAT NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF TRUST ESTATE UNDER THIS INDENTURE. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THIS INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT.

The Bondholder Representative acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

This letter is addressed solely to the Authority and the Trustee and cannot be relied upon by any other person.

**Nuveen Asset Management, LLC, as bondholder representative**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**FIRST SUPPLEMENTAL INDENTURE OF TRUST**

Dated as of December 1, 2021

between

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY,**  
as Authority

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
as Trustee

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Supplement to an  
Indenture of Trust  
dated as of June 1, 2020

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TABLE OF CONTENTS

Page

ARTICLE I  
SUPPLEMENTAL INDENTURE; DEFINITIONS

Section 1.01. Supplemental Indenture ..... 2  
Section 1.02. Definitions..... 3

ARTICLE II  
AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF SERIES 2021 BONDS

Section 2.01. Authorized Amount of Series 2021 Bonds ..... 4  
Section 2.02. Delivery of Series 2021 Bonds and Deposit of Funds ..... 5

ARTICLE III  
REDEMPTION OF SERIES 2021 BONDS PRIOR TO MATURITY

Section 3.01. Optional Redemption of Bonds ..... 5  
Section 3.02. Mandatory Sinking Fund Redemption..... 6

ARTICLE IV  
AMENDMENTS

Section 4.01. Definitions..... 8  
Section 4.02. Approved Buyer ..... 8  
Section 4.03. Section 4.01 Performance of Covenants ..... 9  
Section 4.04. Section 2.11 Additional Bonds ..... 9

ARTICLE V  
MISCELLANEOUS

Section 5.01. Titles, Headings, Etc ..... 9  
Section 5.02. Severability ..... 9  
Section 5.03. Governing Law ..... 9  
Section 5.04. Execution in Counterparts..... 9  
Section 5.05. Notices ..... 9  
Section 5.06. Concerning the Trustee ..... 10

EXHIBIT A FORM OF SERIES 2021 BONDS

## FIRST SUPPLEMENTAL INDENTURE OF TRUST

**THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST** (“First Supplemental Indenture”), dated as of December 1, 2021, is made and entered into by and between **CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY** (the “Authority”), a joint powers authority duly organized and validly existing under the laws of the State of California (the “State”), particularly Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6500) (the “Act”), or its successors or assigns, and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, supplementing the Indenture of Trust dated as of June 1, 2020 (the “Original Indenture” and, together with this First Supplemental Indenture, the “Indenture”) by and between the Authority and the Trustee.

### W I T N E S S E T H:

WHEREAS, the Authority is authorized under the Act to issue its revenue bonds for the purpose of financing the acquisition, construction, renovation, improvement and equipping of “projects” (as defined in the Act);

WHEREAS, the Authority has previously issued its Charter School Revenue Bonds (Norton Science and Language Academy Project), Series 2021 (the “Series 2021 Bonds”), in the aggregate principal amount of \$40,895,000, pursuant to the Original Indenture and loaned the proceeds to 230 South Waterman Avenue LLC, a California limited liability company (the “Borrower”), the sole member of which is The High Desert “Partnership in Academic Excellence” Foundation, Incorporated (the “Lessee”), for the purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as the School and located at 230 S. Waterman Avenue, San Bernardino, California (the “Series 2021 Facilities”); (ii) funding a debt service reserve fund for the Series 2021 Bonds; (iii) paying capitalized interest on the Series 2021 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2021 Bonds (collectively, the “Series 2021 Project”); and

WHEREAS, the Series 2020 Facilities were leased to and operated by the Lessee pursuant to one or more Lease Agreements each dated as June 1, 2020 (collectively, the “Original Lease Agreement”) between the Borrower and the Lessee; and

WHEREAS, the Borrower now wishes to finance the costs of (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the “Series 2021 Facilities” and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the “Facilities”); (b) funding a debt service reserve fund for the Series 2021 Bonds (as defined herein); (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the “Series 2021 Project”); and

WHEREAS, the Borrower will lease the Facilities to the Lessee pursuant to the Original Lease Agreement as supplemented by and through Lease Agreement Supplement No. 1 dated as of December [\_\_\_], 2021 (“Lease Supplement No. 1” and, together with the Original Lease Agreement and as further defined in the Indenture, the “Lease Agreement”); and

WHEREAS, the Authority has determined to issue the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the “Series 2021A Bonds”) and the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Series 2021 Bonds”) as Additional Bonds pursuant to the Indenture; and

WHEREAS, the Series 2021 Bonds will be secured on a parity basis under the Indenture; and

WHEREAS, all things necessary (i) to make the Series 2021 Bonds, when authenticated by the Trustee and issued as in the Indenture provided, the valid, binding and legal obligations of the Issuer, and (ii) to constitute this First Supplemental Indenture a valid, binding and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed; and

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

## ARTICLE I

### SUPPLEMENTAL INDENTURE; DEFINITIONS

**Section 1.01.** Supplemental Indenture. This First Supplemental Indenture is supplemental to, and is executed in accordance with and pursuant to Section 2.011 and Article X of the Original Indenture.

**Section 1.02.** Definitions. All terms which are defined in the Original Indenture shall have the same meanings, respectively, herein (including the use thereof in the recitals thereof) unless the context clearly requires otherwise. All terms used herein which are defined in the recitals hereto shall have the meanings therein given to the same unless the context requires otherwise.

“*Authority Issuance Fee*” means with respect to the Series 2021 Bonds, \$[\_\_\_\_\_].

“*Authorized Denominations*” means (a) in the case of the Series 2020 Bonds and the Series 2021 Bonds, \$25,000 or any integral multiple of \$5,000 in excess thereof; provided, however, that upon the receipt by the Trustee of an Investment Grade Notice, such denominations shall be reduced to \$5,000 or any integral multiple of \$5,000 in excess thereof; and (b) in the case of Additional Bonds, the amount specified in the Supplemental Indenture authorizing the issuance thereof.

“*Bond Closing*” means as to the Series 2021 Bonds, means December [\_\_\_], 2021.

“*Bond Purchase Agreement*” means, as to the Series 2021 Bonds, the Bond Purchase Agreement dated August [\_\_\_], 2021, among the Authority, the Borrower, the Lessee and the Underwriter.

“*Continuing Disclosure Agreement*” means, with respect to the Series 2021 Bonds, the Continuing Disclosure Agreement dated as of December [\_\_\_], 2021, by and among the Lessee, the Borrower and Campanile Group, Inc., as dissemination agent.

[“*Debt Service Reserve Fund Requirement*” means, as to the Series 2021 Bonds, an amount equal to \$\_\_\_\_\_.]

“*Interest Payment Date*” means, as to the Series 2021 Bonds, means each January 1 and July 1, commencing [January] 1, 2022.

“*Monthly Disbursement Date*” means, as to the Series 2021 Bonds, the 25th day of each month commencing [\_\_\_\_\_] 25, 2021.

“*Offering Document*” means the Limited Offering Memorandum dated August [\_\_\_], 2021, prepared in connection with the sale of the Series 2021 Bonds.

“*Principal Payment Date*” or “sinking fund payment date” means, as to the Series 2021 Bonds, each July 1, commencing July 1, [2059].

[“*Repair and Replacement Fund Contribution*” means (a) prior to [\_\_\_\_\_] 1, 2021, \$0; (b) commencing [\_\_\_\_\_] 1, 202[\_\_\_] until the Capital Needs Assessment Date, \$4,000 on the first Business Day of each month up to a total of \$240,000; and (c) commencing on the first day of the month beginning after the Capital Needs Assessment Date, the Repair and Replacement Fund Requirement less the amount then on deposit in the Repair and Replacement Fund, divided by 60; provided, however, that in the event the Borrower pays all or a portion of the cost of a capital need projected in the Capital Needs Assessment from a source of funds other than the Repair and Replacement Fund, as certified in writing by an Authorized Representative of the Borrower to the Trustee, the Repair and Replacement Fund Contribution for the remainder of the applicable five-year period shall be decreased by the amount of such projected cost that is paid from such other source of funds divided by the number of Repair and Replacement Fund Contribution payments remaining in the applicable five-year period.]

[“*Repair and Replacement Fund Requirement*” shall (a) initially be \$0 as of the date of delivery of the Bonds; (b) commencing [\_\_\_\_\_] 1, 202[\_\_\_] for a period of 60 months, increasing by the amount of the Repair and Replacement Fund Contribution for a total of \$240,000; and, (c) from and after the Capital Needs Assessment Date, shall be the total projected costs of such capital needs determined by an Independent Consultant set forth in the applicable Capital Needs Assessment (as defined in Section 3.17 herein).]

“*Series 2021 Bonds*” mean, collectively, the Series 2021A Bonds and the Series 2021B Bonds.

“*Series 2021 Facilities*” means an approximately 10,911 square foot gymnasium facility and other capital improvements located at 230 South Waterman Avenue, San Bernardino, California 92408.

“*Series 2021 Project*” means (i) financing the costs of acquiring, constructing, improving, renovating and equipping the Series 2021 Facilities, (ii) funding of the Debt Service Reserve Fund, (iii) paying capitalized interest on the Series 2021 Bonds, and (iv) paying certain issuance expenses associated with the Series 2021 Bonds.

“*Series 2021 Promissory Note*” means the Series 2021 Promissory Note executed by the Borrower and made payable to the Authority in the aggregate principal amount of \$[\_\_\_\_\_].

“*Series 2021A Bonds*” means the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A, issued in the original aggregate principal amount of \$[\_\_\_\_\_].

“*Series 2021B Bonds*” means the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B, issued in the original aggregate principal amount of \$[\_\_\_\_\_].

“*Underwriter*” means, with respect to the Series 2021 Bonds, Truist Securities.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF SERIES 2021 BONDS

**Section 2.01. Authorized Amount of Series 2021 Bonds.** There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as “California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project), Series 2021.” The Series 2021 Bonds shall be issuable as fully registered bonds in Authorized Denominations and shall be numbered separately and lettered, if at all, in such manner as the Trustee shall determine. The Series 2021 Bonds will be in substantially the form set forth in Exhibit A hereto. The Series 2021 Bonds shall be in two Series and shall be designated respectively as, and shall be distinguished from the Bonds of all other Series by the titles, “California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A” and “California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B.” The Series 2021A Bonds shall be lettered “RA” and numbered consecutively commencing with RA-1. The Series 2021B Bonds shall be lettered “RB” and numbered consecutively commencing with RB-1.

The Series 2021 Bonds shall be dated as of the date of their issuance and delivery. The Series 2021 Bonds shall bear interest on the basis of a 360-day year, consisting of twelve 30-day months, from their date until payment of principal has been made or provided for, payable on each January 1 and July 1, commencing January 1, 20[59], except that Series 2021 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent

Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of such Series 2021 Bonds. The Series 2021 Bonds shall mature in the principal amounts, on the dates and shall bear interest at the rates set forth below.

**Series 2021 Bonds**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
<u>July 1</u> [_____]	\$[_____]	[_____]%

The Series 2021 Bonds are subject to prior redemption in accordance with the provisions of Article III hereto. The Series 2021 Bonds shall be substantially in the form and tenor hereinabove recited with such appropriate variations, omissions and insertions as are permitted or required by the Indenture.

**Section 2.02. Delivery of Series 2021 Bonds and Deposit of Funds.**

(a) Upon the execution and delivery of this First Supplemental Indenture, the Authority shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Series 2021 Bonds and deliver them to the initial purchaser thereof as directed by the Authority and as hereinafter in this Section provided.

Prior to the authentication and delivery by the Trustee of any of the Series 2021 Bonds, there shall have been filed with or delivered to the Trustee those items required by Section 2.11 of the Original Indenture.

(b) The Trustee shall deposit the proceeds of the Series 2021 Bonds in the amount of \$[\_\_\_\_\_] consisting of the par amount of the Series 2021 Bonds of \$[\_\_\_\_\_], plus original issue premium of \$[\_\_\_\_\_], and less an Underwriter's discount of \$[\_\_\_\_\_], to the Trustee, who shall forthwith deposit such funds as follows:

(i) [to the subaccount of the Debt Service Reserve Fund related to the Series 2021 Bonds, \$[\_\_\_\_\_] (of which amount \$[\_\_\_\_\_] shall be from proceeds of the Series 2021A Bonds and \$[\_\_\_\_\_] shall be from proceeds of the Series 2021B Bonds)];

(ii) to a subaccount of the Project Fund related to the Series 2021 Bonds, Series 2021 Bond proceeds in the amount of \$[\_\_\_\_\_] (of which amount \$[\_\_\_\_\_] shall be from proceeds of the Series 2021A Bonds and \$[\_\_\_\_\_] shall be from proceeds of the Series 2021B Bonds);

(iii) to a subaccount of the Cost of Issuance Fund related to the Series 2021 Bonds, Series 2021 Bond proceeds in the amount of \$[\_\_\_\_\_] (of which amount \$[\_\_\_\_\_] shall be from proceeds of the Series 2021A Bonds and \$[\_\_\_\_\_] shall be from proceeds of the Series 2021B Bonds).

**ARTICLE III**

**REDEMPTION OF SERIES 2021 BONDS PRIOR TO MATURITY**

**Section 3.01. Optional Redemption of Bonds.**

(a) The Series 2021 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon the written direction of the Borrower from prepayment of the Series 2021 Promissory Note made by the Borrower pursuant to Section 11.01 of the Original Loan Agreement) in whole or in part on any date commencing July 1, 20[\_\_\_], of the maturity selected by the Borrower, and if less than all of a maturity, then by lot within a maturity, at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

(b) In case of optional redemption of the Series 2021 Bonds, the Borrower shall, at least forty-five (45) days prior to the redemption date (unless a shorter notice shall be satisfactory to the Trustee), deliver a written request to the Authority and the Trustee notifying the Authority and the Trustee of such redemption date and of the principal amount of the Series 2021 Bonds to be redeemed and shall, on or prior to the redemption date, deliver to the Trustee funds sufficient to pay the redemption price of all Series 2021 Bonds so called for redemption.

**Section 3.02. Mandatory Sinking Fund Redemption**

(a) The Series 2021A Bonds maturing July 1, 20[\_\_\_] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

**Series 2021A Bond Maturing  
July 1, 20[\_\_\_]**

<u>July 1,</u>	<u>Principal Amount</u>
*	\$

\*Maturity Date

(b) The Series 2021B Bonds maturing July 1, 20[ ] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

**Series 2021B Bond Maturing  
July 1, 20[ ]**

<u>July 1,</u>	<u>Principal Amount</u>
*	\$

\*Maturity Date

**ARTICLE IV**

**AMENDMENTS**

**Section 4.01.**     [TBD].

**ARTICLE V**

**MISCELLANEOUS**

**Section 5.01.**     Titles, Headings, Etc. The titles and headings of the articles, sections, and subsections of this First Supplemental Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

**Section 5.02.**     Severability. In the event any provision of this First Supplemental Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 5.03.**     Governing Law. This First Supplemental Indenture is a contract made under the laws of the State of California and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State of California. This First Supplemental Indenture shall be enforceable in the State of California, and any action arising out of this First Supplemental Indenture shall be filed and maintained in Sacramento County, California, unless the Authority waives this requirement.

**Section 5.04.**     Execution in Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.



**Section 5.05.** Notices. Except as otherwise provided in Section 11.09 of the Original Indenture, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, facsimile (confirmed by certified mail), return receipt requested, postage prepaid, or overnight courier, addressed as follows:

If to the Lessee:                      The High Desert “Partnership in Academic Excellence”  
Foundation, Incorporated  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: [llamb@lcer.org](mailto:llamb@lcer.org)

If to the Borrower:                    230 South Waterman Avenue LLC  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: [llamb@lcer.org](mailto:llamb@lcer.org)

If to the Authority:                    California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833  
Attention: Chair  
Telephone: (916) 448-8252  
Email: [gsahota@caled.org](mailto:gsahota@caled.org)

If to the Trustee:                      Wilmington Trust, National Association  
650 Town Center Drive, Suite 800  
Costa Mesa, California 92626  
Attention: Corporate Trust Department  
Telephone: (714) 384-4153

**Section 5.06.** Concerning the Trustee. Except with respect to the Trustee’s mailing of notice to the Registered Owners of the Bonds, the Trustee assumes no responsibility for the correctness of the recitals contained herein, which shall be deemed to be solely those of the Authority and not of the Trustee, and makes no representation as to the validity or sufficiency of either the Notice to Registered Owners or this First Supplemental Indenture.

*[Remainder of page left blank intentionally]*

IN WITNESS WHEREOF, the Authority and the Trustee have caused this First Supplemental Indenture to be executed in their respective corporate names by their duly authorized representatives, all as of the date first above written.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_  
Gurbax Sahota, Chair

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Authorized Signatory

*(First Supplemental Indenture of Trust – Norton Science and Language Academy, Series 2021)*

## EXHIBIT A

### FORM OF SERIES 2021 BOND

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT FOR SO LONG AS THIS BOND IS UNRATED OR RATED BELOW “BBB-” (OR ITS EQUIVALENT) OR LOWER BY ANY RATING AGENCY RATING THE SERIES 2021 BONDS, THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, AN ACCREDITED INVESTOR (WITHIN THE MEANING OF RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED).

THE AUTHORITY MAY REMOVE THE FOREGOING RESTRICTIONS WITHOUT NOTICE TO OR CONSENT OF ANY BENEFICIAL OWNER. AT SUCH TIME AS THE BORROWER SHALL PROVIDE TO THE AUTHORITY AND THE TRUSTEE WRITTEN EVIDENCE TO THE EFFECT THAT EACH RATING AGENCY THEN RATING THE SERIES 2021 BONDS HAS RATED THE SERIES 2021 BONDS “BBB-” OR EQUIVALENT, OR HIGHER (WITHOUT REGARD FOR GRADATION WITHIN A RATING CATEGORY AND WITHOUT REGARD FOR CREDIT ENHANCEMENT UNLESS SUCH CREDIT ENHANCEMENT EXTENDS THROUGH THE FINAL MATURITY DATE OF THE SERIES 2021 BONDS), THIS TRANSFER RESTRICTION SHALL BE OF NO FURTHER FORCE OR EFFECT AND THE AUTHORIZED DENOMINATIONS OF THE SERIES 2021 BONDS SHALL BE CHANGED (IF NECESSARY) TO DENOMINATIONS OF \$5,000 OR ANY INTEGRAL MULTIPLE THEREOF.

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY  
 CHARTER SCHOOL REVENUE BOND  
 (NORTON SCIENCE AND LANGUAGE ACADEMY PROJECT)  
 [TAX-EXEMPT/TAXABLE] SERIES 2021[A/B]**

NO. R[A/B] – [ ] \$ \_\_\_\_\_

<u>MATURITY DATE</u>	<u>DATED</u>	<u>INTEREST RATE</u>	<u>CUSIP</u>
July 1, 20[ ]	December [ ], 2021	[ ]%	13069A [ ]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [ ] DOLLARS

THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (the “Authority”), a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “State”), as amended (the “Act”), and other applicable statutes and laws of the State, for value received, hereby promises to pay, from the sources hereinafter described, the principal amount stated above in lawful money of the United States of America to the Registered Owner named above, or registered assigns, on the maturity date stated above (unless this Bond shall have been called for prior redemption, in which case on such redemption date), upon the presentation and surrender hereof at the designated corporate trust office of Wilmington Trust, National Association, as trustee (the “Trustee”) under an Indenture of Trust dated as of June 1, 2020, as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2021 (the “Indenture”), by and between the Authority and the Trustee, and to pay, from like sources, to the person who is the Registered Owner hereof on the 15<sup>th</sup> calendar day of the month preceding each Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such Registered Owner (except that Registered Owners of at least \$1,000,000 in aggregate principal amount of the Bonds (as defined below) Outstanding may, by written request received by the Trustee at least ten (10) Business Days (as defined in the Indenture) prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America) at his or her address as it last appears on the registration books kept for that purpose at the corporate trust offices of the Trustee, interest on said sum in like coin or currency from the date hereof at the interest rate set forth above, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2022, until payment of the principal hereof has been made or provided for. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten (10) days prior thereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

This Bond is one of the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) [Tax-Exempt/Taxable] Series 2021[A/B] (the “Series 2021 Bonds”), duly authorized by the Authority in the aggregate principal amount of \$[\_\_\_\_\_] issued as Additional Bonds under and equally and ratably secured by the Indenture. The Series 2021 Bonds have been issued under the Act for purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as a charter school located at 230 South Waterman Avenue, San Bernardino, California (the “Series 2021 Facilities”); (ii) funding a debt service reserve fund for the Series 2021 Bonds; (iii) paying capitalized interest on the Series 2021 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2021 Bonds (collectively, the “Series 2021 Project”).

As provided in the Indenture, additional bonds of the Authority may be issued only with respect to Projects (as defined in the Indenture) and may be secured on a parity basis with the Series 2021 Bonds. Such additional bonds may be issued from time to time in one or more series, in various principal amounts and for the benefit of 230 South Waterman Avenue LLC (the “Borrower”), may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such bonds and other obligations issued and to be issued under the Indenture is not limited.

This Series 2021 Bond is a special, limited obligation of the Authority payable solely from and secured by an assignment and pledge of (i) all right, title and interest of Authority in and to, including amounts payable under, the Loan Agreement dated as of June 1, 2020 (the “Loan Agreement”), as amended from time to time, by and between the Authority and the Borrower (except the Authority’s Unassigned Rights, as defined in the Indenture); (ii) all right, title and interest of Authority and the Borrower in and to, including amounts payable under, the Lease Agreement, dated as of June 1, 2020 (the “Lease Agreement”), as amended from time to time, by and between the Borrower, as lessor, and The High Desert “Partnership in Academic Excellence” Foundation, Incorporated, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Lessee”), as lessee (except the Borrower’s Unassigned Rights and the Authority’s Unassigned Rights, each as defined in the Indenture); (iii) the rights, title and interests of the Authority in the Facilities, subject to Permitted Encumbrances (as defined in the Indenture); (iv) the Loan Payments (as defined in the Indenture); (v) the rights, title and interests of the Authority and the Borrower under the Series 2021 Promissory Note, the Deed of Trust (as defined in the Indenture); (vi) all Funds created in the Indenture (other than the Cost of Issuance Fund and the Rebate Fund) subject to certain exceptions provided in the Indenture; and (vii) any and all other interests in real or personal property of every name and nature specifically mortgaged, pledged or hypothecated, as and for additional security by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee.

THE SERIES 2021 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE SERIES 2021 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS

MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE SERIES 2021 BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE SERIES 2021 BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE SERIES 2021 BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE SERIES 2021 BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE SERIES 2021 BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE SERIES 2021 BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE SERIES 2021 BONDS.

#### Redemption Provisions

##### Optional Redemption.

(a) The Series 2021 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon the written direction of the Borrower from prepayment of the Series 2021 Promissory Note made by the Borrower pursuant to Section 11.01 of the Original Loan Agreement) in whole or in part on any date commencing July 1, 20[\_\_\_], of the maturity selected by the Borrower, and if less than all of a maturity, then by lot within a maturity, at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

(b) Additional Bonds shall be subject to optional redemption at such times and upon such terms as shall be fixed by the related Supplemental Indenture.

Redemption of Bonds Upon Occurrence of Certain Events. The Series 2021 Bonds are also subject to extraordinary redemption at the expense of the Borrower from the Net Proceeds of any insurance policy or condemnation award and in the event the Facilities or any portion thereof are damaged or destroyed or taken in condemnation proceedings as provided in Section 7.02 of the Loan Agreement. If called pursuant to Section 5.02 of the Indenture, the Series 2021 Bonds are callable on any date in whole or in part from and to the extent of funds on deposit under the

Indenture and available for this purpose at a redemption price equal to the principal amount of each Series 2021 Bond redeemed and accrued interest to the redemption date.

Mandatory Sinking Fund Redemption.

(i) The Series 2021[A/B] Bonds maturing July 1, 20[\_\_\_] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

<u>Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
20[___]*	

\*Maturity Date

(b) Additional Bonds of a Series may be subject to mandatory sinking fund redemption at such times and upon such terms as shall be fixed by the related Supplemental Indenture relating to such Bonds.

Purchase in Lieu of Redemption. At the election of the Borrower upon a call for optional redemption in whole of the Bonds, if and only if the Borrower obtains a favorable Opinion of Bond Counsel, by written notice to the Trustee, given not less than forty-five (45) days in advance of the proposed date of redemption, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and will be purchased by funds provided to the Trustee by the Borrower. The purchase price of Bonds so purchased and payable on such Redemption Date in lieu of redemption shall be equal to the redemption price set forth in Section 5.01 above payable on such date of redemption had the Bonds been so redeemed. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower.

Method of Selecting Bonds; Notices. Unless otherwise specifically stated in the Indenture, any partial redemption of the Series 2021 Bonds shall be redeemed in inverse order of maturity, or if less than all of the Series 2021 Bonds in a single maturity shall be redeemed, the Series 2021 Bonds redeemed shall be selected by lot within such maturity.

In the case of every redemption (other than mandatory sinking fund redemption), the Trustee shall cause notice of such redemption to be given via Electronic Means or by mailing by first-class mail a copy of the redemption notice to the Registered Owners of the Series 2021 Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than sixty (60) nor less than thirty (30) days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2021 Bonds. In the case of optional redemption, or extraordinary redemption upon the occurrence of certain events, the Trustee may state that the redemption is conditioned upon receiving from the Borrower, prior to the redemption date, sufficient amounts to redeem such Series 2021 Bonds and that if such money is not so received, no Series 2021 Bonds shall be redeemed.

Each notice of redemption shall specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2021 Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Series 2021 Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Series 2021 Bonds or portions thereof to be redeemed.

Series 2021 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2021 Bonds.

This Series 2021 Bond is fully transferable and exchangeable by the Registered Owner hereof in person or accompanied by an assignment duly executed by the Registered Owner by his or her duly authorized attorney on the registration books kept by the Trustee, upon surrender of this Series 2021 Bond together with a duly endorsed written instrument of transfer; subject, however, to the terms of the Indenture which limit the transfer and exchange of Series 2021 Bonds during certain periods. Upon such transfer or exchange a new fully registered bond of Authorized Denomination or Denominations for a like series, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange therefor, all subject to the terms, limitations and conditions set forth in the Indenture. The Trustee shall require the payment by any Registered Owner of this Series 2021 Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Authority and the Trustee may deem and treat the person in whose name this Series 2021 Bond is registered as the absolute owner hereof, whether or not this Series 2021 Bond shall be overdue, for the purpose of receiving payment and for all other purposes, except to the extent otherwise provided herein and in the Indenture with respect to Regular Record Dates and Special Record Dates for the payment of interest, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding the foregoing, so long as the ownership of the Series 2021 Bonds is maintained in book-entry form by The Depository Trust Company (the "Securities Depository") or a nominee thereof, this Series 2021 Bond may be transferred in whole but not in part only to the Securities Depository or a nominee thereof or to a successor Securities Depository or its nominee.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Authority and of the Registered Owners of the Series 2021 Bonds may be made by the Authority and the Trustee but without the consent of the Registered Owners of the Series 2021 Bonds in certain cases described in the Indenture, including any change which does not materially adversely affect the interests of the Registered Owners of the Series 2021 Bonds. Certain other amendments may be made by the Authority and the Trustee with the consent of the Majority Bondholder; provided, however, that no such modification or amendment shall be made which will constitute an extension of the maturity of, or a reduction in the principal amount of, or a reduction of the rate of interest on or extension of the time of payment of interest on, or a reduction of any premium payable upon redemption of, any Bond, which are unconditional



unless consented to by all Registered Owners adversely affected by such change. Any such consent by the Registered Owner of this Series 2021 Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Series 2021 Bond and of any Series 2021 Bond issued upon the transfer or exchange of this Series 2021 Bond whether or not notation of such consent is made upon this Series 2021 Bond.

The Registered Owner of this Series 2021 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. In case an event of default under the Indenture shall occur, the principal of all the Series 2021 Bonds at any such time Outstanding may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee, with the consent of the Registered Owners of a requisite principal amount of the Bonds then Outstanding.

None of the officials, officers, agents, servants or employees of the Borrower or the Authority or any person executing the Series 2021 Bonds shall be liable personally on the Series 2021 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The liability and obligations of the Authority under the Loan Agreement and the Indenture with respect to all or any portion of the Series 2021 Bonds may be discharged at or prior to the maturity or redemption of the Series 2021 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Loan Agreement and the Indenture.

No covenant or agreement contained in the Series 2021 Bonds or in the Indenture shall be deemed to be the covenant or agreement of any appointed official, officer, agent, servant or employee of the Authority in his or her individual capacity or of any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Series 2021 Bonds, including any officer or employee of the Trustee, shall be liable personally on the Series 2021 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No covenant or agreement contained in the Loan Agreement shall be deemed to be the covenant or agreement of any appointed official, officer, agent, servant or employee of the Borrower in his or her individual capacity, and the members of the governing body of the Borrower shall not be liable personally or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution or statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this bond exist, have happened and have been performed.

Copies of the Indenture, the Loan Agreement, the Lease Agreement, the Deed of Trust and the other documents relating to the Series 2021 Bonds are on file at the designated corporate trust

office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the limited liability of the Borrower, the terms of and security for the Series 2021 Bonds, the custody and application of the proceeds of the Series 2021 Bonds, the rights and remedies of the Registered Owners of the Series 2021 Bonds, amendments, and the rights, duties and obligations of the Authority and the Trustee, to all of which the Registered Owner hereof, by acceptance of this Bond, assents.

This Series 2021 Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Trustee shall have signed the certificate of authentication hereon.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the California Enterprise Development Authority has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Gurbax Sahota  
Chair

**(FORM OF CERTIFICATE OF AUTHENTICATION)**

This is one of the Series 2021 Bonds described in the within mentioned Indenture of Trust.

Dated: \_\_\_\_\_

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**(END OF FORM OF CERTIFICATE OF AUTHENTICATION)**

**(FORM OF ASSIGNMENT)**

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Social Security or Federal Taxpayer Identification Number)

\_\_\_\_\_  
(Please print or typewrite Name and Address,  
including Zip Code, of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee under the Indenture as registrar and attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature guaranteed by:

\_\_\_\_\_  
NOTICE: Signature of the registered owner must be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Rule 17Ad-15

\_\_\_\_\_  
NOTICE: The signature of the registered owner 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 whatsoever.

(END OF FORM OF SERIES 2021 BOND)



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**LOAN AGREEMENT**

by and between

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**  
as Authority

and

**230 SOUTH WATERMAN AVENUE LLC**  
as Borrower

\$40,895,000

California Enterprise Development Authority  
Charter School Revenue Bonds  
(Norton Science and Language Academy Project)  
Tax-Exempt Series 2020

Dated as of June 1, 2020

Pursuant to the Indenture (defined herein), the Authority has granted, bargained, sold, alienated, pledged, set over and confirmed to the Trustee for the benefit of the owners of the Bonds, all rights and interests of the Authority in this Loan Agreement, as amended from time to time, except for the Authority's Unassigned Rights (as defined in the Indenture).

## TABLE OF CONTENTS

Page

### ARTICLE I

DEFINITIONS .....	2
-------------------	---

### ARTICLE II REPRESENTATIONS

Section 2.01.	Representations by Authority .....	6
Section 2.02.	Representations by Borrower.....	7
Section 2.03.	Borrower's Tax Covenants .....	11
Section 2.04.	Borrower's Covenant To Comply With Charter School Laws.....	12
Section 2.05.	[Reserved] .....	12
Section 2.06.	Environmental Representations .....	12

### ARTICLE III

TERM OF LOAN AGREEMENT .....	13
------------------------------	----

### ARTICLE IV THE SERIES 2020 PROJECT; ISSUANCE OF SERIES 2020 BONDS

Section 4.01.	Agreement to Issue Series 2020 Bonds; Application of Series 2020 Bond Proceeds .....	14
Section 4.02.	Disbursements From the Project Fund.....	14
Section 4.03.	Establishment of Completion Date; Obligation of the Borrower to Complete .....	15
Section 4.04.	Disbursements From Cost of Issuance Fund .....	15
Section 4.05.	Obligation of Borrower to Furnish Documents to Trustee .....	16
Section 4.06.	Investment of Moneys.....	16
Section 4.07.	Tax Covenant .....	16
Section 4.08.	Title Insurance .....	16
Section 4.09.	Disbursements from the Repair and Replacement Fund.....	17
Section 4.10.	Reserved.....	17
Section 4.11.	Disbursements from the Expense Fund .....	17

### ARTICLE V PAYMENT PROVISIONS

Section 5.01.	Loan Payments and Other Amounts Payable.....	17
Section 5.02.	Pledge by Borrower .....	21
Section 5.03.	Payees of Payments.....	21
Section 5.04.	Obligations of Borrower Hereunder Unconditional .....	21



ARTICLE VI  
 MAINTENANCE, TAXES AND INSURANCE

Section 6.01.	Maintenance and Modifications of Facilities by Borrower .....	22
Section 6.02.	Taxes, Other Governmental Charges and Utility Charges.....	23
Section 6.03.	Insurance Required .....	23
Section 6.04.	Application of Net Proceeds of Insurance .....	23
Section 6.05.	Advances by Trustee.....	24
Section 6.06.	Environmental Indemnity .....	24
Section 6.07.	Environmental Covenants.....	24
Section 6.08.	Additional Environmental Provisions.....	26

ARTICLE VII  
 DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01.	Damage, Destruction and Condemnation .....	28
Section 7.02.	Mandatory Prepayment from Insurance or Condemnation Proceeds or Due to Invalidity .....	29
Section 7.03.	Borrower or Lessee Entitled to Certain Net Proceeds .....	30
Section 7.04.	No Change in Loan Payments; No Liens.....	30
Section 7.05.	Investment of Net Proceeds .....	30

ARTICLE VIII  
 SPECIAL COVENANTS

Section 8.01.	No Warranty of Condition or Suitability by Authority.....	30
Section 8.02.	Consolidation, Merger, Sale or Conveyance .....	30
Section 8.03.	Further Assurances.....	32
Section 8.04.	Audits .....	32
Section 8.05.	Records and Accounts.....	32
Section 8.06.	Indemnification .....	32
Section 8.07.	Authority of Authorized Representative of Borrower .....	34
Section 8.08.	Authority of Authorized Representative of Authority .....	34
Section 8.09.	Licenses and Qualifications .....	34
Section 8.10.	Right to Inspect .....	35
Section 8.11.	Lease or other Disposition of Facilities .....	35
Section 8.12.	Limitations on Incurrence of Additional Indebtedness.....	35
Section 8.13.	Covenant to Comply with Indenture.....	35
Section 8.14.	Continuation of Operation in Event of Casualty.....	35
Section 8.15.	Prohibited Use.....	35
Section 8.16.	Transfer of Membership Interest in Borrower .....	36
Section 8.17.	Capital Needs Assessment .....	36

ARTICLE IX  
 ASSIGNMENT AND PLEDGING; REDEMPTION OF BONDS

Section 9.01.	Assignment and Pledge by Authority .....	36
---------------	--	----

Section 9.02.	Redemption of Bonds .....	36
---------------	---------------------------	----

ARTICLE X  
EVENTS OF DEFAULT AND REMEDIES

Section 10.01.	Events of Default .....	37
Section 10.02.	Remedies on Default.....	39
Section 10.03.	No Remedy Exclusive.....	40
Section 10.04.	Agreement to Pay Attorneys’ Fees and Expenses .....	41
Section 10.05.	Waiver.....	41
Section 10.06.	Proofs of Claim.....	41
Section 10.07.	Treatment of Funds in Bankruptcy .....	42

ARTICLE XI  
PREPAYMENT OF ANY LOAN

Section 11.01.	General Option to Prepay Any Loan .....	42
Section 11.02.	Prepayment Credits.....	43
Section 11.03.	Notice of Prepayment .....	43
Section 11.04.	Use of Prepayment Moneys .....	43

ARTICLE XII  
MISCELLANEOUS

Section 12.01.	Notices .....	43
Section 12.02.	Binding Effect.....	44
Section 12.03.	Severability .....	44
Section 12.04.	Third Party Beneficiaries .....	45
Section 12.05.	Amounts Remaining in Funds .....	45
Section 12.06.	Amendments, Changes and Modifications .....	45
Section 12.07.	Execution in Counterparts.....	45
Section 12.08.	Governing Law; Venue.....	45
Section 12.09.	Filing.....	45
Section 12.10.	Cancellation at Expiration of Term of Loan Agreement .....	45
Section 12.11.	No Pecuniary Liability of Authority .....	45
Section 12.12.	No Personal Liability of Officials of Borrower, Lessee, Authority or Trustee.....	46
Section 12.13.	Special, Limited Obligation of Authority .....	47
Section 12.14.	No Warranty by Authority .....	49
Section 12.15.	Prior Agreements Superseded.....	49
Section 12.16.	Covenant by Borrower With Respect to Statements, Representations and Warranties .....	49
Section 12.17.	Captions .....	49
Section 12.18.	Loan Payments Due on Holidays.....	49
Section 12.19.	Provision of General Application .....	50
Section 12.20.	Survival.....	50
Section 12.21.	Notice of Change in Fact .....	50

Section 12.22.	Expenses .....	50
EXHIBIT A	FORM OF SERIES 2020 PROMISSORY NOTE	
EXHIBIT B	[RESERVED]	
EXHIBIT C	FORM OF PROJECT FUND REQUISITION CERTIFICATE	
EXHIBIT D	INITIAL DISBURSEMENT FROM THE PROJECT FUND	
EXHIBIT E	FORM OF CERTIFICATE OF COMPLETION	
EXHIBIT F	FORM OF REPAIR AND REPLACEMENT FUND REQUISITION	

## LOAN AGREEMENT

**THIS LOAN AGREEMENT**, dated as of June 1, 2020 (this “Agreement”), is by and between the **CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY** (the “Authority”), a joint exercise of powers authority organized and operating under the laws of the State of California (the “State”), or its successors and assigns, and **230 SOUTH WATERMAN AVENUE LLC**, a California limited liability company (the “Borrower”), the sole member of which is The High Desert “Partnership in Academic Excellence” Foundation, Incorporated (the “Lessee”), a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”).

### WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”), and is authorized by the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements, or enter into loan agreements to, among other things, finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Code, including an entity that undertakes the financing of a project (as defined in the Act); and

WHEREAS, the Authority is authorized pursuant to the Act to enter into this Loan Agreement; and

WHEREAS, the Borrower has applied for the financial assistance of the Authority in the financing of the acquisition, renovation, improvement, furnishing and equipping of certain educational facilities, such as Series 2020 Facilities (as defined herein) to be owned by the Borrower; and

WHEREAS, the Series 2020 Facilities will be subleased by the Borrower to the Lessee pursuant to the Lease Agreement (as defined in the Indenture) for the operation of Norton Science and Language Academy, a charter school under the Charter School Law (the “School”); and

WHEREAS, the Authority has authorized the issuance of its \$40,895,000 Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020 (the “Series 2020 Bonds”), pursuant to an Indenture of Trust dated as of June 1, 2020 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”), in order to make one or more loans to the Borrower pursuant to this Loan Agreement for purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as the School and located at 230 S. Waterman Avenue, San Bernardino, California (the “Series 2020 Facilities”); (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the “Series 2020 Project”); and

WHEREAS, pursuant to and in accordance with the Act, the Authority proposes to make a loan (the “Loan”) to the Borrower pursuant to this Loan Agreement for the purpose of financing the Series 2020 Project; and

WHEREAS, the Authority and the Borrower have each duly authorized the execution, delivery and performance of this Loan Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS

All terms defined in Article I of the Indenture and Article I of the Lease Agreement and not otherwise defined herein shall have the same meaning in this Loan Agreement. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

“*Accountant*” means any independent certified public accounting firm licensed to practice in the State (which may be the firm of accountants that regularly audits the books and accounts of the Lessee or the Borrower) from time to time selected by the Lessee or Borrower, as applicable.

“*Bond Proceeds of a Series*” means all amounts actually or constructively received from the sale of the related Series of Tax-Exempt Bonds (including underwriters’ discount or compensation, but excluding pre-issuance accrued interest), plus all investment earnings thereon.

“*Completion Date*” means, for the Series 2020 Project, the date specified by the Borrower in a certificate delivered to the Trustee stating that the acquisition, renovation, improvement, furnishing and equipping of such campus is complete in accordance with Section 4.03 hereof; provided, however, the Completion Date for the Series 2020 Project shall not be later than June 16, 2023, and the Completion Date for each additional Project not a part of the Series 2020 Project shall not be later than the date which is three years following the related Bond Closing for such Series of Bonds or such earlier date as provided in the applicable Supplemental Indenture.

“*County*” means San Bernardino County, California.

“*Environmental Damages*” means all claims, judgments, damages, losses, penalties, fines, Liabilities (including strict liability), encumbrances, Liens, privileges, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and expert consultants’ fees and disbursements, any of which are incurred at any time as a result of the existence of Regulated Chemicals upon, about, beneath or migrating, or threatening to migrate, onto or from the Facilities, or the existence of a violation of

Environmental Requirements pertaining to the Facilities, regardless of whether or not such Environmental Damages were caused by or within the control of the Borrower or the Lessee.

“*Environmental Law*” means the Comprehensive Environmental Response, Compensation and Liability Act of 1976, 42 U.S.C. §§ 6901 *et seq.*, Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by SARA, 42 U.S.C. §§ 1820 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1810 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq.*, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 9601 *et seq.*; the Clean Water Act, 33 U.S.C. §§ 1251 *et seq.* and the Clean Air Act, 42 U.S.C. §§ 7412 *et seq.*, and any other applicable federal or State laws pertaining to the protection of the environment, as any such laws may be amended, modified or supplemented and any regulations promulgated pursuant to any of the foregoing.

“*Environmental Regulations*” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

“*Environmental Report*” means any Environmental Assessment, Tests (each as defined in Section 6.08 herein), or other environmental report or audit conducted at the Facilities for any reason.

“*Environmental Requirements*” means all applicable federal, State, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, safety or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601, *et seq.*, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §6901, *et seq.*, the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. § 1251, *et seq.*, the Toxic Substances Control Act of 1976, 15 U.S.C. §2601, *et seq.*, the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §11001, *et seq.*, the Clean Air Act of 1966, as amended, 42 U.S.C. §7401, *et seq.*, the National Environmental Policy Act of 1975, 42 U.S.C. §4321, the Rivers and Harbors Act of 1899, 33 U.S.C. §401 *et seq.*, the Endangered Species Act of 1973, as amended 16 U.S.C. §1531, *et seq.*, the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §651, *et seq.*, the Safe Drinking Water Act of 1974, as amended 42 U.S.C. §300(f), *et seq.*, and all rules, regulations, policies and guidance documents promulgated or published thereunder, and any State, regional, county or local statute, law, rule, regulation or ordinance relating to public health, safety or the environment, including, without limitation those relating to:

- (a) releases, discharges, emissions or disposals to air, water, land or groundwater;
- (b) the withdrawal or use of groundwater;
- (c) the use, handling, or disposal of polychlorinated biphenyls (“PCBs”), asbestos or urea formaldehyde;

(d) the transportation, treatment, storage, disposal, release or management of hazardous substances or materials (including, without limitation, petroleum, its derivatives, by-products or other hydrocarbons), and any other solid, liquid, or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Facilities or any property adjacent to or surrounding the Facilities;

(e) the exposure of Persons to toxic, hazardous; or other controlled, prohibited or regulated substances; and

(f) any Regulated Chemical.

“*Event of Default*” means those defaults specified in the Borrower Documents (including this Loan Agreement) and in the Indenture.

“*Facilities*” means the Series 2020 Facilities and any other facilities hereafter owned by the Borrower at any time and leased to the Lessee under the Lease Agreement for the operation of the School, and pledged to the Trustee to secure the Bonds.

“*Indemnified Parties*” has the meaning assigned to such term in Section 8.06 hereof.

“*Joint Powers Agreement*” means the Joint Exercise of Powers Agreement relating to the California Enterprise Development Authority, dated as of June 1, 2006, as amended, among the cities of Eureka, Lancaster and Selma and other public agencies who have and may subsequently become associate members of the Authority.

“*Lessee*” means The High Desert “Partnership in Academic Excellence” Foundation, Incorporated, a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Code and authorized to operate charter schools by the State under the Charter School Act, or any successor thereto, and any surviving, resulting or transferee entity thereof, as provided in the Lease Agreement.

“*Liabilities*” means any causes of action (whether in contract, tort or otherwise), claims, costs, damages, demands, judgments, liabilities, losses, suits and expenses (including, without limitation, reasonable costs of investigation, and attorney’s fees and expenses) of every kind, character and nature whatsoever.

“*Loan*” means the loan by the Authority to the Borrower of the proceeds from the sale of a Series of Bonds pursuant to the Loan Agreement.

“*Operating Expenses*” means fees and expenses of the School, including Base Lease Payments and Additional Lease Payments, maintenance and repair expenses, utility expenses, administrative and legal expenses, subordinated Support Office Service Fees, miscellaneous operating expenses, interest expenses, advertising costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the School, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of the School not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with Generally Accepted Accounting Principles, all in such amounts as reasonably

determined by the School; provided, however, “Operating Expenses” shall not include (a) depreciation and amortization expenses, (b) other non-cash expenses, (c) those expenses which are actually paid from any proceeds of Long-Term Indebtedness, and (d) expenditures for capitalized assets.

“*Opinion of Counsel*” means an opinion in writing of legal counsel, who may be counsel to the Authority, the Trustee, the Borrower or the Lessee, reasonably acceptable to the addressees thereof.

“*Person*” includes an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof.

“*Registered Owner*” or “*Owner*” means the Person or Persons in whose name or names a particular Bond is registered on the registration records maintained for that purpose pursuant to the Indenture.

“*Regulated Chemicals*” means any substance, the presence of which requires investigation, permitting, control or remediation under any federal, State or local statute, regulation, ordinance or order, including without limitation:

(a) any substance defined as “hazardous waste” under the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901 *et seq.*);

(b) any substance defined as a “hazardous substance” under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §9601 *et seq.*);

(c) any substance defined as a “hazardous material” under the Hazardous Materials Transportation Act (49 U.S.C. § 1800 *et seq.*);

(d) any substance defined under any State statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively;

(e) asbestos;

(f) urea formaldehyde;

(g) polychlorinated biphenyls;

(h) petroleum, or any distillate or fraction thereof;

(i) any hazardous or toxic substance designated pursuant to the laws of the State; and

(j) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

“*School*” means, collectively, any charter school operated by the Lessee pursuant to the Charter School Contract (as defined in the Lease).



“*Series 2020 Bond Proceeds*” means all amounts actually or constructively received from the sale of the Series 2020 Bonds (including underwriters’ discount or compensation but excluding pre-issuance accrued interest) plus all investment earnings thereon.

“*State Payments*” means any and all payments made to or for the benefit of the Lessee allocable to the School pursuant to the Charter School Act and that are permitted to be used for the purposes set forth in the Lease Agreement.

## ARTICLE II

### REPRESENTATIONS

**Section 2.01. Representations by Authority.** The Authority makes the following representations and warranties to the Borrower, as of the date of execution of this Loan Agreement

(a) The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State of California, and is duly authorized to issue the Bonds and to perform its obligations under this Loan Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Loan Agreement. The Authority has taken all necessary action and has complied with all provisions of the law required to make this Loan Agreement a valid and binding limited obligation of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) The Bonds have been duly authorized, executed and delivered by the Authority. Nothing in this Loan Agreement shall be construed as requiring the Authority to provide any financing for the Series 2020 Project other than the proceeds of the Bonds or to provide sufficient moneys for all of the cost of financing the Series 2020 Project.

(d) To the current actual knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority which (i) affects or seeks to prohibit, restrain or enjoin the issuance, execution or delivery of the Bonds, the origination of the loan or the lending of the proceeds of the Bonds to the Borrower, or the execution and delivery of the Indenture or the Borrower Documents, (ii) affects or questions the validity or enforceability of the Bonds, the Indenture or the Borrower Documents, or (iii) questions the tax-exempt status of interest on the Tax-Exempt Bonds.

**Section 2.02. Representations by Borrower.** The Borrower represents and warrants to the Authority that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The Borrower is duly organized and existing as a limited liability company under the laws of the State, it is in good standing and authorized to transact business in the State, it will maintain, extend and renew its existence under the laws of the State, and it will not do, suffer or permit any act or thing to be done whereby its right to transact business in the State might or could be terminated or its activities restricted in a way that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents.

(b) The Borrower's sole member is the Lessee. The Lessee is an organization described in Section 501(c)(3) of the Code, does not constitute a private foundation under Section 509(a) of the Code, and the income of the Lessee is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code. The Lessee has received a determination from the Internal Revenue Service to the foregoing effect, and none of the bases for such determination have changed since the date thereof. The Borrower has not filed Form 8832 to treat the Borrower as a corporation and has not otherwise made an election to be treated as a corporation for federal income tax purposes. The Lessee has not filed Form 8832 to treat the Borrower as a corporation and has not otherwise made an election to treat the Borrower as a corporation for federal income tax purposes. The Borrower continues to be treated as a single member disregarded entity for federal income tax purposes.

(c) The Borrower is organized and operated for the purpose and with the specific power to own the Series 2020 Facilities, has been duly authorized to execute each of the Borrower Documents and consummate all of the transactions contemplated thereby, and by the Offering Document and to carry out and consummate all the transactions contemplated hereunder, thereunder and by the Offering Document.

(d) The Borrower is a limited liability company duly organized and in good standing under the laws of the State, has full legal right, power and authority to enter into the Borrower Documents, and to carry out all of its obligations under and consummate all transactions contemplated hereby and by the Borrower Documents, and by proper corporate action has duly authorized the execution, delivery and performance of the Borrower Documents.

(e) The officers of the sole member of the Borrower executing the Borrower Documents are duly and properly in office and fully authorized to execute the same.

(f) The Borrower Documents have been duly authorized, executed and delivered by the Borrower.

(g) This Loan Agreement, when assigned to the Trustee pursuant to the Indenture and the other Borrower Documents, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Trustee in accordance with their terms for the benefit of the Beneficial Owners of the Series 2020 Bonds, and any rights of the Authority and obligations of the Borrower not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(h) The execution and delivery of this Loan Agreement and the Borrower Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Borrower's articles of organization or operating agreement, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the Borrower Documents, or the financial condition, assets, properties or operations of the Borrower.

(i) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity to the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(j) All financial statements and information heretofore delivered to the Authority by the Borrower, including without limitation, information relating to the financial condition of the Borrower, the Series 2020 Project, the partners, joint venturers or members of the Borrower, and/or any guarantor, fairly and accurately present the financial position thereof and all financial statements have been prepared (except where specifically noted therein) in accordance with Generally Accepted Accounting Principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the Borrower or the other subjects of such statements.

(k) The Borrower has good and marketable title or leasehold interest, as applicable, to the Series 2020 Facilities free and clear from all encumbrances other than Permitted Encumbrances (as defined in the Indenture).

(l) The Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) (1) under the Borrower Documents, or (2) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents or the Indenture, or the financial condition, assets, properties or operations of the Borrower.

(m) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by or on behalf of the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating the Series 2020 Facilities.

(n) All material certificates, approvals, permits and authorizations of applicable local governmental agencies, and agencies of the State and the federal government have been or will be obtained with respect to the acquisition, renovation, improvement, furnishing and equipping of the Series 2020 Facilities, and the Series 2020 Facilities will be acquired, constructed and installed and the Series 2020 Facilities will be operated pursuant to and in accordance with such certificates, approvals, permits and authorizations.

(o) The Borrower will not conduct any other business or incur any other indebtedness or liabilities of any kind, except for such as is related to the ownership of the Series 2020 Facilities and the leasing thereof to the Lessee as provided in the Lease Agreement.

(p) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by or the validity of the Borrower Documents, or upon the financial condition, assets, properties or operations of the Borrower.

(q) None of the representations of the Borrower contained in the Borrower Documents or any oral or written statement, exhibit or report furnished by or on behalf of the Borrower to the Authority, the Lessee, Bond Counsel or the Underwriter in connection with the transactions contemplated hereby, and no Offering Document in

connection with the Series 2020 Bonds, as of its date or as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact required to be stated herein or therein or necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. The Borrower has not failed to disclose any facts to the Authority, the Lessee, Bond Counsel or the Underwriter in writing that materially and adversely affect or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Borrower Documents or any documents or transactions contemplated hereby or thereby.

(r) No written information, exhibit or report furnished to the Authority by the Borrower in connection with the negotiation of this Loan Agreement or the other Borrower Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(s) The Borrower complies in all material respects with all applicable Environmental Regulations.

(t) Neither the Borrower nor the Series 2020 Facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(u) The Borrower does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(v) The Borrower (i) understands the structure of the transactions related to the financing of the Series 2020 Facilities; (ii) is familiar with all the provisions of the documents and instruments related to such financing and refinancing to which the Borrower is a party or of which the Borrower is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Series 2020 Facilities; (iv) has not relied on the Authority or the Underwriter for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Authority in any manner, except to issue the Series 2020 Bonds in order to provide funds for the Loan pursuant to the terms and conditions of this Loan Agreement, the Indenture and the Bond Purchase Agreement; and (v) acknowledges that the Authority makes no warranty, either express or implied, as to the Series 2020 Facilities or that the Series 2020 Facilities will be suitable for the Borrower's or the Lessee's purposes or needs.

(w) Subsequent to the Bond Closing for the Series 2020 Bonds, the Borrower will not grant any Liens on the Series 2020 Facilities (other than Permitted Encumbrances).

(x) The Borrower hereby acknowledges receipt of the Indenture, agrees to be bound by its terms, and accepts all obligations and duties imposed thereby.

(y) The Borrower shall, within 30 days of receipt of a written request from the Authority, provide any information necessary to fulfill the Authority's reporting obligations under Government Code Section 8855 and shall provide such additional information as may be requested by the Authority.

### **Section 2.03. Borrower's Tax Covenants.**

(a) The Borrower represents and covenants that it will comply with the Tax Regulatory Agreement and will not take any action or omit to take any action, which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Tax-Exempt Bonds from the gross income of the owner thereof for federal income tax purposes or cause the interest on the Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax under the Code, and in the event of such action or omission, the Borrower will, promptly upon having such action or omission brought to the Borrower's attention, take such reasonable actions based upon an Opinion of Bond Counsel, and in all cases at the sole expense of the Borrower, as may rescind, remediate or otherwise negate such action or omission. The Borrower will not directly or indirectly, use or permit the use of any Bond Proceeds of a Series of Tax-Exempt Bonds or any other funds of the Borrower, or take or omit to take any action, that would cause the Tax-Exempt Bonds to be or become "arbitrage bonds" within the meaning of Section 148(a) of the Code (or its statutory predecessor) or to fail to meet any other applicable requirement of Sections 141, 148, 149 and 150 of the Code (or their statutory predecessor) or cause the interest on the Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax under the Code or would cause interest on the Tax-Exempt Bonds to lose their exclusion from California taxable income under present State law. To that end, the Borrower will comply with all requirements of Sections 141, 148, 149 and 150 of the Code (or their statutory predecessor) to the extent applicable to the Tax-Exempt Bonds. In the event that at any time the Borrower is of the opinion that it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee or otherwise, the Borrower shall so instruct the Trustee in writing or cause the Lessee to do so.

(b) The Borrower covenants to deposit in the Rebate Fund such amount as may be necessary to maintain the deposit in the Rebate Fund as required under the Indenture.

(c) The Authority and the Borrower hereby covenant and agree that they shall not enter into any arrangement, formal or informal, pursuant to which the Borrower (or any "related party," as defined in Regulations Section 1.150-1(b)) shall purchase the Bonds.

(d) All covenants and obligations of the Borrower contained in this Section 2.03 of this Agreement shall remain in effect and be binding upon the Borrower until all Bonds have been paid, notwithstanding any earlier termination of the Agreement or any

provision for payment of principal of and premium, if any, and interest on the outstanding Bonds and Loan Payments and release and discharge of the Indenture.

**Section 2.04. Borrower's Covenant To Comply With Charter School Laws.** The Borrower covenants to require the Lessee to comply fully in all respects with all applicable provisions of the Charter School Act so long as any Bonds remain Outstanding.

**Section 2.05. [Reserved].**

**Section 2.06. Environmental Representations.** The Borrower and its successors and assigns do hereby represent and warrant, to both the Authority and the Trustee that:

(a) *Condition of Series 2020 Facilities.* To the best of its knowledge, and after due inquiry, the Series 2020 Facilities, including all personal property, is free from contamination by Regulated Chemicals, including, but not limited to, friable asbestos, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Regulated Chemical on, under, in or about the Series 2020 Facilities, nor has any such Regulated Chemical migrated or threatened to migrate from other properties upon, about or beneath the Series 2020 Facilities.

(b) *Previous Use of Series 2020 Facilities.* To the best of its knowledge, and after due inquiry, neither the Borrower, the Lessee nor any previous owner, tenant, occupant or user of the Series 2020 Facilities, nor any other Person, have engaged in or permitted any operations or activities upon, or any use or occupancy of the Series 2020 Facilities, or any portion thereof, whether legal or illegal, accidental or intentional, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Regulated Chemical, on, under, in or about the Series 2020 Facilities, nor has any such party transported any Regulated Chemical to, from or across the Series 2020 Facilities.

(c) *Property Adjoining Series 2020 Facilities.* To the best of its knowledge, and after due inquiry, and except as disclosed to the Authority, the Trustee and the Underwriter in writing, any adjoining property has not been used as a manufacturing, storage or disposal site for Regulated Chemicals nor is any other property adjoining the Series 2020 Facilities affected by a violation of Environmental Requirements.

(d) *Compliance with Environmental Requirements.* To the best of its knowledge, and after due inquiry, the Series 2020 Facilities are in compliance with and have at all times been, or as of the Completion Date of all applicable tenant improvements and of applicable improvements to the Series 2020 Facilities will be, in compliance with all applicable Environmental Requirements and have all permits and licenses required to be issued under the Environmental Requirements and are or will be in full compliance with the terms and conditions of such permits and licenses; such permits and licenses, to the extent required for the current operation of the Series 2020 Facilities as the School, are in full force and effect; and no changes exist in the facts or circumstances reported or assumed in the application for or granting of such permits or licenses.

(e) *No Notice of Violations of Environmental Requirements.* The Borrower has not received any notice, whether written or oral, concerning the Series 2020 Facilities, for any alleged violation or requiring compliance of Environmental Requirements, whether or not corrected to the satisfaction of the appropriate authority, or notice or other communication concerning alleged liability for Environmental Damages in connection with the Series 2020 Facilities, and to the best of the Borrower's knowledge there exists no investigation, administrative order, consent order and agreement, litigation, settlement or judgment, whether proposed, threatened, anticipated or in existence with respect to the Series 2020 Facilities.

(f) *Survival of Representations and Warranties.* The representations and warranties set forth in this Section 2.06 shall survive the expiration or termination of the Borrower Documents, the payment of the Bonds, and the discharge of any obligations owed by the parties to each other and will survive any transfer of title to the Series 2020 Facilities, whether by foreclosure or otherwise, and shall not be affected by any investigation by or on behalf of the Authority or the Trustee or any information which the Authority or the Trustee may have or obtain with respect thereto.

Moreover, the Borrower does hereby specifically represent and warrant that it has no affirmative knowledge or reason to believe that any condition, previous use, compliance or violation of Environmental Requirements is contrary to its representations in Section 2.06(a), (b), (c), (d), and (e).

### **ARTICLE III**

#### **TERM OF LOAN AGREEMENT**

This Loan Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the payments on the Promissory Notes shall have been fully paid or provision is made for such payment pursuant to Section 11.01 hereof and Section 7.01 of the Indenture and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Promissory Notes, all fees and expenses of the Authority accrued and to accrue through final payment of the Promissory Notes and all other liabilities of the Borrower accrued and to accrue through final payment of the Promissory Notes under this Loan Agreement and the Indenture have been paid or provision is made for such payments pursuant to Section 11.01 hereof and Section 7.01 of the Indenture; provided, however, that notwithstanding any other provision hereof (a) the indemnification provisions of Sections 6.06 and 8.06 hereof and agreements contained in Section 10.04 and 12.22 hereof shall survive after the termination of this Loan Agreement; (b) all agreements, representations and certifications by the Borrower as to the exclusion from gross income of interest on the Tax-Exempt Bonds shall survive termination of the term hereof until the expiration of statutes of limitation applicable to the liability of the Beneficial Owners of the Tax-Exempt Bonds for federal and state income taxes with respect to interest on the Tax-Exempt Bonds; and (c) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Indemnified Parties (as defined in Section 8.06(a)), and all such agreements, representations and certifications regarding the exclusion from gross income of the interest on the Tax-Exempt Bonds shall be enforceable by the Beneficial Owners of the Tax-Exempt Bonds, directly against the Borrower.



## ARTICLE IV

### THE SERIES 2020 PROJECT; ISSUANCE OF SERIES 2020 BONDS

**Section 4.01. Agreement to Issue Series 2020 Bonds; Application of Series 2020 Bond Proceeds.** In order to provide funds to make the Loan for payment of the Costs of the Series 2020 Project, the Authority will sell and cause to be delivered to the initial purchasers thereof the Series 2020 Bonds and will make such Loan and direct the Trustee to deposit from the proceeds of the Series 2020 Bonds with respect to the Borrower as follows:

- (a) From the proceeds of the Series 2020 Bonds:
  - (i) into the Head Start Construction Subaccount of the Project Fund, the sum of \$5,636,927.60;
  - (ii) into the Charter School Construction Subaccount of the Project Fund, the sum of \$28,882,061.51;
  - (iii) into the Cost of Issuance Fund, the sum of \$443,688.49;
  - (iv) into the Debt Service Reserve Fund, the sum of \$2,860,937.50; and
  - (v) into the 2020 Capitalized Interest Subaccount of the Bond Fund, the sum of \$2,662,434.90.

**Section 4.02. Disbursements From the Project Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to disburse the moneys in the appropriate subaccount of the Project Fund designated by an Authorized Representative of the Borrower to pay the related Costs of the Series Project. The Trustee shall disburse monies to the Borrower from the subaccount of the Project Fund designated by an Authorized Representative of the Borrower no more often than twice per month within five days after receipt by the Trustee of completed and executed requisitions, substantially in the form attached hereto as Exhibit C. Monies in the Head Start Construction Subaccount may only be used for the Costs of a Series Project related to the Head Start Facility. Any monies remaining in the Head Start Construction Subaccount upon completion of the Head Start Facility (as evidenced by the final Project Fund requisition related thereto) shall be transferred to the Charter School Construction Subaccount. Monies in the Charter School Construction Subaccount may only be used for the Costs of a Series Project related to the Charter School Facility. Together with each Project Fund requisition from the Charter School Construction Subaccount, the Borrower shall provide the Trustee with an ALTA 33 endorsement to the title policy adding incremental coverage to the title policy in an amount at least equal to the amount requested to be drawn from the Project Fund pursuant to such requisition. The Trustee is not responsible for the content of such requisitions and may conclusively rely on an executed requisition substantially in the form of Exhibit C in making any disbursements. The Borrower shall submit all requests for disbursements within sixty (60) days after incurring the applicable Costs of the Series Project. No monies shall be disbursed from the Project Fund for hard construction costs (except for those provided for on Exhibit D hereto) until the Trustee has received the completed and executed requisition and all supporting materials required thereby.

**Section 4.03. Establishment of Completion Date; Obligation of the Borrower to Complete.**

(a) The Completion Date with respect to each Series Project shall be evidenced to the Trustee by the furnishing of a certificate or certificates of occupancy, and a certificate in the form of Exhibit E hereto signed by the Authorized Representative of the Borrower stating the Completion Date and that such Series Project has been acquired, constructed, improved, renovated and/or equipped by the Borrower in substantial compliance with the plans and specifications relating thereto; provided however, the Completion Date for all other Series Projects shall be set forth in the related supplement hereto.

(b) Any moneys (including investment proceeds) on deposit in the appropriate subaccount of the Project Fund on the date of the Trustee's receipt of the corresponding certificates described in (b) above may be disbursed, at the direction of an Authorized Representative of the Borrower, to the extent indicated, for the payment of remaining Costs of the related Series Project. Any moneys (including investment proceeds) not so used and remaining in the Project Fund on the Completion Date shall be deposited by the Trustee in the Bond Fund on the next Monthly Disbursement Date.

**Section 4.04. Disbursements From Cost of Issuance Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to make disbursements from the Cost of Issuance Fund for the payment of issuance expenses as provided in this Section. Each disbursement shall be made from a subaccount of the Cost of Issuance Fund designated by an Authorized Representative of the Borrower and related to a Series of Bonds only for paying the costs of legal, accounting, organization, marketing, trustee or other special services and other fees and expenses, incurred or to be incurred by or on behalf of the Authority or the Borrower in connection with the issuance of such Series of Bonds. The Authority does not make any warranty, either express or implied, that the moneys in the Cost of Issuance Fund available for payment of the foregoing costs with respect to the Series 2020 Bonds or any Additional Bonds will be sufficient to pay such costs in full, and the Borrower agrees to pay such costs in excess of the amount in the Cost of Issuance Fund from any moneys legally available for such purpose. The Borrower shall not be entitled as a result of paying the issuance expenses pursuant to this Section to any reimbursement therefor from the Authority, the Trustee, the Registered Owners or the Beneficial Owners of the Bonds, nor shall it be entitled to any diminution in or postponement of the Loan Payments or other amounts required to be paid under this Loan Agreement. Each disbursement out of the Cost of Issuance Fund shall be made only upon receipt by the Trustee of an invoice from each payee in amounts not to exceed those as set forth in Exhibit B to the Indenture; provided, however, that amounts may be paid from the Cost of Issuance Fund on the Closing Date to the Borrower for reimbursement of expenses incurred in connection with the issuance of the Bonds as set forth on Exhibit B to the Indenture.

Any amounts remaining on deposit in any subaccount of the Cost of Issuance Fund related to a Series of Bonds on the date which is ninety (90) days after the related Bond Closing shall be transferred by the Trustee to the corresponding subaccount of the Project Fund related to such Series of Bonds.

**Section 4.05. Obligation of Borrower to Furnish Documents to Trustee.** The Borrower agrees that the requisitions referred to in Section 4.02 hereof must be furnished to the Trustee before the Trustee will disburse funds held under the Indenture.

**Section 4.06. Investment of Moneys.** The Borrower shall direct the Trustee in writing, or shall cause an Asset Manager to direct the Trustee in writing, that any moneys held as a part of the Funds shall be invested and reinvested in Investment Obligations. The Borrower acknowledges that absent a written direction from an Authorized Representative of the Borrower or an Asset Manager, the Trustee shall invest any moneys in the Funds in investments described in subsection (i) of Investment Obligations. The Borrower acknowledges that should such investments cause any loss or tax consequences the Borrower shall be solely responsible for the same. In addition, the Borrower covenants that any money held as a part of the Funds shall be invested in compliance with the procedures established by the Tax Regulatory Agreement. The Borrower shall provide to the Trustee at least every five years from the date of issuance of each Series of Bonds a certificate of the Borrower to the effect that (a) all requirements of the Loan Agreement and the Indenture with respect to the Rebate Fund related to such Series have been met on a continuing basis, (b) the proper amounts have been and are on deposit in the Rebate Fund related to such Series, and (c) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (b) or (c) above cannot be made, the certificate shall so state and shall be accompanied by money of either the Borrower or the Lessee, together with a direction from the Borrower to the Trustee to either deposit such money to the applicable Rebate Fund or to pay such money over to the United States Treasury, as appropriate, or directions from the Borrower to the Trustee to transfer investment income available in any Fund to the Rebate Fund or to the United States Treasury, as appropriate.

**Section 4.07. Tax Covenant.** The Borrower covenants, represents and warrants that the procedures set forth in the Tax Regulatory Agreement implementing the covenants in Section 2.03 shall be complied with to the extent necessary under the Code to maintain the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes (except to the extent noted in the preceding Section 4.06) or to avoid the application of any penalties under the Code, subject to any applicable statute of limitations.

**Section 4.08. Title Insurance.** On the date of recordation of the Deed of Trust or any modification thereto, the Borrower shall cause the Trustee to be provided with a commitment to issue a standard owner's title insurance policy insuring the Borrower's interest in and a commitment to issue an extended form lender's title insurance policy insuring the Trustee's interest in and Lien against the real estate or leasehold interest, as applicable, described in Exhibit A to the Deed of Trust, subject to Permitted Encumbrances, in an amount not less than the outstanding principal amount of the Bonds, less amounts held in the Project Fund until such amounts are disbursed from the Project Fund. Each such policy shall be in the form of a standard or extended American Land Title Association Policy, as applicable, and may not permit the title insurer to purchase any Bonds in lieu of providing payment under the policy unless, upon purchase, such Bonds are cancelled. The Trustee shall hold such commitment solely as a repository on behalf of the Beneficial Owners and Registered Owners and shall have no duty to review any such commitment. The Deed of Trust shall be recorded in the real property records of the County and shall provide the Trustee with a perfected first priority Lien interest on Borrower's interest in the applicable Facilities, subject to any Permitted Encumbrances.

Upon the execution by the Borrower of the Deed of Trust, and the subsequent recording thereof, and upon the filing of UCC-1 financing statements or amendments thereto, the Trustee will have a valid Lien on the Mortgaged Premises (as defined in the Deed of Trust) and a valid and perfected security interest in the personal property pledged pursuant to the Deed of Trust, subject to no Liens, charges or encumbrances other than the Permitted Encumbrances, and the Borrower and Lessee will each take all necessary actions including filing continuation statements to preserve such Lien and the perfection of such security interest.

**Section 4.09. Disbursements from the Repair and Replacement Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to make disbursements from the Repair and Replacement Fund as provided in this Section. Such disbursements shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Borrower, in substantially the form set forth as Exhibit F hereto, setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the Facilities in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment. The Trustee shall not be bound to make an investigation into the facts behind, or matters stated in, any such requisition.

**Section 4.10. Reserved.**

**Section 4.11. Disbursements from the Expense Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Expense Fund for the payment of Annual Administration Fees as provided in Section 3.18 of the Indenture. The Authority does not make any warranty either express or implied that the moneys in such fund available for payment of the costs payable therefrom will be sufficient to pay such costs in full.

**ARTICLE V**

**PAYMENT PROVISIONS**

**Section 5.01. Loan Payments and Other Amounts Payable.**

(a) The Borrower shall pay or cause to be paid as repayment of the Loan, until the principal of, premium, if any, and interest on the Promissory Notes shall have been paid or provision for the payment thereof shall have been made in accordance with this Loan Agreement, into the Bond Fund at least one business day before each Monthly Disbursement Date during the term of this Loan Agreement, an amount sufficient to pay principal and interest then due on each such Promissory Note in accordance with the payment schedule set forth as Schedule I to such Promissory Note (less any credit for Capitalized Interest funded from the proceeds of the Bonds). With respect to principal payments to be made on each Monthly Disbursement Date toward the principal amount to be due on July 1, 2058, such monthly payments shall take into account and be reduced by amounts on deposit in the applicable subaccount of the Debt Service Reserve Fund.

(b) The Borrower shall pay or provide for the payment of the required amount into the Debt Service Reserve Fund upon notice of any deficiency in the Debt Service Reserve Fund in accordance with Sections 3.06 and 3.07 of the Indenture. If the Trustee determines on any valuation date permitted by Sections 3.06 and 3.07 of the Indenture that the amount in a subaccount of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement for such Series of Bonds, and the deficiency is caused solely by a decreased value of the Investment Obligations therein and not due to a transfer to cure a shortfall in the Bond Fund, the Borrower covenants and agrees to pay to the Trustee for deposit into the appropriate subaccount of the Debt Service Reserve Fund an amount equal to the amount by which the amount in the subaccount of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement for such Series on or prior to the next occurring Monthly Disbursement Date following that valuation date. If on any Monthly Disbursement Date the amount in a subaccount of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement for such Series and the deficiency is caused by a transfer to cure a shortfall in the Bond Fund resulting from the failure of the Borrower to make the payments due on the related Promissory Note, the Borrower agrees pursuant to this Section 5.01 to pay to the Trustee for all amounts transferred to the Bond Fund to make up for any amounts not paid on such Promissory Note in not more than twelve substantially equal monthly installments beginning on the Monthly Disbursement Date in the month following such deficiency; and provided that no such installment shall be less than \$5,000.

(c) On or before any redemption date (other than a sinking fund redemption date), the Borrower shall pay as repayment of the Loan for deposit into the Bond Fund an amount of money which, together with the payments made by the Borrower on its Promissory Notes then on deposit in the Bond Fund, is sufficient to pay the principal of and premium, if any, and interest accrued to the redemption date on the Bonds called for redemption.

(d) The Borrower shall pay or cause to be paid to the Trustee for deposit to the Rebate Fund all amounts required to be deposited in the Rebate Fund pursuant to the Indenture and Section 148 of the Code. The Borrower shall also hire or cause the Lessee to hire and pay the fees and expenses of a Rebate Analyst.

(e) The Borrower agrees to pay or cause to be paid to the Authority the reasonable expenses of the Authority in connection with this Loan Agreement, the Project, the Bonds or the Indenture, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds.

(f) The Borrower agrees to pay or cause to be paid, to the Authority or the Trustee, as the case may be, all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the

Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Borrower's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(g) The Borrower agrees to pay or cause to be paid, to the Trustee, all reasonable fees, charges and expenses of the Trustee (including those of its agents and counsel as described below) for services rendered under the Indenture, including any extraordinary fees and expenses as and when the same become due and payable. Extraordinary fees are payable to the Trustee for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction and the fees and expenses of accountants, consultants, attorneys and other experts as may be engaged by the Trustee to assist the Trustee with the services it provides under the Indenture, this Loan Agreement and the other related transaction documents are included therein;

(h) The Borrower agrees to pay or cause to be paid, to the Authority, the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Borrower Documents and the Indenture; and

(i) The Borrower agrees to pay or cause to be paid, to the Authority or the Trustee, as the case may be, the Authority Issuance Fee, the Authority Annual Fee and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with this Loan Agreement, the Indenture, the Borrower Documents and the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving the Borrower Documents, the Indenture, the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Borrower Documents, the Indenture or the Bonds.

(j) Reserved.

(k) The Borrower agrees to pay or cause to be paid to the Dissemination Agent the fees and expenses pursuant to the terms of the Continuing Disclosure Agreement.

(l) At least one business day prior to each Monthly Disbursement Date, commencing with the June 25, 2021 Monthly Disbursement Date, the Borrower shall pay or cause to be paid to the Trustee an amount equal to the Repair and Replacement Fund Contribution.

(m) Notwithstanding any provision in the Loan Agreement or in the Promissory Notes to the contrary, no indebtedness of any kind incurred or created hereunder shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the Borrower hereunder shall involve or be secured by the faith, credit or taxing power of the State or its political subdivisions.

(n) The Borrower agrees to pay or cause to be paid any amounts due and payable by the Borrower as arbitrage rebate under Section 148 of the Code, pursuant to Borrower's covenants and agreements with respect thereto in the Tax Regulatory Agreement.

In the event the Borrower should fail to make or fail to cause to be made any of the payments required by this Section, the item in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same and, with respect to the payments required by subsections (a), (b), (c), (d), (e), (f), (g), (h), (i), (k), (l) and (n) of this Section 5.01, to pay interest at the highest rate of interest borne by any of the Bonds, or the maximum rate permitted by law if less than such rate.

It is understood that all of the payment obligations of the Borrower under this Loan Agreement, including particularly the payment obligations under this Section 5.01, correspond to payment obligations of the Lessee under the Lease Agreement. As and when the Lessee satisfies its payment obligations under the Lease Agreement, the Borrower's corresponding payment obligations under this Loan Agreement are to be deemed satisfied. As security for such payment obligations, the Borrower pledges only those interests described in Section 5.02 hereof.

Such payments shall be billed to the Borrower by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Borrower within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the Authority shall not be required to submit a bill to the Borrower for payment of the Authority Annual Fee or any amounts due with respect to arbitrage rebated under Section 148 of the Code, the calculation and payment of which is the responsibility of the Borrower.

The Authority Issuance Fee and the initial Authority Annual Fee shall be paid to the Authority by the Borrower on the date of the Bond Closing. Thereafter, the Authority Annual Fee shall be paid by the Borrower to the Authority on a semi-annual basis when due and shall be made in accordance with this Section 5.01. The Borrower's obligation to pay the Authority Issuance Fee and the Authority Annual Fee shall in no way limit amounts payable by the Borrower to the Authority under this Loan Agreement, the Indenture, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, the Offering Document, the Bond Purchase Agreement, the Notes, the Deed of Trust or the Bonds, including for the enforcement thereof.

**Section 5.02. Pledge by Borrower.** In fulfillment of its obligations hereunder, the Borrower hereby pledges to the payment of the Loan and the Promissory Notes securing the Loan, the following:

(i) all of the Borrower's right, title and interest in and to the Facilities, including all related additions, replacements, substitutions and proceeds for the purposes of securing such Loan;

(ii) all receipts, revenues and rights of the Borrower under the Lease Agreement, except the Lessor's Unassigned Rights (as defined in the Lease Agreement); and

(iii) any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security by the Borrower or by anyone on its behalf.

**Section 5.03. Payees of Payments.** The Loan Payments provided for in Section 5.01(a) and (c) hereof shall be paid in immediately available funds to the Trustee for the account of the Authority and shall be deposited into the Bond Fund. The payments provided for in Section 5.01(b) hereof shall be paid to the Trustee as provided in Section 3.06 and 3.07 of the Indenture and shall be deposited in the Debt Service Reserve Fund. The payments to be made to the Trustee under Section 5.01(g) hereof shall be paid directly to the Trustee for its own use. The payments to be made to the Authority under Section 5.01(e) hereof shall be paid directly to the Authority for its own use. The payments provided for in Section 5.01(d) hereof shall, with respect to payments required in the Tax Regulatory Agreement, be paid to the Trustee for the account of the Authority and deposited into the Rebate Fund. The payments provided in Section 5.01(l) hereof shall be paid to the Trustee as provided in Section 3.17 of the Indenture and shall be deposited in the Repair and Replacement Fund.

**Section 5.04. Obligations of Borrower Hereunder Unconditional.** Except as provided herein, the obligations of the Borrower to make the payments required hereunder and to perform and observe the other agreements on their part contained herein shall be absolute and unconditional. The Borrower (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein, (b) will perform and observe all of the other agreements contained in this Loan Agreement, the Lease Agreement, the Deed of Trust, the Promissory Notes and the Ground Lease, and (c) except as provided in Article XI hereof, will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure to complete the Series 2020 Facilities or any other Facilities constructed with proceeds of a Series of Bonds, failure of consideration, eviction or constructive eviction, destruction of or damage to the Facilities, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or



connected with the Indenture, whether express or implied. The Borrower may at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its or its lessees' rights of possession, occupancy and use of the Facilities.

## ARTICLE VI

### MAINTENANCE, TAXES AND INSURANCE

**Section 6.01. Maintenance and Modifications of Facilities by Borrower.** The Borrower agrees that during the term of this Agreement it will operate the Facilities or cause the Facilities to be operated and maintained, in compliance with all governmental laws, building codes, ordinances and regulations and zoning laws applicable to the Facilities, unless the same are being contested in good faith by appropriate proceedings. The Borrower agrees that during the term of this Loan Agreement it will at its own expense, or at the expense of the Lessee, (a) keep the Facilities in a safe condition as required by law and (b) except to the extent the Borrower or the Lessee has determined that any portion of the Facilities is obsolete or not useful in its operations, keep the Facilities in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof all of which shall be accomplished in a workmanlike manner in accordance with all applicable laws. The Borrower may dispose of portions of the Facilities that the Borrower determines to be obsolete or not useful to operations of the Facilities. The Borrower or the Lessee may also, at their own expense, make from time to time any additions, modifications or improvements to the Facilities they may deem desirable for their purposes that do not substantially reduce their value; provided that all such additions, modifications and improvements made by the Borrower or the Lessee which are affixed to the Facilities shall become a part of the Facilities. The Borrower will not permit the removal of any personal property from the Facilities unless such personal property is obsolete, sold for fair market value or will be replaced with personal property of an equal or greater value. The Borrower will not permit any Liens, security interests or other encumbrances other than Permitted Encumbrances to be established or to remain against the Facilities for labor or materials furnished in connection with the Facilities or any additions, modifications, improvements, repairs, renewals or replacements made by the Borrower or the Lessee to the Facilities; provided that if the Borrower first notifies the Trustee of their intention to do so, the Borrower and/or the Lessee may, so long as no Event of Default has occurred and is continuing, diligently prosecute, in good faith, at their own expense, a contest of any mechanics' or other Liens filed or established against the Facilities and in such event may permit the items contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Facilities or any part thereof will be subject to loss or forfeiture, in which event the Borrower shall promptly pay or cause to be paid, satisfied and discharged all such unpaid items. The Authority will, at the expense of the Borrower, cooperate fully with the Borrower in any such contest. In the event that the Borrower shall fail to pay or cause to be paid any of the foregoing items required by this Section to be paid by the Borrower, and such failure creates an Event of Default hereunder, the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Borrower under this Agreement, which amount the Borrower agrees to pay on demand together with interest thereon at a rate which shall

be equal to the highest rate of interest borne by any of the Bonds or the maximum rate permitted by law if less than such rate.

**Section 6.02. Taxes, Other Governmental Charges and Utility Charges.** The Borrower will pay or cause to be paid, as the same become due, (a) all taxes and governmental charges of any kind whatsoever or payments in lieu of taxes that may at any time be lawfully assessed or levied against or with respect to the Facilities or any interest therein, or any machinery, equipment or other property installed or brought by the Borrower or the Lessee therein or thereon which, if not paid, will become a lien on the Facilities prior to or on a parity with the lien thereon under this Loan Agreement or the Deed of Trust, (b) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities, and (c) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a Lien on the Facilities; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Borrower shall be obligated to pay or cause the payment of only such installments as may have become due during the term of this Loan Agreement. The Borrower or the Lessee may, at their own expense, but only if no Event of Default (excluding the issue being contested hereunder) has occurred and is continuing, diligently prosecute and in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom if, in the Opinion of Counsel, the Facilities shall not be subject to loss or forfeiture. In the event that the Borrower is not able to obtain such Opinion of Counsel, such taxes, assessments or charges shall be paid promptly or secured by posting a bond with the Trustee in form satisfactory to the Trustee. The Authority at the expense of the Borrower or the Lessee shall cooperate fully with the Borrower and the Lessee in any such contest. In the event that the Borrower shall fail to pay any of the foregoing items required by this Section to be paid by the Borrower, and such failure creates an Event of Default hereunder, the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Borrower payable to the Trustee, which amount the Borrower agrees to pay on demand together with interest thereon at a rate which shall be equal to the highest rate of interest borne by the Bonds or the maximum rate permitted by law if less than such rate.

**Section 6.03. Insurance Required.** Beginning on the date of recordation of the Deed of Trust and thereafter throughout the term of this Loan Agreement, the Borrower shall keep or cause to be kept, the insurance coverages described in Section 6.03 of the Lease Agreement. The Trustee shall not be responsible for the sufficiency of coverage or the amounts of any such policies.

**Section 6.04. Application of Net Proceeds of Insurance.** The Net Proceeds of the insurance carried pursuant to subsection (i) of Section 6.03(a) of the Lease Agreement shall be applied as provided in Article VII hereof. The Net Proceeds of insurance carried pursuant to subsections (ii), (iii) and (iv) of Section 6.03(a) of the Lease Agreement shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

**Section 6.05. Advances by Trustee.** In the event the Borrower or the Lessee shall fail to maintain the full insurance coverage required by this Loan Agreement and the Lease Agreement or shall fail to keep the Facilities in the condition required hereby (except as otherwise herein permitted), and such failure creates an Event of Default hereunder, the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, or make the required repairs, renewals and replacements; and all amounts advanced therefor by the Trustee shall become an additional obligation of the Borrower under this Loan Agreement, which amounts the Borrower agrees to pay on demand together with interest thereon at a rate equal to the highest interest rate borne by any of the Bonds or the maximum rate permitted by law if less than such rate.

**Section 6.06. Environmental Indemnity.** In addition to the indemnification set forth in Section 8.06 hereof, the Borrower shall cause the Lessee and its successors, heirs and assigns, to provide the indemnity related to environmental matters described in Section 6.06 of the Lease Agreement to the Registered Owners, the Beneficial Owners, the Trustee and the Authority, and their successors, assigns, trustees, directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees.

**Section 6.07. Environmental Covenants.**

(a) **Use of Facilities.** The Borrower will not intentionally or unintentionally conduct, or allow to be conducted, any business, operation or activity on, under or in the Facilities, or employ or use the Facilities or allow for it to be employed or used, to manufacture, transport, treat, store or dispose any Regulated Chemical which would violate or potentially violate Environmental Requirements, including, but not limited to, any action which would:

(i) bring the Borrower or the Facilities within the ambit of, or otherwise violate, the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §6901, *et seq.*;

(ii) cause, or allow to be caused, a release or threat of release, of hazardous substances on, under, in, or about the Facilities as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601, *et seq.*;

(iii) violate the Clean Air Act of 1970, as amended, 42 U.S.C. §7401, *et seq.*, or other similar State, regional or local statute, law, regulation, rule or ordinance, including without limitation, the laws of the State, or any other statute providing for the financial responsibility for cleanup for the release or threatened release of substances provided for thereunder.

The Borrower will not do or permit any act or thing, business or operation, that materially increases the dangers, or poses an unreasonable risk of harm, or impairs, or may impair, the value of the Facilities, or any part thereof.

(b) **Maintenance of Facilities.** The Borrower shall maintain the Facilities or cause the Facilities to be maintained free from contamination by regulated chemicals and shall not intentionally or unintentionally allow a release, discharge or emission, or threat of release, discharge or emission, of any regulated chemical on, under, in or about the Facilities, and shall not permit the migration or threatened migration from other properties upon, about or beneath the Facilities.

(c) **Notice of Environmental Problem.** The Borrower (provided that the Borrower shall only forward to the Trustee those notices, letters, citations, orders, warnings, complaints, inquiries, claims or demands actually received by the Borrower) and/or any tenant and/or sublessee shall promptly provide a copy to the Trustee, and in no event later than fifteen (15) days from the Borrower's and/or any tenants' and/or sublessee's receipt or submission, of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:

(i) the Borrower and/or any tenants or sublessees have violated, or are about to violate, any federal, state, regional, parish or local environmental, health, or safety statute, law, rule, regulation, ordinance, judgment or order;

(ii) there has been a release, or there is a threat of release, of any Regulated Chemical from the Facilities;

(iii) the Borrower and/or any tenants or sublessees may be or are liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of any Regulated Chemical; or

(iv) any portion of the Facilities is subject to a Lien in favor of any governmental entity for any liability, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Regulated Chemical.

(d) **Response Action.** The Borrower shall take all appropriate responsive action, including any removal and remedial action ("Response Action"), in the event of a release, emission, discharge or disposal of any Regulated Chemical in, on, under or about the Facilities, so as to remain in compliance with the above, and to keep the Facilities free from, and unaffected by, Regulated Chemicals. The Borrower shall (i) provide Trustee, within ten (10) days after providing the notice required under Section 6.07(c) above, with a bond, letter of credit or similar financial assurance which is equal to the cost of the Response Action and which may be drawn upon by the Trustee for the purpose of completing the response action if an Event of Default hereunder occurs or if the Response Action is not completed within six months of the issuance of the financial assurance and (ii) discharge any assessment, lien or encumbrance which may be established on the Facilities as a result thereof.

(e) **No Liens or Encumbrances.** The Borrower shall prevent the imposition of any liens or encumbrances against the Facilities for the costs of any response, removal, or remedial action or cleanup of any Regulated Chemicals. Should such a lien or

encumbrance be levied on the Facilities, the Borrower shall follow the procedure set forth in subsection (d) above.

(f) ***Compliance with Environmental Requirements.*** The Borrower shall carry on the business and operations at the Facilities to comply in all respects and will continue to remain in compliance with all applicable Environmental Requirements and maintain all permits and licenses required thereunder.

(g) ***Additional Environmental Reports.*** As long as there are any Bonds Outstanding, the Borrower shall provide or shall cause the Lessee to provide the Trustee and shall file a copy of any Environmental Report performed during that time with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access Service. The Trustee shall have no duty to review or analyze any such environmental report and shall not be required to act upon the same unless the report creates an Event of Default hereunder

(h) ***Obligation to Complete Certain Environmental and Soil Remediation.*** In connection with the construction of the Series 2020 Facilities, the Borrower will, or will cause the Lessee to, complete environmental and soil remediation work of the scope and nature set forth in Proposal IE-2541, dated February 14, 2020 and revised May 1, 2020 from Geocon West, Inc. for the site of the Series 2020 Facilities. In addition, after completion of such environmental and soil remediation work, the Borrower will, or will cause the Lessee to, obtain a Phase II environmental report that does not indicate any recognized environmental condition on the site of the Series 2020 Facilities and will post a copy of such Phase II environmental report to EMMA.

#### **Section 6.08. Additional Environmental Provisions.**

(a) ***Right to Notify Agencies.*** To the extent the Trustee receives written notice, whether from the Borrower, the Lessee or any other party, stating that the Borrower or the Lessee is in violation of any environmental law, statute, regulation, ordinance, rule or order, whether federal, State or local, or that there has been a release or threat of release of any Regulated Chemical from or upon the Facilities, the Trustee shall promptly notify the Borrower and the Registered Owners of such notice.

(b) ***Right of Inspection.***

(i) The Trustee at any time and from time to time, with reasonable cause and notice, either prior to or after the occurrence of any Event of Default hereunder, may require the Borrower to submit to the Trustee within ninety (90) days of either the notice required under Section 6.07(c) hereof or a written request from the Trustee, a written report of a site assessment and environmental audit (“Environmental Assessment”), in scope, form and substance, and prepared by an independent, competent and qualified engineer, satisfactory to the Trustee, showing that the engineer made all appropriate inquiry consistent with good commercial and customary practice, such that consistent with generally accepted engineering practice and procedure, no evidence or indication came to light which

would suggest there was a release of substances on, under, in or about the Facilities which could necessitate an environmental response action, and which demonstrates that the Facilities complies with, and does not deviate from, all applicable environmental statutes, laws, ordinances, rules and regulations, including any licenses, permits or certificates required thereunder, and that the Borrower is in compliance with, and has not deviated from, the representations and warranties set forth in Sections 2.06 and 6.07 hereof. The Trustee shall serve as a repository of any Environmental Assessment, certificates, reports, or other materials provided pursuant to this Section and shall not be required to act upon the same. As long as there are any Bonds Outstanding, the Borrower shall provide or shall cause the Lessee to provide the Trustee with a copy of any Environmental Report performed during that time. The Trustee shall have no duty to review or analyze any such environmental report and shall not be required to act upon the same unless the report creates an Event of Default hereunder.

(ii) The Borrower hereby grants, and will cause any tenants or users of the Facilities (including without limitation the Lessee) to grant, to Trustee, its agents, attorneys, employees, consultants and contractors, upon reasonable notice, and under reasonable conditions established by the Borrower or the Lessee, which do not impede the performance of the Environmental Assessment, an irrevocable license and authorization to enter upon and inspect the Facilities, and perform such sampling, tests and analysis (“Tests”) including without limitation, subsurface testing, soils and groundwater testing, and other tests which may physically invade the Facilities, as the Trustee or its agent determines is necessary.

(iii) The Borrower will cooperate with the consultants and supply to the consultants such historical and operational information as may be reasonably requested by the consultants, together with any notices, permits or other written communications pertaining to violations of Environmental Requirements and any and all necessary information and make available personnel having knowledge of such matters as may be required by the Trustee, Trustee’s agents, consultants and engineers to complete an Environmental Assessment.

(iv) Should the Borrower fail to perform an Environmental Assessment within the time period set forth in Section 6.08(b)(i) hereof, and such failure creates an Event of Default hereunder, the Trustee shall have the right but not the obligation to retain an environmental consultant to perform said Environmental Assessment.

(v) The cost of performing any Environmental Assessment shall be paid by the Borrower upon demand of Trustee and any such obligations shall be included in the indebtedness of the Borrower under this Loan Agreement.

(c) *Event of Default.* If an Environmental Assessment reveals any violations of Environmental Requirements or the Borrower receives a notice of a violation of Environmental Requirements, and the Borrower fails to cure the violation in the time

period and the manner specified in Section 10.01(b) hereof, such action will constitute an Event of Default hereunder.

(d) *No Assumption of Risk.* The Trustee's rights under this Section shall be exercised by it in its sole discretion and not for the benefit of the Borrower. The Trustee shall have no obligation (unless directed and indemnified as provided in the Indenture) to enter onto the Facilities or to take any other action which is authorized by this Article for the protection of its security interest. The Borrower specifically agrees and acknowledges that any action permitted under this Section shall not be construed to be the management or control of the Facilities by the Trustee.

## ARTICLE VII

### DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 7.01. Damage, Destruction and Condemnation.** In the event of a casualty or condemnation with respect to the Facilities, the Trustee is permitted to hire a construction monitor at the expense of the Borrower, and so long as no Event of Default exists and is continuing, the Net Proceeds from any insurance policy or the Net Proceeds of any condemnation award resulting from such casualty or condemnation shall be used as follows:

(a) Whenever such Net Proceeds from any insurance policy or condemnation award are less than or equal to \$50,000, such Net Proceeds shall be paid directly to the Borrower and used for the repair, replacement or restoration of the Facilities to substantially the same condition as prior to such damage, destruction or condemnation.

(b) Whenever such Net Proceeds from any insurance policy or condemnation award are greater than \$50,000, such Net Proceeds shall be paid to the Trustee and held in a special trust account to be applied to repair, replace or restore the Facilities unless the Loan is to be prepaid as provided in Section 7.02.

(c) If the Net Proceeds are to be used to repair, replace or restore the Facilities, the proceeds in such special trust account shall be disbursed by the Trustee for the repair, restoration or replacement of the Facilities upon the receipt by the Trustee from the Borrower of (i) the certificate of an Authorized Representative of the Borrower which substantially states that such repairs, replacements or restorations will restore the Facilities to substantially their condition as of their final Completion Date, will be completed in accordance with plans and specifications previously provided to the Trustee, and that such repairs, replacements or restorations when completed in accordance with the plans and specifications previously furnished to the Trustee will comply with all applicable statutes, codes and regulations; (ii) the certificate of an Authorized Representative of the Borrower stating that no Event of Default has occurred and is continuing, and that sufficient moneys are available in such special trust account to pay for such repair, restoration or replacements to be completed and together with available business interruption insurance and other available revenues, to pay debt service on the Bonds and Operating Expenses of the Lessee during the restoration period and if at any time during the restoration the insurance or casualty proceeds are less than the

estimated costs to restore, repair or replace the Facilities, the Borrower or the Lessee shall provide the Trustee with cash or cash equivalents in an amount equal to the shortfall; (iii) requisitions and certificates from the Borrower; (iv) applicable Lien waivers, as determined by the Borrower; (v) a construction contract; and (vi) a certificate of the Borrower stating that the Borrower has acquired all permits and licenses necessary for such construction. If such Net Proceeds are in excess of \$250,000, in addition to those requirements listed in (i) through (vi) above, the Borrower shall also deliver to the Trustee: (A) an endorsement to the applicable title insurance policy insuring the continued priority of the Lien of the Deed of Trust; and (B) an opinion of Bond Counsel to the effect that neither such repairs, replacements nor restorations nor such use of such casualty or condemnation proceeds adversely affects the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. The Trustee shall have no duty to review or analyze the construction contract or the any endorsement to the title policy, if required. The Trustee shall retain 10% of the requested disbursements until final completion of the repairs, replacements, restorations or improvements as certified by an Authorized Representative of the Borrower and receipt of certificates of occupancy, waivers of Liens and, if such Net Proceeds are in excess of \$250,000, an endorsement to the title policy for the Facilities insuring the continued priority of the Deed of Trust. If at any time during the restoration, the insurance or casualty proceeds are less than the estimated costs to restore, repair or replace the Facilities, the Borrower or the Lessee will provide the Trustee with cash or cash equivalents in an amount equal to the shortfall. If after completion of any such repairs, replacements or improvements any funds remain in said special trust fund, the remaining funds shall be transferred by the Trustee for deposit FIRST, to the Rebate Fund to the extent of any deficiency therein, SECOND, to the Debt Service Reserve Fund to the extent of any deficiency therein, and THIRD, to the Bond Fund.

**Section 7.02. Mandatory Prepayment from Insurance or Condemnation Proceeds or Due to Invalidity.** The Loan and the Promissory Notes evidencing the Loan are subject to mandatory prepayment as a whole or in part, in the case of (a) below from Net Proceeds, at the principal amount thereof plus accrued interest thereon to the date of prepayment, but without premium, if any of the events set forth below shall occur:

(a) If the Net Proceeds of any insurance policy or condemnation award with respect to the Facilities are in excess of \$50,000 and either of the following occur:

(i) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a certificate of an Authorized Representative of the Borrower filed with the Trustee, (A) the Facilities cannot reasonably be restored within a period of six (6) consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Borrower or the Lessee is prevented from carrying on its normal operations for a period of six (6) consecutive months, or (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.03 hereof; or



(ii) Title to, or the temporary use for a period of six (6) months or more of, all or substantially all of the Facilities shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority or because of a defect in title.

(b) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, this Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Loan Agreement.

**Section 7.03. Borrower or Lessee Entitled to Certain Net Proceeds.** The Borrower or the Lessee shall be entitled to the Net Proceeds of any insurance payment or condemnation award or portion thereof attributable to damage or destruction or takings of its property not included under the Deed of Trust.

**Section 7.04. No Change in Loan Payments; No Liens.** All buildings, improvements and equipment acquired in the repair, rebuilding or restoration of the Facilities shall be deemed a part of the Facilities and shall be available for use and occupancy by the Borrower and the Lessee, without the payment of any payments hereunder other than the Loan Payments and other payments required to be made under this Loan Agreement, to the same extent as if they were specifically described herein; provided that no buildings, improvements or equipment shall be acquired subject to any Lien or encumbrance other than Permitted Encumbrances.

**Section 7.05. Investment of Net Proceeds.** Any Net Proceeds of any insurance payments or condemnation awards with respect to the Facilities held by the Trustee pending restoration, repair or rebuilding shall be invested in Investment Obligations in the same manner as provided in Section 6.01 of the Indenture. Any earnings or profits on such investments shall be considered part of the Net Proceeds.

## ARTICLE VIII

### SPECIAL COVENANTS

**Section 8.01. No Warranty of Condition or Suitability by Authority.** The Authority makes no warranty, either express or implied, as to the Facilities or that they will be suitable for the Borrower's purposes or needs or that the proceeds of any or all of the Bonds will be sufficient to pay the Cost of the Project.

**Section 8.02. Consolidation, Merger, Sale or Conveyance.** The Borrower agrees that during the term of this Loan Agreement it will maintain its corporate existence, will be duly qualified to do business in the State, will not merge or consolidate with, or sell or convey, except as provided in Section 8.11 hereof, all or substantially all of its interest in the Facilities to any Person unless (i) no Event of Default has occurred and is continuing, (ii) it first acquires the

consent of the Authority to such transaction, (iii) it provides to the Trustee notice of its intent at least ninety (90) days in advance of such consolidation, merger, sale or conveyance, and (iv) the Person acquiring the interest in the Facilities or the Person with which it shall be consolidated or the resulting new Person in the case of a merger:

(a) shall assume in writing the performance and observance of all covenants and conditions of this Loan Agreement;

(b) shall provide the Authority and the Trustee with an opinion of Bond Counsel to the effect that such merger, consolidation, sale or conveyance would not adversely affect the validity of any of the Bonds or the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds;

(c) shall provide the Authority and the Trustee with an Opinion of Counsel to the Borrower (which may be rendered in reliance upon the Opinion of Counsel to such other or new Person), stating that no Person which is a party to such consolidation, merger or transfer has any pending litigation other than that arising in the ordinary course of business or, has any pending litigation which could reasonably be expected to result in a substantial adverse judgment. For the purposes of the preceding sentence, the term "substantial adverse judgment" shall mean a judgment in an amount which exceeds the insurance or reserves therefor by a sum which is more than 2% of the aggregate net worth of the resulting, surviving or transferee Person immediately after the consummation of such consolidation, merger or transfer and after giving effect thereto;

(d) shall provide evidence to the Authority that the resulting, surviving or transferee Person has a consolidated tangible net worth (after giving effect to such consolidation, merger, sale or conveyance) of not less than the consolidated tangible net worth of the Borrower immediately prior to such consolidation, merger, sale or conveyance;

(e) shall provide evidence to the Authority that the Days Cash on Hand and the Coverage Ratio (each as defined in the Lease Agreement) of the Lessee for its most recently completed Fiscal Year would not have been reduced if such consolidation, merger, sale or conveyance had occurred during such preceding Fiscal Year;

(f) shall deliver to the Trustee within thirty (30) days of the close of such transaction, an Opinion of Counsel that all conditions herein have been satisfied and that all liabilities and obligations of the Borrower under the Borrower Documents shall become obligations of the resulting, surviving or transferee Person; provided, however, the Borrower shall not be released from same; and

(g) in the case of a consolidation, merger, sale or conveyance, shall provide to the Trustee and the Authority an Opinion of Counsel to the effect that the resulting, surviving or transferee Person can continue to own and lease the Facilities for operation as a charter school in accordance with the Charter School Act.

**Section 8.03. Further Assurances.** The Authority and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed,

acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Loan Agreement, subject, however, to the terms and conditions of Article X of the Indenture.

**Section 8.04. Audits.** The Borrower agrees that it will have its books and records and the books and records of the Lessee and the School audited annually commencing with the Fiscal Year ending June 30, 2020, by an Accountant as soon as practicable after the close of such Fiscal Year. The Borrower shall furnish such audit reports in the same manner and time as provided in Section 8.05 of the Lease Agreement.

**Section 8.05. Records and Accounts.** The Borrower agrees that it will maintain proper books of records and accounts with full, true and correct entries of all of its dealings substantially in accordance with the practices of Generally Accepted Accounting Principles.

**Section 8.06. Indemnification.**

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Authority, the Authority's members, the County, the Trustee and each of their respective past, present and future officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, the Borrower Documents or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Borrower or the Lessee or any of their agents, contractors, servants, employees or licensees in connection with the Loan, the Lease, the Project or the Facilities, the operation of the Project or the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or the Facilities or any part thereof;

(iii) any lien or charge upon payments by the Borrower or the Lessee to the Authority or the Trustee, as the case may be, hereunder or under the Lease, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Project or the Facilities;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances at, on or under the Facilities or the Project or any part thereof;

(v) any defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Offering Document, as may be supplemented from time to time or any other offering or disclosure document or disclosure or continuing disclosure document for the Series 2020 Bonds or any other Series of Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from the Offering Document, as may be supplemented from time to time or any other offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or any failure to timely file any continuing disclosure document in connection with the Bonds required by any undertaking or by any applicable law, rule or regulation;

(vii) any declaration that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes, or allegations that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes or any regulatory audit or inquiry regarding whether interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; or

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents directly or indirectly relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or the County or any of their officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the

reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may employ separate counsel only at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or in the case of the Authority or any of its officers, members, directors, employees, attorneys and agents, such Indemnified Party engages the Attorney General of the State as separate counsel.

(b) The rights of any Persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to this Section and Sections 5.01, 10.04 and 12.22 hereof shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement.

**Section 8.07. Authority of Authorized Representative of Borrower.** Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Borrower is required, or the Authority or the Trustee is required to take some action at the request of the Borrower, such approval or such request shall be made by an Authorized Representative of the Borrower unless otherwise specified in this Loan Agreement or the Indenture. The Authority or the Trustee shall be authorized to act on any such approval or request and the Borrower shall have no complaint against the Authority or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement or the Indenture by an Authorized Representative of the Borrower shall be on behalf of the Borrower and shall not result in any personal liability of such Authorized Representative.

**Section 8.08. Authority of Authorized Representative of Authority.** Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Authority is required, or the Borrower or the Trustee is required to take some action at the request of the Authority, such approval or such request shall be made by an Authorized Representative of the Authority unless otherwise specified in this Loan Agreement or the Indenture. The Borrower or the Trustee shall be authorized to act on any such approval or request and the Authority shall have no complaint against the Borrower or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement or the Indenture by an Authorized Representative of the Authority shall be on behalf of the Authority and shall not result in any personal liability of such Authorized Representative.

**Section 8.09. Licenses and Qualifications.** The Borrower will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause the Lessee and any other lessees to comply, with such permits, licenses and other governmental approvals necessary for operation of the Facilities as a charter school (subject, however, to Section 8.11 hereof).

**Section 8.10. Right to Inspect.** Following reasonable notice to the Borrower and the Lessee, at any and all reasonable times during business hours, the Trustee and the Authority and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall

have the right fully to inspect the Facilities, including all books and records of the Borrower (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired; provided, however, that they shall maintain these books and records in confidence unless required by applicable law to do otherwise and it is necessary to distribute the information to some other third party under applicable law. Any such inspection shall be conducted only in accordance with all laws, regulations and policies generally applicable to the operation of a charter school.

**Section 8.11. Lease or other Disposition of Facilities.** The lease of the Facilities by the Borrower to the Lessee pursuant to the Lease Agreement is hereby expressly recognized and approved by the Authority. The Borrower represents that the terms of the Lease Agreement will allow the Borrower to comply with the provisions of this Loan Agreement (including, but not limited to, those in Section 2.03 hereof). In addition, the Borrower affirms that the entry into the Lease Agreement will not relieve the Borrower from primary liability for any obligations under this Loan Agreement, and that the Borrower will continue to remain primarily liable for payment of the amounts specified in this Loan Agreement and for performance and observance of the other agreements on its part provided to be performed and observed by the Borrower to the same extent as though no assignment or lease had been made. The Borrower agrees that it will not sell or otherwise dispose of the Facilities while the Bonds are Outstanding.

**Section 8.12. Limitations on Incurrence of Additional Indebtedness.** The Borrower may not incur any additional indebtedness other than indebtedness related to permitted Indebtedness of the Lessee as described in Section 8.13 of the Lease Agreement.

**Section 8.13. Covenant to Comply with Indenture.** The Borrower hereby acknowledges receipt of the Indenture, agrees to be bound by its terms and accepts all obligations and duties imposed thereby.

**Section 8.14. Continuation of Operation in Event of Casualty.** In the event of any damage to or destruction of the Facilities or any part thereof by fire, lightning, vandalism, malicious mischief and extended coverage perils, the Borrower shall make all diligent and reasonable efforts to cause the continued operation of the Facilities in such a manner that will ensure the continuation of State Payments or shall otherwise obtain or use other financing resources to continue operation of the Facilities and ensure due and timely payment of the Loan Payments.

**Section 8.15. Prohibited Use.** No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building to be used (1) for sectarian instruction or study or as a place of devotional activities or religious worship, or (2) in such a manner or to such an extent as would result in any of the Tax-Exempt Bonds being treated as an obligation not described in Section 103(a) of the Code, or by a Person that is not an organization described in Section 501(c)(3) of the Code or a “governmental unit” (as defined in Section 150 of the Code) or by an organization described in Section 501(c)(3) of the Code (including the Borrower and the Lessee) in an “unrelated trade or business” (as set forth in Section 513(a) of the Code), in such a manner or to such an extent as would result in any of the Tax-Exempt Bonds being treated as an obligation not described in Section 103(a) of the Code.

**Section 8.16. Transfer of Membership Interest in Borrower.** The Lessee agrees that during the Lease Term (as defined in the Lease) it will not transfer or convey its membership interest in the Borrower to any Person unless (i) no Event of Default has occurred and is continuing, (ii) it first acquires the consent of the Authority to such transaction (which consent shall not be unreasonably withheld), (iii) it provides to the Trustee notice of its intent at least ninety (90) days in advance of such transfer or conveyance, and (iv) the transferee:

(a) agrees in writing in an instrument delivered to the Trustee that it shall only conduct its activities in support of the exempt purposes of the Lessee;

(b) agrees in writing in an instrument delivered to the Trustee that it will not incur any additional indebtedness other than indebtedness related to permitted Indebtedness of the Lessee as described in Section 8.13 of the Lease Agreement.

(c) shall provide the Authority and the Trustee with an opinion of Bond Counsel to the effect that such transfer or conveyance would not adversely affect the validity of any of the Bonds or the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds; and

(d) shall provide the Authority and the Trustee with an Opinion of Counsel to the transferee acceptable to Bond Counsel that the transferee is described in Section 501(c)(3) of the Code and is not a private foundation under Section 509(a) of the Code.

**Section 8.17. Capital Needs Assessment.** The Borrower covenants to select an Independent consultant to complete on each Capital Needs Assessment Date as long as any Bonds are Outstanding, a capital needs assessment of the Facilities projecting the Borrower's capital needs at the Facilities and the total cost thereof over the next five years (each a "Capital Needs Assessment"). The Borrower will deliver the Capital Needs Assessment to the Trustee on or before each Capital Needs Assessment Date.

## ARTICLE IX

### ASSIGNMENT AND PLEDGING; REDEMPTION OF BONDS

**Section 9.01. Assignment and Pledge by Authority.** The Authority shall assign certain of its rights and interests in and under this Loan Agreement, including the Loan Payments (but excluding the Authority Issuance Fee, the Authority Annual Fee, the fees and expenses of the Authority hereunder and amounts received by or on behalf of the Authority pursuant to its indemnification rights hereunder), to the Trustee pursuant to the Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds. The Borrower hereby consents to such assignment.

**Section 9.02. Redemption of Bonds.** Upon the agreement of the Borrower to deposit moneys into the Bond Fund in an amount sufficient to redeem Bonds subject to redemption, the Trustee, at the written request of the Borrower, shall forthwith take all steps (other than the payment of the money required for such redemption) permitted and necessary under the applicable redemption provisions of the Indenture to effect redemption of such Bonds on the applicable redemption date.

## ARTICLE X

### EVENTS OF DEFAULT AND REMEDIES

**Section 10.01. Events of Default.** The following shall be Events of Default of the Borrower under this Loan Agreement, and the term Event of Default shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay the Loan Payments required to be paid under Section 5.01 hereof and continuation thereof for a period of five (5) days.

(b) Failure by the Borrower or the Lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied, shall have been given to the Borrower by the Authority or the Trustee; provided, with respect to any such failure covered by this subsection (b), no Event of Default shall be deemed to have occurred so long as a course of action adequate in the judgment of the Trustee to remedy such failure shall have been commenced within such thirty-day period and shall thereafter be diligently pursued to completion and the failure shall be remedied within ninety (90) days of such notification, unless said remedy cannot be completed within ninety (90) days and the Borrower is actively working toward a remedy.

(c) The dissolution or liquidation of the Borrower, or failure by the Borrower to promptly contest and have lifted any execution, garnishment or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facilities or to make any payments under this Loan Agreement. The phrase “dissolution or liquidation of the Borrower,” as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another domestic corporation or limited liability company or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets under the conditions permitting such actions contained in Section 8.02 hereof.

(d) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Borrower or the Lessee in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Borrower or the Lessee or for any substantial part of their respective property, or ordering the winding-up or liquidation of the affairs of either and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

(e) The commencement by the Borrower or the Lessee of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or State bankruptcy, insolvency or other similar law, or the consent by either of them to the appointment of or taking possession by a receiver, liquidator,



assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or the Lessee or for any substantial part of their respective property, or the making by either of them of any assignment for the benefit of creditors, or the failure of the Borrower or the Lessee generally to pay their debts as such debts become due, or the taking of corporate action by the Borrower or the Lessee in furtherance of any of the foregoing.

(f) Failure of the Borrower or the Lessee to comply with any covenants contained in the Tax Regulatory Agreement.

(g) The occurrence of an Event of Default under, or failure by the Borrower to perform or observe any covenant, condition or agreement contained in, the Lease Agreement, the Indenture, the Deed of Trust or any of the Borrower Documents subject to any applicable notice or cure periods provided therein.

(h) Any representation or warranty made by the Borrower herein or made by the Borrower in any statement or certificate furnished by the Borrower either required hereby or in connection with the execution and delivery of this Loan Agreement and the sale and the issuance of the Bonds issued to fund the Loan, shall prove to have been untrue in any material respect as of the date of the issuance or making thereof.

(i) Judgment for the payment of money in excess of \$50,000.00 (which is not covered by insurance) is rendered by any court or other governmental body against the Borrower, and the Borrower does not discharge same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within sixty (60) days from the date of entry thereof, and within said sixty-day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefor as may be required under Generally Accepted Accounting Principles.

(j) A writ or warrant of attachment or any similar process shall be issued or levied by any court against all or any part of or interest in the Facilities, or any judgment involving monetary damages shall be entered against Borrower which shall become a lien on the Facilities or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released or bonded within sixty (60) days after its entry.

(k) Any of Borrower's representations and warranties herein or in any of the other Borrower Documents are false or misleading in any material respect.

(l) If, during the term of the Promissory Notes, Borrower shall, without the prior written approval of Trustee (unless permitted as provided in the Borrower Documents), sell, convey, alienate, mortgage or encumber the Facilities or any part thereof or any interest therein, or shall be divested of its title or any interest therein, in any manner, whether voluntarily or involuntarily, or if there is any merger, consolidation or dissolution affecting Borrower, or if there is a transfer of a majority interest in Borrower in a series of transactions or as a single transaction.

(m) Any assignment by Borrower of the whole or any part of the Income (as defined in the Deed of Trust), issues or profits arising from the Facilities (including, without limitation, the Income) to any person without the consent of Trustee (unless permitted as provided herein) or if, without such consent, Borrower shall otherwise further encumber the Facilities or any portion thereof (including, without limitation, secured transactions under the Uniform Commercial Code of the State).

The foregoing provisions of subsection (b) of this Section are subject to the following limitations: If by reason of force majeure the Borrower is unable in whole or in part to carry out its agreements herein contained, the Borrower shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; any and all orders of the federal or State government or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Borrower. The Borrower agrees, however, if possible, 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 Borrower, and the Borrower shall not be required to make settlement of strikes, lockouts or other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

**Section 10.02. Remedies on Default.** (a) Whenever an Event of Default referred to in Section 10.01 hereof shall have occurred and is continuing, the Authority, or the Trustee where so provided herein, may take any one or more of the following remedial steps:

(i) The Trustee (acting as assignee of the Authority) or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture, may declare the Loan Payments payable hereunder for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become due and payable.

(ii) The Trustee (acting as assignee of the Authority) or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture, may exercise the power of sale or foreclose under the Deed of Trust on the Facilities and may realize upon any security interest in personal property comprising a part of the Facilities, exercising all of the rights and remedies of a secured party under the California Uniform Commercial Code with respect thereto.

(iii) The Trustee (acting as assignee of the Authority) or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture, may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter

to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Borrower under this Loan Agreement.

(b) Notwithstanding the foregoing, prior to the exercise by the Authority or the Trustee of any remedy that would prevent the application of this paragraph, the Borrower may, at any time, pay all accrued payments hereunder (exclusive of any payments accrued solely by virtue of declaration, pursuant to (a)(i) of this Section 10.02) and fully cure all defaults, and in such event, the Borrower shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

(c) In the event that the Borrower fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid.

(d) Whenever any Event of Default has occurred and is continuing under this Loan Agreement, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Authority under this Article, upon notice as required to the Authority. In addition, the Trustee shall have available to it all of the remedies prescribed in the Indenture. If the Trustee is not enforcing the Authority's rights in a manner to protect the Authority or is otherwise taking action that brings adverse consequences to the Authority, then the Authority may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Authority's Unassigned Rights and to collect all sums then due and thereafter to become due to the Authority under this Loan Agreement.

(e) Any amounts collected pursuant to action taken under the immediately preceding paragraph (d) (other than sums collected for the Authority on account of the Authority's Unassigned Rights, which sums shall be paid directly to the Authority), after reimbursement of any costs incurred by the Authority or the Trustee in connection therewith shall be applied in accordance with the provisions of the Indenture.

(f) If the Authority or the Trustee shall have proceeded to enforce their rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority or the Trustee, then and in every such case, the Borrower, the Authority and the Trustee shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Authority and the Trustee shall continue as though no such proceedings had been taken.

**Section 10.03. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall

not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Authority hereunder shall also extend to the Trustee, the Beneficial Owners and the Registered Owners of the Bonds, subject to the Indenture.

**Section 10.04. Agreement to Pay Attorneys' Fees and Expenses.** In the event the Borrower should breach any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefore pay to the Authority and the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses incurred by the Authority and the Trustee. The obligations of the Borrower arising under this Section 10.04 shall continue in full force and effect notwithstanding the final payment of the Bonds or the termination of this Loan Agreement for any reason.

**Section 10.05. Waiver.** In the event any agreement contained in this Loan Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Authority's rights in and under this Loan Agreement to the Trustee under the Indenture, the Authority shall have no power to waive any Event of Default hereunder without the consent of the Trustee. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Loan Agreement and a rescission and annulment of its consequences; provided, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

**Section 10.06. Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Authority or the Borrower or any other obligor upon the Bonds or the property of the Authority, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Authority and/or the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Registered Owners allowed in such judicial proceeding; and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and

(b) any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Registered Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Registered Owners, to pay to the Trustee any

amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

So long as Bonds are outstanding, the Trustee is appointed under the terms of the Indenture, and the successive respective Registered Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Registered Owners of the Bonds, with authority to make or file, in the respective names of the Registered Owners of the Bonds or on behalf of all Registered Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Registered Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Registered Owners of the Bonds against the Authority, the Borrower or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Authority, the Borrower or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

**Section 10.07. Treatment of Funds in Bankruptcy.** The Borrower acknowledges and agrees that in the event the Borrower commences a case under the United States Bankruptcy Code located at 11 U.S.C. § 101 *et seq.* (the “Bankruptcy Code”) or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code: (i) amounts on deposit in any of the Funds are not, nor shall they be deemed to be, property of the Borrower’s bankruptcy estate as defined by § 541 of the Bankruptcy Code; (ii) that in no event shall the Borrower assert, claim or contend that amounts on deposit in any of the Funds are property of the Borrower’s bankruptcy estate; and (iii) that amounts on deposit in any of the Funds are held in trust solely for the benefit of the Registered Owners and the Beneficial Owners, shall be applied only in accordance with the provisions of the Indenture, and the Borrower has no legal, equitable or reversionary interest in, or right to, such amounts.

## ARTICLE XI

### PREPAYMENT OF ANY LOAN

**Section 11.01. General Option to Prepay Any Loan.** So long as no Event of Default pursuant to Section 10.01 hereunder exists, the Borrower shall have and is hereby granted the option exercisable at any time to prepay all or any portion of any Loan with respect to one or more Series of Bonds by depositing with the Trustee an amount of money or securities to the extent permitted by Section 7.01 of the Indenture representing the principal amount, the premium, if any, and interest on such Loan to be paid at maturity or prepaid to the date a corresponding amount of such Bonds are redeemed. The exercise of the option granted by this Section shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Indenture and the Borrower specifies the date for such redemption. Prior to the date a specific Series of Bonds is subject to redemption as provided in the Indenture, the corresponding Promissory Note is prepayable at any time in an amount sufficient to defease a related amount of such Series of Bonds in accordance with Article VII of the Indenture. In the event the Borrower prepays all of the Loan with respect to one or more Series of Bonds pursuant to this Section, pays all reasonable and necessary fees and expenses of

the Trustee accrued and to accrue through final payment of such Bonds as a result of such prepayment, and all of its liabilities accrued and to accrue hereunder to the Authority through final payment of such Bonds as a result of such prepayment, and all other amounts payable by the Borrower hereunder, including payments of any Rebate Amount, this Loan Agreement shall terminate except as otherwise provided herein.

**Section 11.02. Prepayment Credits.** In the event of prepayment by the Borrower of the Loan with respect to one or more Series of Bonds in whole, and premium, if any, the amounts related to such Series of Bonds then contained in the related subaccounts of the Cost of Issuance Fund, the Project Fund and the Debt Service Reserve Fund, and the amounts of the Borrower's payments on each corresponding Promissory Note contained in the related Bond Fund shall be credited first to the Rebate Fund so that it is fully funded for the final payment to the United States Treasury and then against the Borrower's prepayment obligation.

**Section 11.03. Notice of Prepayment.** In order to exercise the option granted by this Article, the Borrower shall give written notice to the Trustee which shall specify therein the date of making the prepayment, which date shall be not less than forty-five (45) days nor more than ninety (90) days from the date the notice is mailed. In the case of any prepayment pursuant to this Article, the Borrower shall make arrangements with the Trustee for giving the required notice of redemption, if any, with respect to any Bonds to be redeemed and, if applicable, shall pay to the Trustee an amount of money sufficient to redeem all of the Bonds to be called for redemption at the required price on or prior to the redemption date.

**Section 11.04. Use of Prepayment Moneys.** By virtue of the assignment of the rights of the Authority under this Agreement to the Trustee, the Borrower agrees to and shall pay any amount required to be paid by it under this Article directly to the Trustee (other than amounts to be paid to the Authority for its own account). The Trustee shall use the moneys so paid to it by the Borrower (other than amounts to be paid to the Trustee for its own account) as provided in this Loan Agreement and in the Indenture.

## ARTICLE XII

### MISCELLANEOUS

**Section 12.01. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given by Electronic Means or when mailed by certified mail, return receipt requested, postage prepaid, facsimile or overnight courier, addressed as follows:

If to the Borrower:	230 South Waterman Avenue LLC 17500 Mana Road Apple Valley, CA 92307 Attention: Lisa Lamb, President/CEO Telephone: (716) 946-5414 Email: llamb@Icer.org
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with a copy to: Young, Minney & Corr LLP  
655 University Avenue, #150  
Sacramento, California 95825  
Attention: Sarah Kollman, Esq.  
Telephone: (916) 646-1400  
Email: skollman@mycharterlaw.com

If to the Lessee: The High Desert “Partnership in Academic Excellence”  
Foundation, Incorporated  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: llamb@Icer.org

If to the Authority: California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833  
Attention: Chair  
Telephone: (916) 448-8252  
Email: gsahota@caled.org

If to the Trustee: Wilmington Trust, National Association  
650 Town Center Drive, Suite 800  
Costa Mesa, California 92626  
Attention: Corporate Trust Department  
Telephone: (714) 384-4153

A duplicate copy of each notice, certificate or other communication given hereunder by the Authority or the Borrower shall also be given to the Trustee. The Authority, the Borrower, the Lessee or the Trustee may, by notice hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 12.02. Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Borrower, and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.02, 9.01 and 12.10 hereof.

**Section 12.03. Severability.** In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 12.04. Third Party Beneficiaries.** Each of the Indemnified Parties and Registered Owners are intended “Third Party Beneficiaries” of this Loan Agreement. Nothing in this Loan Agreement shall confer any right upon any Person other than the parties hereto and those specifically designated as Third Party Beneficiaries of this Loan Agreement.

**Section 12.05. Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in the Funds upon termination of this Loan Agreement, provided the Bonds have been fully retired and all amounts due hereunder have been paid in full, shall belong to and be paid to the Borrower by the Trustee, as provided in the Indenture.

**Section 12.06. Amendments, Changes and Modifications.** Except as otherwise provided in this Loan Agreement or in the Indenture, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Authority and the Trustee.

**Section 12.07. Execution in Counterparts.** This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 12.08. Governing Law; Venue.** This Loan Agreement is a contract made under the laws of the State of California, and shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in the State of California. This Loan Agreement shall (unless waived by the Authority in writing) be enforceable in the State of California, and any action arising out of this Loan Agreement shall be filed and maintained in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement.

**Section 12.09. Filing.** The Borrower shall cause the lien on the Series 2020 Facilities granted by the Deed of Trust to be recorded with the Recorder's Office for the County of San Bernardino. In addition, the Borrower shall cause the security interest in any personal property comprising a part of the Series 2020 Facilities granted to the Authority and the assignment of such security interest to the Trustee to be perfected by the filing of financing statements which shall fully comply with the California Uniform Commercial Code in the office of the Secretary of State of California and in such other office as is at the time provided by law as the proper place for the filing thereof. The parties further agree that all necessary continuation statements shall be filed by the Borrower within the time prescribed by the California Uniform Commercial Code in order to continue such security interests.

**Section 12.10. Cancellation at Expiration of Term of Loan Agreement.** Upon the termination of this Loan Agreement, and provided the Bonds have been fully retired and all amounts due hereunder have been paid in full, the Authority shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Loan Agreement and the discharge of the Lien of the Deed of Trust.

**Section 12.11. No Pecuniary Liability of Authority.** No director, member, officer, agent or employee of the Authority or any director, member, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal (or redemption price) of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement, but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.



NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM REVENUES AND OTHER ASSETS PLEDGED UNDER THE INDENTURE. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THIS LOAN AGREEMENT.

The Borrower hereby acknowledges that the Authority's sole source of moneys to repay the Bonds (whether by maturity, redemption, acceleration or otherwise) will be provided by the payments made by the Borrower to the Trustee pursuant to this Loan Agreement, together with amounts on deposit in and investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Lessee, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefore.

**Section 12.12. No Personal Liability of Officials of Borrower, Lessee, Authority or Trustee.** No director, member, officer, agent or employee of the County or the Authority or any director, member, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal (or redemption price) of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement, but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

No covenant or agreement contained in the Bonds or in this Loan Agreement shall be deemed to be the covenant or agreement of any elected or appointed official, director, officer, agent, or employee of the Authority in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The Borrower acknowledges that the County shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with, the Bonds.

**Section 12.13. Special, Limited Obligation of Authority.** (a) This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Borrower and the Trustee for the benefit of the Registered Owners of the Bonds, and their respective successors and assigns, subject to the limitation that any obligations of the Authority created by or arising out of this Loan Agreement shall be special, limited obligations of the Authority, payable solely out of the revenues arising from the pledge and assignment of the Loan and the other funds held or set aside in trust under the Indenture and shall never constitute the debt or indebtedness of the Authority, the State or any political subdivision of the State within the meaning of any provision or limitation of the constitution or statutes of the State and shall not constitute nor (except for its fraud or intentional misrepresentation) give rise to a pecuniary liability of the Authority, the State or any political subdivision of the State or a charge against the general credit or taxing powers, if any, of such entities. The Authority has no taxing power.

(b) Anything in this Loan Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Authority may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Authority by the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Authority.

(c) No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Loan Agreement, any other Authority Documents, or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise or agreement of the Authority contained in any agreement, instrument or certificate executed in connection with the Facilities or the issuance and sale of the Bonds, against any Authority Indemnified Parties, whether by virtue of any Constitutional provision, statute or rule of the law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any Authority Indemnified Party, either directly or by reason of any of the obligations, covenants, promises or agreements entered into by the Authority with the Borrower or the Trustee to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each and every Authority Indemnified Party is, by the execution of the Bonds, this Loan Agreement, and the other Authority Documents, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Loan Agreement, and the other Authority Documents, is expressly waived and released.

(d) No agreements or provisions contained herein, nor any agreement, covenant or undertaking by the Authority in connection with the Facilities or the issuance, sale and/or delivery of the Bonds shall give rise to any pecuniary liability of the Authority or a charge against its general credit, or shall obligate the Authority financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Bonds and their application as provided in the Indenture. No failure of the Authority to comply with any term, covenant or agreement contained in the Bonds, this Loan Agreement or the Indenture, or in any document executed by the Authority in connection with the Facilities or the issuance and sale of the Bonds, shall subject the Authority to liability for any claim for damages, costs or other financial or pecuniary charge, except to the extent that the same can be paid or recovered from the revenues pledged for the payment of the Bonds or other revenues derived under this Loan Agreement. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Authority for any failure to comply with any term, condition, covenant or agreement herein; provided that no costs, expenses or other monetary relief shall be recoverable from the Authority, except as may be payable from the revenues pledged in the Indenture for the payment of the Bonds or other revenue derived under this Loan Agreement. No provision, covenant or agreement contained herein, or any obligations imposed upon the Authority, or the breach thereof, shall constitute an indebtedness of the Authority within the meaning of any State Constitutional or statutory limitation or shall constitute or give rise to a charge against the general credit of the State. In making the agreements, provisions and covenants set forth in this Loan Agreement, the Authority has not obligated itself, except with respect to the application of the revenues pledged in the Indenture for the payment of the Bonds or other revenues derived under this Loan Agreement or the Indenture.

(e) The Authority shall have no liability or obligation with respect to the payment of the principal of, premium, if any, or interest on the Bonds. None of the provisions of this Loan Agreement shall require the Authority to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the revenues pledged under the Indenture, or the Authority shall first have been adequately indemnified to its satisfaction against the cost, expense and liability which may be incurred thereby. The Authority shall not be under any obligation hereunder to perform any administrative service with respect to the Bonds and the Facilities (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions expressly contained in this Loan Agreement, the Indenture and in any and every Bond executed, authenticated and delivered under the Indenture; provided, however, that (a) the Authority shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or the Trustee, and (b) the Authority shall have received the instrument to be executed.

**Section 12.14. No Warranty by Authority.** THE BORROWER RECOGNIZES THAT, BECAUSE THE COMPONENTS OF THE SERIES 2020 FACILITIES HAVE BEEN

AND ARE TO BE SELECTED BY IT, THE AUTHORITY HAS NOT MADE AN INSPECTION OF THE SERIES 2020 FACILITIES OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE SERIES 2020 FACILITIES OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE AUTHORITY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE AUTHORITY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERIES 2020 FACILITIES OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE CALIFORNIA UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

**Section 12.15. Prior Agreements Superseded.** This Loan Agreement, together with all agreements executed by the parties concurrently herewith or in conjunction with the initial issuance of a Series of Bonds, shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Authority and the Borrower relating to such Series of Bonds, the lending of money and the Facilities.

**Section 12.16. Covenant by Borrower With Respect to Statements, Representations and Warranties.** It is understood by the Borrower that all statements, representations and warranties made by it in this Loan Agreement shall be deemed to have been relied upon by the Authority as an inducement to issue the Bonds, and that if any such statements, representations and warranties were false at the time they were made or (with respect to those representations and warranties which are to continue) are breached during the term hereof, such misrepresentation or breach shall constitute a breach of this Loan Agreement which may give rise to an Event of Default hereunder.

**Section 12.17. Captions.** The captions and headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

**Section 12.18. Loan Payments Due on Holidays.** If the date for making any Loan Payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, is not a Business Day, such Loan Payments may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein, with the same force and effect as if done on the nominal date provided in this Loan Agreement.

**Section 12.19. Provision of General Application.** Any consent or approval of the Authority required pursuant to this Loan Agreement shall be in writing and shall not be unreasonably withheld.

**Section 12.20. Survival.** Notwithstanding the payment in full of the Bonds, the discharge of the Indenture, and the termination or expiration of the Promissory Notes and this Loan Agreement, all provisions in this Loan Agreement concerning (a) the tax-exempt status of the Tax-Exempt Bonds (including, but not limited to provisions concerning the payment of the Rebate Amount), (b) the interpretation of this Loan Agreement, (c) the governing law, (d) the forum for resolving disputes, (e) the Authority's right to rely on facts or certificates, (f) the indemnity of the Indemnified Parties, and (g) the Authority's and Trustee's lack of pecuniary liability shall survive and remain in full force and effect.

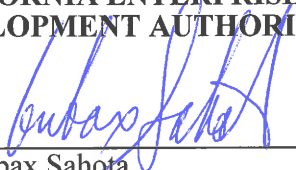
**Section 12.21. Notice of Change in Fact.** The Borrower will notify the Authority, the Lessee, the Underwriter and the Trustee promptly after the Borrower becomes aware of (i) any change in any material fact or circumstance represented or warranted by the Borrower in this Loan Agreement or in connection with the issuance of a Series of Bonds which would make any such representation or warranty false when made, (ii) any default or event which, with notice or lapse of time or both, could become an Event of Default under this Loan Agreement, the Lease Agreement or the Indenture or any of the Borrower Documents, specifying in each case the nature thereof and what action the Borrower has taken, is taking, and/or proposes to take with respect thereto, (iii) any Internal Revenue Service audit of the Borrower, the Lessee or the Bonds, (iv) any material litigation affecting the Bonds, the Borrower or the Facilities, and (v) any default in any indebtedness of the Borrower.

**Section 12.22. Expenses.** The Borrower covenants and agrees to pay and indemnify the Authority, the County and the Trustee against all reasonable fees, costs and charges, including reasonable fees, costs and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without gross negligence) and arising out of or in connection with this Loan Agreement, the Indenture, the Bonds, the Tax Regulatory Agreement or the Bond Purchase Agreement. The obligations of the Borrower in this Section 12.22 and in Section 8.06 shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Bonds or the termination of this Loan Agreement or of the Indenture.

*(Signature page follows)*

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Agreement to be executed in their respective corporate names by their duly authorized representatives, all as of the date first above written.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By  \_\_\_\_\_  
Gurbax Sahota  
Chair

**230 SOUTH WATERMAN AVENUE LLC**

By: The High Desert “Partnership in  
Academic Excellence” Foundation,  
Incorporated, its Sole Member

By: \_\_\_\_\_  
Kevin Porter, Chairman

*(Loan Agreement – Norton Science and Language Academy, Series 2020)*

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Agreement to be executed in their respective corporate names by their duly authorized representatives, all as of the date first above written.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_  
Gurbax Sahota  
Chair

**230 SOUTH WATERMAN AVENUE LLC**

By: The High Desert “Partnership in  
Academic Excellence” Foundation,  
Incorporated, its Sole Member

By:   
\_\_\_\_\_  
Kevin Porter, Chairman

*(Loan Agreement – Norton Science and Language Academy, Series 2020)*

TERMS ACKNOWLEDGED AND ACCEPTED:

**WILMINGTON TRUST,  
NATIONAL ASSOCIATION,**  
as Trustee

By:  \_\_\_\_\_  
Authorized Signatory

*(Loan Agreement – Norton Science and Language Academy, Series 2020)*



TERMS ACKNOWLEDGED AND ACCEPTED:

**THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INCORPORATED**, a California nonprofit public benefit corporation

By:   
\_\_\_\_\_

**D.** Kevin Porter, Chairman

*(Loan Agreement – Norton Science and Language Academy, Series 2020)*

**EXHIBIT A**

**FORM OF SERIES 2020 PROMISSORY NOTE**

\$40,895,000.00

June 16, 2020

**FOR VALUE RECEIVED**, the undersigned, **230 SOUTH WATERMAN AVENUE LLC**, a California limited liability company (the “Borrower”), hereby promises to pay to the order of the **CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**, a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “State”), as amended (the “Act”), the principal sum of **FORTY MILLION EIGHT HUNDRED NINETY-FIVE THOUSAND DOLLARS** (\$40,895,000), together with interest thereon, in installments, on the dates and in the amounts set forth on Schedule I attached to this Note. The Borrower further agrees to pay as the premium hereon the amount of the premium due, if any, upon any prepayment hereof in accordance with the Loan Agreement (defined below).

This Note has been issued to evidence a loan made by the Authority to the Borrower in accordance with the terms and provisions of that certain Loan Agreement dated as of June 1, 2020 (the “Loan Agreement”), by and between the Borrower and the Authority. Pursuant to the Loan Agreement, the Authority has loaned the Borrower the proceeds of the Authority’s \$40,895,000 aggregate principal amount of Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020 (the “Series 2020 Bonds”). The Series 2020 Bonds are issued by the Authority pursuant to and in accordance with an Indenture of Trust dated as of June 1, 2020 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Loan Agreement and the Indenture.

Interest on this Note shall be due not later than the 25th day of each month (each a “Monthly Disbursement Date”), commencing with the July 25, 2020 Monthly Disbursement Date, and the principal of this Note shall be due on each Monthly Disbursement Date, commencing with the July 25, 2022 Monthly Disbursement Date, in the amounts set forth on Schedule I attached to this Note (less any credit for Capitalized Interest funded from the proceeds of the Series 2020 Bonds).

Payments of both principal and interest hereon are to be irrevocably assigned by the Authority to the Trustee pursuant to the Indenture. Such assignment is to be made as security for the payment of the Series 2020 Bonds of the Authority to the extent provided in the Indenture. All of the terms, conditions and provisions of the Indenture and the Loan Agreement are, by this reference thereto, incorporated herein as part of this Note.

Payments hereon are to be made in immediately available funds at the designated trust office of the Trustee or at such other place as the Trustee may direct in writing, in accordance with the terms hereof and of the Indenture.

This Note is issued pursuant to the Loan Agreement and is entitled to the benefits and is subject to the conditions thereof. All the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as part of this Note, and shall control in the interpretation and enforcement of this Note.

In addition to the foregoing, the Borrower hereby promises to pay to the full extent required by the Indenture and the Loan Agreement: (i) amounts to be deposited to the Rebate Fund pursuant to the Tax Regulatory Agreement; (ii) all of the payments and additional charges set forth in Section 5.01 of the Loan Agreement; and (iii) all costs and expenses of collection incurred in connection with any default by the Borrower hereunder and all other payments required to be made by the Borrower pursuant to the Indenture and the Loan Agreement, including without limitation those payments referred to in Section 8.06 of the Loan Agreement.

In the event the Borrower fails to make any of the payments required in this Note, such payment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon at the rate of interest specified in the Loan Agreement (to the extent legally enforceable) until paid.

The principal of this Note is subject to optional and mandatory prepayment by the Borrower from time to time as set forth in the Loan Agreement.

The Borrower shall have the option to prepay the unpaid balance hereof in whole or in part only as provided in and in accordance with the provisions of the Loan Agreement and the Indenture.

In the event a Monthly Disbursement Date under this Note is not a Business Day (as defined in the Indenture), such installment shall be due on the next succeeding Business Day.

The Borrower agrees that if, and as often as, this Note is placed in the hands of any attorney for collection or to defend or enforce any of the Authority's and/or the Trustee's rights hereunder, the Borrower will pay to the Authority and/or the Trustee its reasonable attorney's fees, together with all court costs and other expenses actually paid or incurred by the Authority and/or the Trustee.

The Borrower and all other Persons who may become liable for all or part of this obligation severally waive presentation for payment, demand, notice of nonpayment and protest, all pleas of division and discussion and consent to any extension of time (whether one or more) or renewal hereof. Any such extension or renewal may be made without notice and without discharging liability hereunder.

Upon default in any of the terms or conditions of this Note or upon the occurrence and continuation of an "Event of Default" under the Loan Agreement, at the option of the holder hereof, the entire indebtedness hereby evidenced shall become due, payable and collectible then and thereafter as the holder may elect, regardless of the date of maturity hereof. Prior to the exercise of such option, the Trustee shall give written notice thereof to the Borrower.

During the existence of any such default, the Trustee may apply any payments received on any amount due hereunder or under the terms of the Loan Agreement or the Indenture as the Trustee may determine.

The obligations of the Borrower to make payments hereunder, under the Indenture and under the Loan Agreement and to perform and observe all agreements on its part contained herein and therein shall be absolute and unconditional. Until this Note is terminated and paid in full and all amounts due or to become due under the Loan Agreement are paid in full and the Loan Agreement is terminated, the Borrower (i) will not suspend or discontinue any payments under the Loan Agreement or neglect to perform any of its duties required thereunder or hereunder; (ii) will perform and observe all of its obligations set forth in the Loan Agreement, the Deed of Trust (defined in the Indenture) and this Note; and (iii) except as provided in the Loan Agreement, will not terminate the Loan Agreement, the Deed of Trust or this Note for any cause.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Series 2020 Bonds or for any claim based thereon or under the Loan Agreement, the Deed of Trust or this Note or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of the Borrower, whether directly or indirectly, 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 the Series 2020 Bonds.

The records of the Trustee shall be prima facie evidence of the amount owing on this Note.

This Note is to be construed according to the laws of the State of California without regard to any conflicts of law provisions contained therein.

*(Remainder of page intentionally left blank)*

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the date first above written.

**230 SOUTH WATERMAN AVENUE LLC**, a  
California limited liability company, as Lessor

By: The High Desert “Partnership in  
Academic Excellence” Foundation,  
Incorporated, its Sole Member

By: \_\_\_\_\_  
Kevin Porter, Chairman

*(Series 2020 Promissory Note – Norton Science and Language Academy)*

PAY TO THE ORDER OF WILMINGTON TRUST, NATIONAL ASSOCIATION, AT ITS DESIGNATED OFFICE, AS TRUSTEE, WITHOUT RECOURSE AGAINST THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, BUT WITH RECOURSE AGAINST 230 SOUTH WATERMAN AVENUE LLC.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Authorized Signatory

*(Series 2020 Promissory Note – Norton Science and Language Academy)*

SCHEDULE I

**Loan Payment Schedule**

Payment Date	Principal	Interest	Total Loan Payment
7/25/2020	\$ -	\$ 230,744.36	\$ 230,744.36
8/25/2020	\$ -	\$ 230,744.36	\$ 230,744.36
9/25/2020	\$ -	\$ 230,744.36	\$ 230,744.36
10/25/2020	\$ -	\$ 230,744.36	\$ 230,744.36
11/25/2020	\$ -	\$ 230,744.36	\$ 230,744.36
12/25/2020	\$ -	\$ 230,744.36	\$ 230,744.36
1/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
2/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
3/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
4/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
5/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
6/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
7/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
8/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
9/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
10/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
11/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
12/25/2021	\$ -	\$ 212,994.79	\$ 212,994.79
1/25/2022	\$ -	\$ 212,994.79	\$ 212,994.79
2/25/2022	\$ -	\$ 212,994.79	\$ 212,994.79
3/25/2022	\$ -	\$ 212,994.79	\$ 212,994.79
4/25/2022	\$ -	\$ 212,994.79	\$ 212,994.79
5/25/2022	\$ -	\$ 212,994.79	\$ 212,994.79
6/25/2022	\$ -	\$ 212,994.79	\$ 212,994.79
7/25/2022	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
8/25/2022	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
9/25/2022	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
10/25/2022	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
11/25/2022	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
12/25/2022	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
1/25/2023	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
2/25/2023	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
3/25/2023	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
4/25/2023	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
5/25/2023	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46

Payment Date	Principal	Interest	Total Loan Payment
6/25/2023	\$ 25,416.67	\$ 212,994.79	\$ 238,411.46
7/25/2023	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
8/25/2023	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
9/25/2023	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
10/25/2023	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
11/25/2023	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
12/25/2023	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
1/25/2024	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
2/25/2024	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
3/25/2024	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
4/25/2024	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
5/25/2024	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
6/25/2024	\$ 26,666.67	\$ 211,406.25	\$ 238,072.92
7/25/2024	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
8/25/2024	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
9/25/2024	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
10/25/2024	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
11/25/2024	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
12/25/2024	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
1/25/2025	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
2/25/2025	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
3/25/2025	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
4/25/2025	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
5/25/2025	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
6/25/2025	\$ 28,333.33	\$ 209,739.58	\$ 238,072.92
7/25/2025	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
8/25/2025	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
9/25/2025	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
10/25/2025	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
11/25/2025	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
12/25/2025	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
1/25/2026	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
2/25/2026	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
3/25/2026	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
4/25/2026	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
5/25/2026	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
6/25/2026	\$ 30,416.67	\$ 207,968.75	\$ 238,385.42
7/25/2026	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
8/25/2026	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
9/25/2026	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
10/25/2026	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
11/25/2026	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04



Payment Date	Principal	Interest	Total Loan Payment
12/25/2026	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
1/25/2027	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
2/25/2027	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
3/25/2027	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
4/25/2027	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
5/25/2027	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
6/25/2027	\$ 32,083.33	\$ 206,067.71	\$ 238,151.04
7/25/2027	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
8/25/2027	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
9/25/2027	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
10/25/2027	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
11/25/2027	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
12/25/2027	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
1/25/2028	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
2/25/2028	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
3/25/2028	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
4/25/2028	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
5/25/2028	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
6/25/2028	\$ 34,166.67	\$ 204,062.50	\$ 238,229.17
7/25/2028	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
8/25/2028	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
9/25/2028	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
10/25/2028	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
11/25/2028	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
12/25/2028	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
1/25/2029	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
2/25/2029	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
3/25/2029	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
4/25/2029	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
5/25/2029	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
6/25/2029	\$ 36,250.00	\$ 201,927.08	\$ 238,177.08
7/25/2029	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
8/25/2029	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
9/25/2029	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
10/25/2029	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
11/25/2029	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
12/25/2029	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
1/25/2030	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
2/25/2030	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
3/25/2030	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
4/25/2030	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
5/25/2030	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79

Payment Date	Principal	Interest	Total Loan Payment
6/25/2030	\$ 38,333.33	\$ 199,661.46	\$ 237,994.79
7/25/2030	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
8/25/2030	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
9/25/2030	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
10/25/2030	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
11/25/2030	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
12/25/2030	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
1/25/2031	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
2/25/2031	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
3/25/2031	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
4/25/2031	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
5/25/2031	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
6/25/2031	\$ 40,833.33	\$ 197,265.63	\$ 238,098.96
7/25/2031	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
8/25/2031	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
9/25/2031	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
10/25/2031	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
11/25/2031	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
12/25/2031	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
1/25/2032	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
2/25/2032	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
3/25/2032	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
4/25/2032	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
5/25/2032	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
6/25/2032	\$ 43,333.33	\$ 194,713.54	\$ 238,046.88
7/25/2032	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
8/25/2032	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
9/25/2032	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
10/25/2032	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
11/25/2032	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
12/25/2032	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
1/25/2033	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
2/25/2033	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
3/25/2033	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
4/25/2033	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
5/25/2033	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
6/25/2033	\$ 46,250.00	\$ 192,005.21	\$ 238,255.21
7/25/2033	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
8/25/2033	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
9/25/2033	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
10/25/2033	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
11/25/2033	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25

Payment Date	Principal	Interest	Total Loan Payment
12/25/2033	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
1/25/2034	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
2/25/2034	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
3/25/2034	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
4/25/2034	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
5/25/2034	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
6/25/2034	\$ 49,166.67	\$ 189,114.58	\$ 238,281.25
7/25/2034	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
8/25/2034	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
9/25/2034	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
10/25/2034	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
11/25/2034	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
12/25/2034	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
1/25/2035	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
2/25/2035	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
3/25/2035	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
4/25/2035	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
5/25/2035	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
6/25/2035	\$ 52,083.33	\$ 186,041.67	\$ 238,125.00
7/25/2035	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
8/25/2035	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
9/25/2035	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
10/25/2035	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
11/25/2035	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
12/25/2035	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
1/25/2036	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
2/25/2036	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
3/25/2036	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
4/25/2036	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
5/25/2036	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
6/25/2036	\$ 55,416.67	\$ 182,786.46	\$ 238,203.13
7/25/2036	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
8/25/2036	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
9/25/2036	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
10/25/2036	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
11/25/2036	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
12/25/2036	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
1/25/2037	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
2/25/2037	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
3/25/2037	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
4/25/2037	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
5/25/2037	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92

Payment Date	Principal	Interest	Total Loan Payment
6/25/2037	\$ 58,750.00	\$ 179,322.92	\$ 238,072.92
7/25/2037	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
8/25/2037	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
9/25/2037	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
10/25/2037	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
11/25/2037	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
12/25/2037	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
1/25/2038	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
2/25/2038	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
3/25/2038	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
4/25/2038	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
5/25/2038	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
6/25/2038	\$ 62,500.00	\$ 175,651.04	\$ 238,151.04
7/25/2038	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
8/25/2038	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
9/25/2038	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
10/25/2038	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
11/25/2038	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
12/25/2038	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
1/25/2039	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
2/25/2039	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
3/25/2039	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
4/25/2039	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
5/25/2039	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
6/25/2039	\$ 66,250.00	\$ 171,744.79	\$ 237,994.79
7/25/2039	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
8/25/2039	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
9/25/2039	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
10/25/2039	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
11/25/2039	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
12/25/2039	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
1/25/2040	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
2/25/2040	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
3/25/2040	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
4/25/2040	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
5/25/2040	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
6/25/2040	\$ 70,416.67	\$ 167,604.17	\$ 238,020.83
7/25/2040	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
8/25/2040	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
9/25/2040	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
10/25/2040	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
11/25/2040	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13

Payment Date	Principal	Interest	Total Loan Payment
12/25/2040	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
1/25/2041	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
2/25/2041	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
3/25/2041	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
4/25/2041	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
5/25/2041	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
6/25/2041	\$ 75,000.00	\$ 163,203.13	\$ 238,203.13
7/25/2041	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
8/25/2041	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
9/25/2041	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
10/25/2041	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
11/25/2041	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
12/25/2041	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
1/25/2042	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
2/25/2042	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
3/25/2042	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
4/25/2042	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
5/25/2042	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
6/25/2042	\$ 79,583.33	\$ 158,515.63	\$ 238,098.96
7/25/2042	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
8/25/2042	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
9/25/2042	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
10/25/2042	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
11/25/2042	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
12/25/2042	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
1/25/2043	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
2/25/2043	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
3/25/2043	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
4/25/2043	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
5/25/2043	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
6/25/2043	\$ 84,583.33	\$ 153,541.67	\$ 238,125.00
7/25/2043	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
8/25/2043	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
9/25/2043	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
10/25/2043	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
11/25/2043	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
12/25/2043	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
1/25/2044	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
2/25/2044	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
3/25/2044	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
4/25/2044	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
5/25/2044	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21

Payment Date	Principal	Interest	Total Loan Payment
6/25/2044	\$ 90,000.00	\$ 148,255.21	\$ 238,255.21
7/25/2044	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
8/25/2044	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
9/25/2044	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
10/25/2044	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
11/25/2044	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
12/25/2044	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
1/25/2045	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
2/25/2045	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
3/25/2045	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
4/25/2045	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
5/25/2045	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
6/25/2045	\$ 95,416.67	\$ 142,630.21	\$ 238,046.88
7/25/2045	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
8/25/2045	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
9/25/2045	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
10/25/2045	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
11/25/2045	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
12/25/2045	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
1/25/2046	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
2/25/2046	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
3/25/2046	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
4/25/2046	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
5/25/2046	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
6/25/2046	\$ 101,666.67	\$ 136,666.67	\$ 238,333.33
7/25/2046	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
8/25/2046	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
9/25/2046	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
10/25/2046	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
11/25/2046	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
12/25/2046	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
1/25/2047	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
2/25/2047	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
3/25/2047	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
4/25/2047	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
5/25/2047	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
6/25/2047	\$ 107,916.67	\$ 130,312.50	\$ 238,229.17
7/25/2047	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
8/25/2047	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
9/25/2047	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
10/25/2047	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
11/25/2047	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04

Payment Date	Principal	Interest	Total Loan Payment
12/25/2047	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
1/25/2048	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
2/25/2048	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
3/25/2048	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
4/25/2048	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
5/25/2048	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
6/25/2048	\$ 114,583.33	\$ 123,567.71	\$ 238,151.04
7/25/2048	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
8/25/2048	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
9/25/2048	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
10/25/2048	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
11/25/2048	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
12/25/2048	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
1/25/2049	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
2/25/2049	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
3/25/2049	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
4/25/2049	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
5/25/2049	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
6/25/2049	\$ 121,666.67	\$ 116,406.25	\$ 238,072.92
7/25/2049	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
8/25/2049	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
9/25/2049	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
10/25/2049	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
11/25/2049	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
12/25/2049	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
1/25/2050	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
2/25/2050	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
3/25/2050	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
4/25/2050	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
5/25/2050	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
6/25/2050	\$ 129,583.33	\$ 108,802.08	\$ 238,385.42
7/25/2050	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
8/25/2050	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
9/25/2050	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
10/25/2050	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
11/25/2050	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
12/25/2050	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
1/25/2051	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
2/25/2051	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
3/25/2051	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
4/25/2051	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
5/25/2051	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13

Payment Date	Principal	Interest	Total Loan Payment
6/25/2051	\$ 137,500.00	\$ 100,703.13	\$ 238,203.13
7/25/2051	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
8/25/2051	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
9/25/2051	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
10/25/2051	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
11/25/2051	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
12/25/2051	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
1/25/2052	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
2/25/2052	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
3/25/2052	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
4/25/2052	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
5/25/2052	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
6/25/2052	\$ 146,250.00	\$ 92,109.38	\$ 238,359.38
7/25/2052	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
8/25/2052	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
9/25/2052	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
10/25/2052	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
11/25/2052	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
12/25/2052	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
1/25/2053	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
2/25/2053	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
3/25/2053	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
4/25/2053	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
5/25/2053	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
6/25/2053	\$ 155,000.00	\$ 82,968.75	\$ 237,968.75
7/25/2053	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
8/25/2053	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
9/25/2053	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
10/25/2053	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
11/25/2053	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
12/25/2053	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
1/25/2054	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
2/25/2054	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
3/25/2054	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
4/25/2054	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
5/25/2054	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
6/25/2054	\$ 165,000.00	\$ 73,281.25	\$ 238,281.25
7/25/2054	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
8/25/2054	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
9/25/2054	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
10/25/2054	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
11/25/2054	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75



Payment Date	Principal	Interest	Total Loan Payment
12/25/2054	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
1/25/2055	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
2/25/2055	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
3/25/2055	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
4/25/2055	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
5/25/2055	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
6/25/2055	\$ 175,000.00	\$ 62,968.75	\$ 237,968.75
7/25/2055	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
8/25/2055	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
9/25/2055	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
10/25/2055	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
11/25/2055	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
12/25/2055	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
1/25/2056	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
2/25/2056	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
3/25/2056	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
4/25/2056	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
5/25/2056	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
6/25/2056	\$ 186,250.00	\$ 52,031.25	\$ 238,281.25
7/25/2056	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
8/25/2056	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
9/25/2056	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
10/25/2056	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
11/25/2056	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
12/25/2056	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
1/25/2057	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
2/25/2057	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
3/25/2057	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
4/25/2057	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
5/25/2057	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
6/25/2057	\$ 197,916.67	\$ 40,390.63	\$ 238,307.29
7/25/2057	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
8/25/2057	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
9/25/2057	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
10/25/2057	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
11/25/2057	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
12/25/2057	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
1/25/2058	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
2/25/2058	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
3/25/2058	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
4/25/2058	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17
5/25/2058	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17

Payment Date	Principal	Interest	Total Loan Payment
6/25/2058	\$ 448,333.33	\$ 28,020.83	\$ 476,354.17

**EXHIBIT B**

**[RESERVED]**

**EXHIBIT C**

**FORM OF PROJECT FUND REQUISITION CERTIFICATE**

Request No. \_\_\_\_\_

Date: \_\_\_\_\_

**PROJECT FUND REQUISITION CERTIFICATE**

TO: WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE (THE “TRUSTEE”), UNDER THE INDENTURE OF TRUST, DATED AS OF JUNE 1, 2020 (THE “INDENTURE”), BY AND BETWEEN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (THE “AUTHORITY”), AND THE TRUSTEE, AND THE LOAN AGREEMENT, DATED AS OF JUNE 1, 2020 (THE “LOAN AGREEMENT”), BY AND BETWEEN THE AUTHORITY AND 230 SOUTH WATERMAN AVENUE LLC (THE “BORROWER”).

The undersigned Authorized Representative of the Borrower hereby requests that the following amounts be transferred to the following payees for the following Costs of the Series 2020 Project (as defined in the Loan Agreement) (the “Costs”), the aggregate amount of which is \$ \_\_\_\_\_ (the “Requested Amount”):

<u>Payee</u>	<u>Amount</u>	<u>Description of Work</u>
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Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture and the Loan Agreement. The undersigned Authorized Representative of the Borrower hereby states and certifies that:

1. these Costs of the Project are valid costs under the Act and no part thereof has been included in any other Requisition Certificate previously filed with the Trustee under the provisions of the Indenture or reimbursed to the Borrower from Series 2020 Bond Proceeds;
2. no Event of Default currently exists (or with the passage of time, will exist) under the Borrower Documents;
3. **[paragraph 3 applies only to the initial draw request]** the Borrower has entered into a guaranteed maximum price contract for the construction of the Series 2020 Capital Improvements with a maximum amount less than or equal to the amount on deposit in the Project Fund (including any additional equity funds deposited by the Borrower in the Project Fund for such purposes) and has obtained from a performance bond in the amount of the construction contract for the Series 2020 Capital Improvements;
4. the estimated completion date for the Series 2020 Project is now \_\_\_\_\_;

5. This Requisition Certificate is for requisitions for Costs of a Series Project from the [Head Start Construction Subaccount][Charter School Construction Subaccount]; **[and]**
6. Provided herewith are copies of waivers and releases of any mechanic’s lien, stop notice claim, equitable lien claim or other lien claim rights from persons that have actually supplied labor, materials or services in connection with Costs of the Project to be pad from this Requisition Certificate.
7. Provided herewith is an ALTA 33 Endorsement to the title policy increasing the coverage of the title policy by the amount requested by this requisition, which shall be issued by the title company upon the disbursement of the funds described in this Requisition Certificate; **[and]**
8. **[paragraph 8 applies only to the final draw request from the Head Start Construction Subaccount]** the Head Start Facility was completed on \_\_\_\_\_, and has been acquired, constructed/renovated and equipped by the Borrower in substantial compliance with the plans and specifications relating thereto.]
9. **[paragraph 9 applies only to the final draw request]** the Series 2020 Project was completed on \_\_\_\_\_, and has been acquired, constructed/renovated and equipped by the Borrower in substantial compliance with the plans and specifications relating thereto.]

**230 South Waterman Avenue LLC**

By: The High Desert “Partnership in Academic Excellence” Foundation, Incorporated, its Sole Member

By: \_\_\_\_\_  
Authorized Representative

**[signature of the County of San Bernardino, California for requisitions from the Head Start Construction Account only]**

COUNTY OF SAN BERNARDINO, CALIFORNIA

By: \_\_\_\_\_  
Authorized Signatory



**EXHIBIT D**

**INITIAL DISBURSEMENT FROM THE PROJECT FUND**

<b>PAYEE</b>	<b>PURPOSE</b>	<b>SUBACCOUNT</b>	<b>AMOUNT</b>
The High Desert “Partnership in Academic Excellence” Foundation, Incorporated	Reimbursement for Preliminary Expenditures	Head Start Construction Subaccount	\$262,000.93
The High Desert “Partnership in Academic Excellence” Foundation, Incorporated	Reimbursement for Preliminary Expenditures	Charter School Construction Subaccount	\$1,193,559.81

<sup>1</sup>Wire instructions and details provided in Settlement Statement or invoices.

**EXHIBIT E**

**FORM OF CERTIFICATE OF COMPLETION**

**California Enterprise Development Authority  
Charter School Revenue Bonds  
(Norton Science and Language Academy Project)  
Tax-Exempt Series 2020**

This Completion Certificate is given by \_\_\_\_\_,  
as an Authorized Representative of 230 South Waterman Avenue LLC (the "Borrower")  
pursuant to Section 4.03 of the Loan Agreement by and between California Enterprise  
Development Authority, as Issuer, and the Borrower, dated as of June 1, 2020 (the "Loan  
Agreement") and confirms that the Completion Date was \_\_\_\_\_, 20\_\_\_\_, that the  
relevant portion of the Series 2020 Facilities have been acquired, constructed, and/or equipped  
by the Borrower in substantial compliance with the plans and specifications relating thereto, and  
that the full cost of the Series 2020 Facilities has been paid. Attached hereto is a certificate or  
certificates of occupancy. Notwithstanding the foregoing, this certificate is given without  
prejudice to any rights against third parties which exist at the date of this certificate as evidenced  
below or which may subsequently come into being. Any capitalized terms shall have the  
respective meanings as set forth in the Loan Agreement as supplemented and amended from  
time to time.

Dated \_\_\_\_\_, 20\_\_.

**230 South Waterman Avenue LLC**

By: The High Desert "Partnership in  
Academic Excellence" Foundation,  
Incorporated, its Sole Member

By: \_\_\_\_\_  
Authorized Representative



**EXHIBIT F**

**FORM OF REPAIR AND REPLACEMENT FUND REQUISITION**

To: Wilmington Trust, National Association  
Attention: Jeanie Mar

Re: **California Enterprise Development Authority**  
**Charter School Revenue Bonds**  
**(Norton Science and Language Academy Project)**  
**Tax-Exempt Series 2020**

The undersigned, an authorized representative of 230 South Waterman Avenue LLC (the "Borrower") hereby requests a disbursement of \$\_\_\_\_\_ from the Repair and Replacement Fund established under the Indenture of Trust with respect to the above-referenced bonds, and certifies to the Trustee that such amount is required to pay all or any portion the Borrower's cost of extraordinary maintenance and replacements which are required to keep the Series 2020 Facilities in sound condition. The undersigned acknowledges and agrees that, subsequent to such disbursement, the Repair and Replacement Fund shall be replenished in accordance with the requirements of Section 3.17 of the Indenture and Section 5.01(l) of the Loan Agreement.

Dated: \_\_\_\_\_

**230 South Waterman Avenue LLC**

By: The High Desert "Partnership in  
Academic Excellence" Foundation,  
Incorporated, its Sole Member

By: \_\_\_\_\_  
Authorized Representative

## LOAN AGREEMENT SUPPLEMENT NO. 1

**THIS LOAN AGREEMENT SUPPLEMENT NO. 1** (“Loan Agreement Supplement”) is made and entered into as of December 1, 2021, by and between the **CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY** (the “Authority”), a joint powers authority duly organized and validly existing under the laws of the State of California (the “State”), particularly the Act (as defined herein), and **230 SOUTH WATERMAN AVENUE LLC**, a California limited liability company (the “Borrower”), the sole member of which is The High Desert “Partnership in Academic Excellence” Foundation, Incorporated (the “Lessee”), a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and authorized to operate charter schools by the State.

### RECITALS

WHEREAS, the Authority is authorized pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6500), as amended (the “Act”), to issue its revenue bonds for the purpose of financing the acquisition, construction, improvement, renovation and equipping of “projects” (as defined in the Act); and

WHEREAS, the Authority has previously issued its Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020 (the “Series 2020 Bonds”), in the aggregate principal amount of \$40,895,000, pursuant to an Indenture of Trust dated as of June 1, 2020 (the “Original Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”), and loaned the proceeds to the Borrower under the Loan Agreement dated as of June 1, 2020 (the “Original Loan Agreement”) between the Borrower and the Authority for purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as the School and located at 230 S. Waterman Avenue, San Bernardino, California (the “Series 2020 Facilities”); (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the “Series 2020 Project”); and

WHEREAS, the Borrower now wishes to finance the costs of (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the “Series 2021 Facilities” and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the “Facilities”); (b) funding a debt service reserve fund for the Series 2021 Bonds (as defined herein); (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the “Series 2021 Project”); and

WHEREAS, the Borrower will lease the Facilities to The High Desert “Partnership in Academic Excellence” Foundation, Incorporated (“Lessee”) pursuant to the Lease Agreement dated as of June 1, 2020, as amended by and through the Lease Agreement Supplement No. 1

dated as of December 1, 2021 (collectively, the “Lease”) between the Borrower and the Lessee; and

WHEREAS, the Authority has determined to issue the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (collectively the “Series 2021 Bonds”) as Additional Bonds, pursuant to the Indenture and loan the proceeds of the Series 2021 Bonds to the Borrower pursuant to the Original Loan Agreement as supplemented by this Loan Agreement Supplement No. 1 (“Loan Agreement Supplement No. 1” and together with the Original Loan Agreement, the “Loan Agreement”).

### AGREEMENT

In respect of the mutual promises made herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree to amend and supplement the Original Loan Agreement, and provide consent and approval as follows:

1. Amendment to Definitions. All terms which are defined in the Original Loan Agreement shall have the same meanings, respectively, herein (including the use thereof in the recitals thereof) unless the context clearly requires otherwise.:

“*Completion Date*” means, for the Series 2021 Project, the date specified by the Borrower in a certificate delivered to the Trustee stating that the acquisition, renovation, improvement, furnishing and equipping of such project is complete in accordance with Section 4.03 hereof; provided, however, the Completion Date for the Series 2021 Project shall not be later than [September \_\_, 2024].

“*Series 2021 Bond Proceeds*” means all amounts actually or constructively received from the sale of the Series 2021 Bonds (including underwriters’ discount or compensation but excluding pre-issuance accrued interest) plus all investment earnings thereon.

2. Representations by Authority. Section 2.01 of the Original Loan Agreement is hereby amended to add the following subsection at the end thereof:

(e) The Series 2021 Bonds have been duly authorized, executed and delivered by the Authority. Nothing in this Loan Agreement shall be construed as requiring the Authority to provide any financing for the Series 2021 Project other than the proceeds of the Series 2021 Bonds or to provide sufficient moneys for all of the cost of financing the Series 2021 Project.

3. Representations by Borrower. Section 2.02 of the Original Loan Agreement is hereby amended to add the following subsections at the end thereof:

(z) The Borrower is organized and operated for the purpose and with the specific power to own the Series 2021 Facilities, has been duly authorized to execute each of the Borrower Documents and consummate all of the transactions contemplated thereby, and by the Offering Document and to carry out and consummate all the transactions contemplated hereunder, thereunder and by the Offering Document.

(aa) This Loan Agreement, when assigned to the Trustee pursuant to the Indenture and the other Borrower Documents, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Trustee in accordance with their terms for the benefit of the Beneficial Owners of the Bonds, and any rights of the Authority and obligations of the Borrower not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(bb) All financial statements and information heretofore delivered to the Authority by the Borrower, including without limitation, information relating to the financial condition of the Borrower, the Series 2021 Project, the partners, joint venturers or members of the Borrower, and/or any guarantor, fairly and accurately present the financial position thereof and all financial statements have been prepared (except where specifically noted therein) in accordance with Generally Accepted Accounting Principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the Borrower or the other subjects of such statements.

(cc) The Borrower has good and marketable title or leasehold interest, as applicable, to the Facilities free and clear from all encumbrances other than Permitted Encumbrances (as defined in the Indenture).

(dd) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by or on behalf of the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating the Facilities.

(ee) All material certificates, approvals, permits and authorizations of applicable local governmental agencies, and agencies of the State and the federal government have been or will be obtained with respect to the acquisition, renovation, improvement, furnishing and equipping of the Facilities, and the Series 2021 Facilities will be acquired, constructed and installed and the Series 2021 Facilities will be operated pursuant to and in accordance with such certificates, approvals, permits and authorizations.

(ff) The Borrower will not conduct any other business or incur any other indebtedness or liabilities of any kind, except for such as is related to the ownership of the Facilities and the leasing thereof to the Lessee as provided in the Lease Agreement.

(gg) None of the representations of the Borrower contained in the Borrower Documents or any oral or written statement, exhibit or report furnished by or on behalf of the Borrower to the Authority, the Lessee, Bond Counsel or the Underwriter in connection with the transactions contemplated hereby, and no Offering Document in connection with the Series 2021 Bonds, as of its date or as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact required to be stated herein or therein or necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. The Borrower has not failed to disclose any facts to the Authority, the Lessee, Bond Counsel or the Underwriter in writing that materially and adversely affect or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Borrower Documents or any documents or transactions contemplated hereby or thereby.

(hh) Neither the Borrower nor the Facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(ii) The Borrower (i) understands the structure of the transactions related to the financing of the Series 2021 Facilities; (ii) is familiar with all the provisions of the documents and instruments related to such financing and refinancing to which the Borrower is a party or of which the Borrower is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Series 2021 Facilities; (iv) has not relied on the Authority or the Underwriter for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Authority in any manner, except to issue the Series 2021 Bonds in order to provide funds for the Loan pursuant to the terms and conditions of this Loan Agreement, the Indenture and the Bond Purchase Agreement; and (v) acknowledges that the Authority makes no warranty, either express or implied, as to the Series 2021 Facilities or that the Series 2021 Facilities will be suitable for the Borrower's or the Lessee's purposes or needs.

(jj) Subsequent to the Bond Closing for the Series 2021 Bonds, the Borrower will not grant any Liens on the Series 2021 Facilities (other than Permitted Encumbrances).

4. Supplemental Loan. In order to provide funds to make the Loan for payment of the Costs of the Series 2021 Project, the Authority will sell and cause to be delivered to the initial purchasers thereof the Series 2021 Bonds and will make such Loan and direct the Trustee to deposit from the proceeds of the Series 2021 Bonds with respect to the Borrower as follows:

- (a) into the Project Fund, the amount of \$[\_\_\_\_\_].
- (b) into the Cost of Issuance Fund, the amount of \$[\_\_\_\_\_].
- (c) [into the Debt Service Reserve Fund for the Series 2021 Bonds, the amount of \$[\_\_\_\_\_].]

5. Disbursements from Costs of Issuance Fund. The proceeds of the Series 2021 Bonds deposited into the Costs of Issuance Fund shall be disbursed in accordance with the disbursement procedures set forth in Section 4.04 of the Original Loan Agreement.

6. Disbursements from Project Fund. The proceeds of the Series 2021 Bonds deposited into the Project Fund shall be disbursed in accordance with the disbursement procedures set forth in Section 4.02 of the Original Loan Agreement; provided that Exhibit C of the Original Loan Agreement is amended in their entirety as provided for in Exhibit B hereof with respect to proceeds of the Series 2021 Bonds.

7. Completion Date. As provided for in Section 4.03 of the Original Loan Agreement, the Completion Date for the Series 2021 Project shall not be later than three years from the Bond Closing related to the Series 2021 Bonds. The Completion Date for the Series 2021 Project shall be evidenced in accordance with Section 4.03 of the Original Loan Agreement; provided that Exhibit E of the Original Loan Agreement is amended in its entirety as provided in Exhibit C hereof.

8. Loan Payments. Subjection (a) of Section 5.01 of the Original Loan Agreement is hereby amended in its entirety as follows:

- (a) [The Borrower shall pay or cause to be paid as repayment of the Loan, until the principal of, premium, if any, and interest on the Promissory Notes shall have been paid or provision for the payment thereof shall have been made in accordance with this Loan Agreement, into the Bond Fund on or before each Monthly Disbursement Date during the term of this Loan Agreement, an amount sufficient to pay principal and interest then due on the Promissory Notes in accordance with the payment schedules set forth as Schedule I to the Promissory Notes. With respect to principal payments to be made on each Monthly Disbursement Date toward the principal amount to be due on (i) [July 1, 2058], such monthly payments shall take into account and be reduced by amounts on deposit in the Series 2020 Bonds subaccount of the Debt Service Reserve Fund and (ii) on July 1, 20[\_\_\_], such monthly payments shall take into account and be reduced by amounts on deposit in the Series 2021 Bond subaccount of the Debt Service Reserve Fund.]

9. Miscellaneous.

- (i) Titles, Headings, Etc. The titles and headings of the articles, sections, and subsections of this Loan Agreement Supplement No. 1 have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

(ii) Severability. In the event any provision of this Loan Agreement Supplement No. 1 shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(iii) Governing Law. This Loan Agreement Supplement No. 1 is a contract made under the laws of the State of California and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State of California. This Loan Agreement Supplement No. 1 shall be enforceable in the State of California, and any action arising out of this Loan Agreement Supplement No. 1 shall be filed and maintained in Sacramento County, California, unless the Authority waives this requirement.

(iv) Execution in Counterparts. This Loan Agreement Supplement No. 1 may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(v) Notices. Except as otherwise provided in Section 12.01 of the Original Loan Agreement, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, facsimile (confirmed by certified mail), return receipt requested, postage prepaid, or overnight courier, addressed as follows:

If to the Lessee:                                   The High Desert “Partnership in Academic Excellence”  
Foundation, Incorporated  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: [llamb@lcer.org](mailto:llamb@lcer.org)

If to the Borrower:                               230 South Waterman Avenue LLC  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: [llamb@lcer.org](mailto:llamb@lcer.org)

If to the Authority:                               California Enterprise Development Authority  
2150 River Plaza Drive, Suite 275  
Sacramento, California 95833  
Attention: Chair  
Telephone: (916) 448-8252  
Email: [gsahota@caled.org](mailto:gsahota@caled.org)

If to the Trustee:                                 Wilmington Trust, National Association

650 Town Center Drive, Suite 800  
Costa Mesa, California 92626  
Attention: Corporate Trust Department  
Telephone: (714) 384-4153

(vi) Incorporation of Terms of Loan Agreement. The parties hereto acknowledge and agree that to the extent applicable, the terms and provisions of the Original Loan Agreement are incorporated herein as if they were contained in this Loan Agreement Supplement No. 1.

10. Effect of Agreement. Except to the extent amended by this Loan Agreement Supplement No. 1, all of the respective terms, conditions and provisions of the Original Loan Agreement shall remain in full force and effect in accordance with their respective original tenor and terms.

*[Remainder of this page intentionally left blank]*



IN WITNESS WHEREOF, the Authority and the Borrower have caused this Loan Agreement Supplement No. 1 Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**, as Authority

By: \_\_\_\_\_  
Gurbax Sahota, Chair

**230 SOUTH WATERMAN AVENUE LLC**, a  
California limited liability company, as Borrower

By: The High Desert “Partnership in Academic  
Excellence” Foundation, Incorporated,  
its sole member

By: \_\_\_\_\_  
Kevin Porter, Chairman

[Signature Page to Loan Agreement Supplement No. 1 – Charter School Revenue Bonds  
(Norton Science and Language Academy Project) Series 2021]

TERMS ACKNOWLEDGED AND ACCEPTED:

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

[Signature Page to Loan Agreement Supplement No. 1 – Charter School Revenue Bonds  
(Norton Science and Language Academy Project) Series 2021]

## EXHIBIT A

### FORM OF SERIES 2021 PROMISSORY NOTE

\$[\_\_\_\_\_]

December [\_\_\_], 2021

**FOR VALUE RECEIVED**, the undersigned, **230 SOUTH WATERMAN AVENUE LLC**, a California limited liability company (the “Borrower”), hereby promises to pay to the order of the **CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**, a joint powers authority duly organized and existing under the laws of the State of California (the “State”), particularly Division 7 of Title 1 of the California Government Code (commencing with Section 6500 of the California Government Code), as amended (the “Act”), the principal sum of [\_\_\_\_\_] DOLLARS (\$[\_\_\_\_\_]), together with interest thereon, in installments, on the dates and in the amounts set forth on Schedule I attached to this Note. The Borrower further agrees to pay as the premium hereon the amount of the premium due, if any, upon any prepayment hereof in accordance with the Loan Agreement (defined below).

This Note has been issued to evidence a loan made by the Authority to the Borrower in accordance with the terms and provisions of that certain Loan Agreement dated as of June 1, 2020 as amended by Loan Agreement Supplement No. 1 dated as of December 1, 2021 (the “Loan Agreement”), by and between the Borrower and the Authority. Pursuant to the Loan Agreement, the Authority has loaned the Borrower the proceeds of the Authority’s \$[\_\_\_\_\_] aggregate principal amount of Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2021A and Charter School Revenue Bonds (Norton Science and Language Academy Project), Taxable Series 2021B (the “Series 2021 Bonds”). The Series 2021 Bonds are issued by the Authority pursuant to and in accordance with an Indenture of Trust dated as of June 1, 2020, as amended, between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2021 (as so supplemented, the “Indenture”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Loan Agreement and the Indenture.

Interest on this Note shall be due not later than the 25th day of each month (each a “Monthly Disbursement Date”), commencing with the [October] 2021 Monthly Disbursement Date, and the principal of this Note shall be due on each Monthly Disbursement Date, commencing with the [October] 2021 Monthly Disbursement Date, in the amounts set forth on Schedule I attached to this Note.

Payments of both principal and interest hereon are to be irrevocably assigned by the Authority to the Trustee pursuant to the Indenture. Such assignment is to be made as security for the payment of the Series 2021 Bonds of the Authority to the extent provided in the Indenture. All of the terms, conditions and provisions of the Indenture and the Loan Agreement are, by this reference thereto, incorporated herein as part of this Note.

Payments hereon are to be made in immediately available funds at the designated trust office of the Trustee or at such other place as the Trustee may direct in writing, in accordance with the terms hereof and of the Indenture.

This Note is issued pursuant to the Loan Agreement and is entitled to the benefits and is subject to the conditions thereof. All the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as part of this Note, and shall control in the interpretation and enforcement of this Note.

In addition to the foregoing, the Borrower hereby promises to pay to the full extent required by the Indenture and the Loan Agreement: (i) amounts to be deposited to the Rebate Fund pursuant to the Tax Regulatory Agreement; (ii) all of the payments and additional charges set forth in Section 5.01 of the Loan Agreement; and (iii) all costs and expenses of collection incurred in connection with any default by the Borrower hereunder and all other payments required to be made by the Borrower pursuant to the Indenture and the Loan Agreement, including without limitation those payments referred to in Section 8.06 of the Loan Agreement.

In the event the Borrower fails to make any of the payments required in this Note, such payment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon at the rate of interest specified in the Loan Agreement (to the extent legally enforceable) until paid.

The principal of this Note is subject to optional and mandatory prepayment by the Borrower from time to time as set forth in the Loan Agreement.

The Borrower shall have the option to prepay the unpaid balance hereof in whole or in part only as provided in and in accordance with the provisions of the Loan Agreement and the Indenture.

In the event a Monthly Disbursement Date under this Note is not a Business Day (as defined in the Indenture), such installment shall be due on the next succeeding Business Day.

The Borrower agrees that if, and as often as, this Note is placed in the hands of any attorney for collection or to defend or enforce any of the Authority's and/or the Trustee's rights hereunder, the Borrower will pay to the Authority and/or the Trustee its reasonable attorney's fees, together with all court costs and other expenses actually paid or incurred by the Authority and/or the Trustee.

The Borrower and all other persons who may become liable for all or part of this obligation severally waive presentation for payment, demand, notice of nonpayment and protest, all pleas of division and discussion and consent to any extension of time (whether one or more) or renewal hereof. Any such extension or renewal may be made without notice and without discharging liability hereunder.

Upon default in any of the terms or conditions of this Note or upon the occurrence and continuation of an "Event of Default" under the Loan Agreement, at the option of the holder hereof, the entire indebtedness hereby evidenced shall become due, payable and collectible then

and thereafter as the holder may elect, regardless of the date of maturity hereof. Prior to the exercise of such option, the Trustee shall give written notice thereof to the Borrower.

During the existence of any such default, the Trustee may apply any payments received on any amount due hereunder or under the terms of the Loan Agreement or the Indenture as the Trustee may determine.

The obligations of the Borrower to make payments hereunder, under the Indenture and under the Loan Agreement and to perform and observe all agreements on its part contained herein and therein shall be absolute and unconditional. Until this Note is terminated and paid in full and all amounts due or to become due under the Loan Agreement are paid in full and the Loan Agreement is terminated, the Borrower (i) will not suspend or discontinue any payments under the Loan Agreement or neglect to perform any of its duties required thereunder or hereunder; (ii) will perform and observe all of its obligations set forth in the Loan Agreement, the Deed of Trust (defined in the Indenture) and this Note; and (iii) except as provided in the Loan Agreement, will not terminate the Loan Agreement, the Deed of Trust or this Note for any cause.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Series 2021 Bonds or for any claim based thereon or under the Loan Agreement, the Deed of Trust or this Note or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of the Borrower, whether directly or indirectly, 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 the Series 2021 Bonds.

The records of the Trustee shall be prima facie evidence of the amount owing on this Note.

This Note is to be construed according to the laws of the State of California without regard to any conflicts of law provisions contained therein.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the date first above written.

**230 SOUTH WATERMAN AVENUE LLC**, a  
California limited liability company, as Borrower

By: The High Desert “Partnership in Academic  
Excellence” Foundation, Incorporated,  
its sole member

By: \_\_\_\_\_  
Kevin Porter, Chairman

*[Series 2021 Promissory Note – Norton Science and Language Academy Project, Series 2021]*

PAY TO THE ORDER OF WILMINGTON TRUST, NATIONAL ASSOCIATION, AT ITS DESIGNATED OFFICE, AS TRUSTEE, WITHOUT RECOURSE AGAINST THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, BUT WITH RECOURSE AGAINST 230 SOUTH WATERMAN AVENUE LLC.

**CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Authorized Signatory

*[Series 2021 Promissory Note – Norton Science and Language Academy Project, Series 2021]*

**SCHEDULE I**  
**Payment Schedule**



**EXHIBIT B**

**FORM OF PROJECT FUND REQUISITION CERTIFICATE**

Request No. \_\_\_\_\_

Date: \_\_\_\_\_

**PROJECT FUND REQUISITION CERTIFICATE**

TO: WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE (THE “TRUSTEE”), UNDER THE INDENTURE OF TRUST, DATED AS OF JUNE 1, 2020 (THE “INDENTURE”), BY AND BETWEEN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (THE “AUTHORITY”), AND THE TRUSTEE, AND THE LOAN AGREEMENT, DATED AS OF JUNE 1, 2020 (AS SUPPLEMENTED BY THE FIRST SUPPLEMENT TO LOAN AGREEMENT, DATED AS OF DECEMBER 1, 2021, THE “LOAN AGREEMENT”), BY AND BETWEEN THE AUTHORITY AND 230 SOUTH WATERMAN AVENUE LLC (THE “BORROWER”).

The undersigned Authorized Representative of the Borrower hereby requests that the following amounts be transferred to the following payees for the following Costs of the Series 2021 Project (as defined in the Loan Agreement) (the “Costs”), the aggregate amount of which is \$ \_\_\_\_\_ (the “Requested Amount”):

<u>Payee</u>	<u>Amount</u>	<u>Description of Work</u>
--------------	---------------	----------------------------

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture and the Loan Agreement. The undersigned Authorized Representative of the Borrower hereby states and certifies that:

1. these Costs of the Series 2021 Project are valid costs under the Act and no part thereof has been included in any other Requisition Certificate previously filed with the Trustee under the provisions of the Indenture or reimbursed to the Borrower from Series 2021 Bond Proceeds;
2. no Event of Default currently exists (or with the passage of time, will exist) under the Borrower Documents;
3. the estimated completion date for the Series 2021 Project is now \_\_\_\_\_;
4. Provided herewith are copies of waivers and releases of any mechanic’s lien, stop notice claim, equitable lien claim or other lien claim rights from persons that have actually supplied labor, materials or services in connection with Costs of the Series 2021 Project to be paid from this Requisition Certificate;

5. Provided herewith is an ALTA 33 Endorsement to the title policy increasing the coverage of the title policy by the amount requested by this requisition, which shall be issued by the title company upon the disbursement of the funds described in this Requisition Certificate; **[and]**
6. **[paragraph 6 applies only to the final draw request]** the Series 2021 Project was completed on \_\_\_\_\_, and has been acquired, constructed/renovated and equipped by the Borrower in substantial compliance with the plans and specifications relating thereto.]

**230 South Waterman Avenue LLC**

By: The High Desert “Partnership in  
Academic Excellence” Foundation,  
Incorporated, its Sole Member

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT C**

**FORM OF CERTIFICATE OF COMPLETION**

**California Enterprise Development Authority  
Charter School Revenue Bonds  
(Norton Science and Language Academy Project)  
Series 2021**

This Completion Certificate is given by \_\_\_\_\_,  
as an Authorized Representative of 230 South Waterman Avenue LLC (the “Borrower”) pursuant to Section 4.03 of the Loan Agreement by and between California Enterprise Development Authority, as Issuer, and the Borrower, dated as of June 1, 2020, as supplemented by Supplement No. 1 to Loan Agreement, dated as of December 1, 2021 (the “Loan Agreement”) and confirms that the Completion Date was \_\_\_\_\_, 20\_\_\_\_, that the relevant portion of the Series 2021 Facilities have been acquired, constructed, and/or equipped by the Borrower in substantial compliance with the plans and specifications relating thereto, and that the full cost of the Series 2021 Facilities has been paid. Attached hereto is a certificate or certificates of occupancy. Notwithstanding the foregoing, this certificate is given without prejudice to any rights against third parties which exist at the date of this certificate as evidenced below or which may subsequently come into being. Any capitalized terms shall have the respective meanings as set forth in the Loan Agreement as supplemented and amended from time to time.

Dated \_\_\_\_\_, 20\_\_\_\_.

**230 South Waterman Avenue LLC**

By: The High Desert “Partnership in  
Academic Excellence” Foundation,  
Incorporated, its Sole Member

By: \_\_\_\_\_  
Authorized Representative



## SUBLEASE AGREEMENT SUPPLEMENT NO. 1

**THIS SUBLEASE AGREEMENT SUPPLEMENT NO. 1**, dated as of December 1, 2021 (“Sublease Supplement”) is amending the Sublease Agreement, dated as of June 1, 2020 (the “Original Sublease” and together with the Sublease Supplement, the “Sublease Agreement”), each by and between **230 SOUTH WATERMAN AVENUE LLC**, a California limited liability company (the “Lessor”), and **THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INCORPORATED** (“Lessee”), the sole member of the Lessor and a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and authorized to operate charter schools by the State of California (the “State”).

### RECITALS

WHEREAS, California Enterprise Development Authority (the “Authority”) is authorized pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6500), as amended (the “Act”), to issue its revenue bonds for the purpose of financing the acquisition, construction, improvement, renovation and equipping of “projects” (as defined in the Act); and

WHEREAS, the Authority has previously issued the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020 (the “Series 2020 Bonds”), in the aggregate principal amount of \$40,895,000, pursuant to an Indenture of Trust dated as of June 1, 2020 (the “Original Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”), and loaned the proceeds to the Borrower under the Loan Agreement dated as of June 1, 2020 (the “Original Loan Agreement”), by and between the Borrower and the Authority, for purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as the School and located at 230 S. Waterman Avenue, San Bernardino, California (the “Series 2020 Facilities”); (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the “Series 2020 Project”); and

WHEREAS, the Lessor leased to the Lessee the Series 2020 Facilities pursuant to the Original Sublease; and

WHEREAS, the Lessor now wishes to finance the costs of (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the “Series 2021 Facilities” and, together with the Series 2020 Facilities, the “Facilities”); (b) funding a debt service reserve fund for the Series 2021 Bonds (as defined herein); (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the “Series 2021 Project”); and

WHEREAS, the Authority has determined to issue the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the “Series 2021 Bonds”) as Additional Bonds (as defined the Original Indenture), pursuant to the Original Indenture, as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2021 (the “Supplemental Indenture” and, together with the Original Indenture, the “Indenture”) and loan the proceeds of the Series 2021 Bonds to the Borrower pursuant to the Original Loan Agreement, as supplemented by the Loan Agreement Supplement No. 1 (the “Loan Agreement Supplement,” and together with the Original Loan Agreement, the “Loan Agreement”); and

WHEREAS, it is necessary to supplement and amend the Original Sublease through this Sublease Supplement; and

### AGREEMENT

In respect of the mutual promises made herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree to amend and supplement the Original Sublease, and provide consent and approval as follows:

**1. Definitions.** Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Original Sublease.

**2. Amendment of the Original Lease.** This Sublease Supplement hereby amends the Original Sublease by replacing Exhibit A of the Original Sublease with Exhibit A attached hereto and incorporated herein by this reference.

**3. Ratification of Original Sublease.** As amended hereby, the Original Sublease is in all respects ratified and confirmed and the Original Sublease as so amended hereby shall be read, taken and construed as one and the same instrument. In the event of any conflicts between the Original Sublease and this Sublease Supplement, this Sublease Supplement shall control. The effective date of this Amendment is as of December 1, 2021.

**4. Severability.** In the event any provision of this Sublease Supplement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**5. Execution in Counterparts.** This Sublease Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**6. Governing Law.** This Sublease Supplement shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as such laws may be preempted by any federal rules, regulations and laws. Unless otherwise required by State law, the parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Sublease Supplement shall be brought and maintained in State and federal

courts in San Bernardino County, California or the United States Bankruptcy Court in any case involving or having jurisdiction over the Lessee or the Facilities. To the extent that any provision of this Sublease Supplement conflicts with any provision of the Charter School Act in effect on the date of final execution of this Sublease Supplement, the provisions of the Charter School Act shall control.

**7. Captions.** The captions and headings in this Sublease Supplement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Sublease Supplement.

**230 SOUTH WATERMAN AVENUE LLC, a**  
California limited liability company, as Lessor

By: \_\_\_\_\_  
[Name, Title]

**THE HIGH DESERT “PARTNERSHIP IN  
ACADEMIC EXCELLENCE”  
FOUNDATION, INCORPORATED, a**  
California nonprofit public benefit corporation,  
as Lessee

By: \_\_\_\_\_  
[Name, Title]

TERMS ACKNOWLEDGED AND ACCEPTED:

**WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Authorized Signatory

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, as Authority**

By: \_\_\_\_\_  
Gurbax Sahota, Chair



**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_,  
(insert name and title of the officer)

personally \_\_\_\_\_ appeared  
\_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_,  
(insert name and title of the officer)

personally \_\_\_\_\_ appeared  
\_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_,  
(insert name and title of the officer)

personally \_\_\_\_\_ appeared  
\_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A**

**BASE LEASE PAYMENT SCHEDULE**

**[TO BE PROVIDED]**

When Recorded Mail To:

KUTAK ROCK LLP  
777 South Figueroa Street, Suite 4550  
Los Angeles, California 90017-5800  
Attention: Jessica I. Shaham, Esq.

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AMENDMENT TO LEASEHOLD CONSTRUCTION DEED OF TRUST,  
SECURITY AGREEMENT, ASSIGNMENT OF RENTS  
AND LEASES, AND FIXTURE FILING

230 SOUTH WATERMAN AVENUE LLC,  
as Trustor

to

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Beneficiary

and

FIRST AMERICAN TITLE INSURANCE COMPANY,  
as Trustee

Dated as of December 1, 2021

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ATTENTION COUNTY RECORDER: THIS INSTRUMENT IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 9502 OF THE CALIFORNIA COMMERCIAL CODE. PORTIONS OF THE GOODS COMPRISING A PART OF THE MORTGAGED ESTATE ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED HEREIN. THIS INSTRUMENT IS TO BE FILED FOR RECORD IN THE RECORDS OF THE COUNTY WHERE DEEDS OF TRUST ON REAL PROPERTY ARE RECORDED AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF TRUSTOR (DEBTOR) AND BENEFICIARY (SECURED PARTY) ARE SET FORTH IN SECTION 11.3 OF THIS INSTRUMENT.

This AMENDMENT TO LEASEHOLD CONSTRUCTION DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES, AND FIXTURE FILING (the “Amendment”) amends the Leasehold Construction Deed of Trust, Financing Statement, Security Agreement, Assignment of Rents and Leases, and Fixture Filing, dated as of June 1, 2020 (the “Original Deed of Trust”), and is made effective as of December 1, 2021, by 230 SOUTH WATERMAN AVENUE LLC, a California limited liability company (“Trustor”); the sole member of which is The High Desert “Partnership in Academic Excellence” Foundation, Incorporated (the “Lessee”), a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), whose mailing address is 17500 Mana Road, Apple Valley, CA 92307; and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, in its capacity as bond trustee for the below-defined Bonds, as Beneficiary (the “Beneficiary”), whose mailing address is 650 Town Center Drive, Suite 800, Costa Mesa, California 92626. The Original Deed of Trust was recorded in the real property records of the County of San Bernardino, California on June 16, 2020 at Reception No. 2020-0198443. The Original Deed and this Amendment are referred to collectively herein as the “Deed of Trust.”

#### RECITALS

A. The California Enterprise Development Authority (the “Authority”) is authorized pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6500), as amended (the “Act”), to issue its revenue bonds for the purpose of financing the acquisition, construction, improvement, renovation and equipping of “projects” (as defined in the Act); and

B. The Authority has previously issued the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project), Tax-Exempt Series 2020 (the “Series 2020 Bonds”), in the aggregate principal amount of \$40,895,000, pursuant to an Indenture of Trust dated as of June 1, 2020 (the “Original Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”), and loaned the proceeds to the Borrower under the Loan Agreement dated as of June 1, 2020 (the “Original Loan Agreement”), by and between the Borrower and the Authority, for purposes of (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as the Norton Science and Language Academy and located at 230 S. Waterman Avenue, San Bernardino, California (the “Series 2020 Facilities”); (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the “Series 2020 Project”); and

C. The Trustor now wishes to finance the costs of (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, consisting of an approximately 10,911 square foot gymnasium facility and other capital improvements (the “Series 2021 Facilities” and, together with the Series 2020 Facilities, the “Facilities”); (b) funding a debt service reserve fund for the Series 2021 Bonds (as defined

herein); (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the “Series 2021 Project”); and

D. The Authority has determined to issue the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and the California Enterprise Development Authority Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the “Series 2021 Bonds”) in an aggregate principal amount of \$[\_\_\_\_\_] as Additional Bonds (as defined in the Original Indenture), pursuant to the Original Indenture, as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2021 (the “Supplemental Indenture,” together with the Original Indenture, the “Indenture”) and loan the proceeds of the Series 2021 Bonds to the Borrower pursuant to the Original Loan Agreement, as supplemented by the Loan Agreement Supplement No. 1 (the “Loan Agreement Supplement” and, together with the Original Loan Agreement, the “Loan Agreement”); and

E. The Borrower will continue to lease the Facilities to the Lessee pursuant to the Sublease Agreements, dated as of June 1, 2020 (the “Original Sublease”), as amended by the Sublease Agreement Supplement No. 1 dated as of December 1, 2021 (the “Sublease Agreement Supplement,” together with the Original Lease, the “Lease”); and

F. Pursuant to this Amendment, the parties intend to amend the Original Deed of Trust to recognize the addition of the Series 2021 Bonds and the amendments to the Original Indenture, Original Loan Agreement and Original Sublease.

#### AGREEMENTS

FOR VALUE RECEIVED, IT IS AGREED AS FOLLOWS:

1. Recitals. The parties acknowledge the accuracy of the above Recitals and agree that the Recitals are incorporated herein by this reference as agreements of the parties.

2. Incorporation of Original Deed of Trust; Defined Terms. The Original Deed of Trust is hereby incorporated into this Amendment in its entirety, as if fully set forth herein, by this reference. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Original Deed of Trust.

3. Notice of Loan Modification. Notice is hereby given that the Original Indenture, the Original Sublease, and the Original Loan Agreement have been amended and modified by the Supplemental Indenture, the Sublease Agreement Supplement and the Loan Agreement Supplement, respectively, to add the Series 2021 Bonds and to revise the amount of principal secured by the Original Deed of Trust to include the amounts set forth in the Series 2021 Bonds.

4. Amendments. The Original Deed of Trust is amended as follows:

(a) The defined terms for “Indenture,” “Lease,” and “Loan Agreement” in the Original Deed of Trust are hereby modified and amended in their entirety to read as defined as set forth above in the Recitals.

(b) The defined term “Financing Documents” in the Original Deed of Trust is hereby modified and amended in its entirety so that hereafter that defined term shall be deemed to include the Loan Agreement (as defined in the Recitals herein set forth above) and the Deed of Trust (as defined herein).

(c) All references in Section 4.02(d) to Series 2020 Facilities are hereby replaced with Facilities as defined in the Recitals hereto.

4. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or under the Financing Documents or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of Trustor, whether directly or indirectly 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 the Series 2021 Bonds.

5. Effect of this Amendment. All terms and provisions of the Original Deed of Trust shall remain in full force and effect, except as specifically modified herein.

6. Entire Agreement. The Original Deed of Trust, as modified by this Amendment, contains the entire understanding and agreement of the parties in respect of the Original Deed of Trust and supersedes all prior representations, warranties, agreements and understandings. The execution, delivery, recordation, terms and conditions of this Amendment shall not subordinate or otherwise adversely affect the lien, encumbrance and priority of the Original Deed of Trust.

7. Binding Effect. The Original Deed of Trust, as modified by this Amendment, shall be binding upon, and inure to the benefit of, Trustor and Beneficiary and their respective successors and assigns.

8. Further Assurances. Trustor shall execute, acknowledge (as appropriate) and deliver to Beneficiary such additional agreements, documents and instruments as are reasonably required by Beneficiary to carry out the intent of this Amendment.

9. Governing Law. This Amendment shall be governed by and construed in accordance with the laws and judicial decisions of the State of California, except as such laws may be preempted by any federal rules, regulations and laws applicable to the Authority. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Amendment against the Authority shall be brought and maintained in the Superior Court of the State of California in and for the County of San Bernardino, the United States District Court in and for the Central District of California (Eastern Division) or any United States Bankruptcy Court in any case involving or having jurisdiction over the Trustor or the Mortgaged Estate.



10. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this Amendment to physically form one document.

(Remainder of page left blank intentionally)

**IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AMENDMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN AMENDMENT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AMENDMENT ONLY BE ANOTHER WRITTEN INSTRUMENT.**

IN WITNESS WHEREOF, the Trustor has caused this Amendment to be duly executed on the day and year set forth in the acknowledgment attached hereto and effective on the date first written above.

230 SOUTH WATERMAN AVENUE LLC

By: The High Desert “Partnership in Academic Excellence” Foundation, Incorporated, its Sole Member

By: \_\_\_\_\_  
[Name, Title]

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Beneficiary

By: \_\_\_\_\_  
Authorized Officer

*(Deed of Trust – Norton Science and Language Academy, Series 2021)*

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_,  
(insert name and title of the officer)

personally appeared

\_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT dated as of December 1, 2021 (the "Disclosure Agreement") is executed and delivered by and among 230 SOUTH WATERMAN AVENUE LLC (the "Borrower"), a California limited liability company, the sole member of which is The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee"), a California nonprofit public benefit corporation, THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INCORPORATED, and CAMPANILE GROUP, INC., as dissemination agent (the "Dissemination Agent"), in connection with the issuance by the Authority of its \$[XXX] Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the "Series 2021A Bonds") and its \$[YYY] Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Bonds").

The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2020 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of December 1, 2021 (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"), each between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee").

The proceeds of the Bonds are being loaned to the Borrower pursuant to a Loan Agreement, dated as of June 1, 2020 (the "Original Loan Agreement"), as supplemented and amended by the Loan Agreement Supplement No. 1 dated as of December 1, 2021 (the "Loan Agreement Supplement" and, together with the Original Loan Agreement, the "Loan Agreement"), each by and between the Authority and the Borrower.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture, the Sublease Agreement, dated as of June 1, 2020 (the "Lease Agreement"), as supplemented and amended by the Lease Agreement Supplement No. 1 dated as of December 1, 2021 (the "Lease Supplement No. 1" and, together with the Original Lease Agreement, the "Lease Agreement"), each by and between the Borrower and the Lessee, and the Loan Agreement. The Dissemination Agent, the Borrower and the Lessee covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Borrower, the Lessee and the Dissemination Agent for the benefit of the Registered Owners and Beneficial Owners of the Bonds and in order to assist Truist Securities, Inc. (the "Underwriter") in complying with the Rule (as defined below), as it may be applicable from time to time. The Borrower, the Lessee and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any Person, including any Registered Owner or Beneficial Owner of the Bonds, with respect to the Rule (as defined below).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indenture, the Lease Agreement, and the Loan Agreement, which apply to any capitalized term used in this

Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means annual financial information as such term is used in paragraph (i) of the Rule and specified in Section 4(b) of this Disclosure Agreement.

"Annual Report" shall mean any Annual Report provided by the Borrower and the Lessee pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Audited Financial Statements" means the audited financial statements and other financial information of the Borrower and the Lessee for the prior fiscal year, certified by an independent auditor as prepared in accordance with accounting principles generally accepted in the United States or otherwise, as such term is used in paragraph (i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Beneficial Owner" shall mean any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries).

"Construction Report" means the report on the construction of the Construction Project required to be transferred by the Borrower to the Dissemination Agent pursuant to Section 3(h) of this Disclosure Agreement.

"Disclosure Representative" shall mean the Executive Director of the Lessee or his or her designee, or such other person as the Lessee shall designate in writing to the Dissemination Agent from time to time.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org/>.

"Fiscal Year" means each fiscal year of the Borrower and the Lessee ending on or after June 30, beginning with the Fiscal Year ending June 30, 2021.

"Ground Lease" means the Ground Lease Agreement dated April 21, 2020, as amended and supplemented by the Amended Ground Lease Agreement dated as of December 1, 2021, among the County of San Bernardino, the City of San Bernardino, and the Borrower.

"Guaranty" means the Guaranty of Lease, among the County of San Bernardino, the City of San Bernardino, and the Lessee.

"Limited Offering Memorandum" shall mean the Limited Offering Memorandum, dated [Pricing Date], 2021, relating to the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" means the United States Municipal Securities Rulemaking Board or any successor to its functions, or any successor to its functions as a nationally recognized municipal securities information repository.

"Operations Reports" means the information, materials, and reports to be provided pursuant to Section 3(g) through (k) hereof.

"Quarterly Report" shall mean any Quarterly Report provided by the Borrower and the Lessee pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"School" means any charter school campus operated by the Lessee pursuant to the Charter School Contract (as defined in the Lease Agreement).

"State" shall mean the State of California.

**SECTION 3. Provision of Annual Reports, Quarterly Reports, Operations Reports and Construction Reports.**

(a) The Borrower and the Lessee shall or, upon delivery to the Dissemination Agent pursuant to paragraph (b) below, the Dissemination Agent shall, not later than December 15 following the end of each of the Borrower's and the Lessee's preceding Fiscal Years, commencing with the report for the fiscal year ended June 30, 2022, provide to EMMA, in a PDF or other electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement (the "Annual Report"). 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 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 they are not available by that date. If the Borrower's or the Lessee's Fiscal Year changes, the Borrower or the Lessee, as applicable, shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Annual Report to EMMA, the Borrower and the Lessee shall provide the Annual Report to the Dissemination Agent, including a certificate in substantially the form attached hereto as Exhibit A. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower and the Lessee pursuant to this Disclosure Agreement, and shall have no duty or obligation to review any notice or report. If by five (5) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower and the Lessee to notify the Borrower and the Lessee of the requirements of subsection (a) and this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit C.

(d) The Borrower and the Lessee, or upon delivery to the Dissemination Agent pursuant to paragraph (e) below, the Dissemination Agent, shall provide to EMMA not later than 45 days following the end of each fiscal quarter for the Borrower and the Lessee ended March 31, June 30, September 30, and December 31, respectively, commencing with the report for the fiscal quarter ending December 31, 2021, a Quarterly Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, including a certificate in substantially the form attached hereto as Exhibit B.

(e) Not later than five (5) Business Days prior to the date specified in subsection (d) for providing the Quarterly Report to EMMA, the Borrower and the Lessee shall provide the Quarterly Report to the Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower and the Lessee pursuant to this Disclosure Agreement, and shall have no duty or obligation to review any notice or report. If by five (5) Business Days prior to such date, the Dissemination Agent has not received a copy of the Quarterly Report, the Dissemination Agent shall contact the Borrower and the Lessee to notify the Borrower and the Lessee of the requirements of subsection (d) and this subsection (e).

(f) If the Dissemination Agent is unable to verify that a Quarterly Report has been provided to EMMA by the date required in subsection (d), the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit C.

(g) The Lessee shall submit to the Dissemination Agent (1) copy of all written complaint notifications from the State Board of Education within ten (10) days of having received any such complaint notification and copies of any and all of the Lessee's responses to such complaint notifications; (2) notices of any meeting at which the Lessee is before the State Board of Education for issues of non-compliance; and (3) copies of the minutes of any meeting of the State Board of Education referenced in (2) above within ten (10) days following the availability thereof.

(h) On or before the last day of every month while the Construction Project (as defined in the Limited Offering Memorandum) is under construction, commencing December 2021, the Borrower shall provide to EMMA, or shall cause the Dissemination Agent to provide to EMMA, certain financial information relating to the construction of the Construction Project as specified in Section 4(d) hereof (the "Construction Reports"). In each case, the Construction 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(d) of this Disclosure Agreement. The Construction Report shall be in substantially the form of the certificate attached hereto as Exhibit D. The Dissemination Agent has no duty or obligation to confirm that any information provided to it for filing with EMMA under this Section 3(h) meets the requirements of Section 4(d) hereof or is complete. If the Dissemination Agent shall not receive any such information required to be provided by this Section 3(a)(h) by the required dates, the Dissemination Agent shall not be required to send a notice to EMMA regarding such failure or to inquire as to whether or not such information is required to be filed.

(i) Within thirty (30) days of its receipt or completion, the Lessee shall submit to the Dissemination Agent, copies of any written reports or recommendations of any Management Consultant delivered pursuant to the Loan Agreement or the Lease Agreement.

(j) Upon the occurrence thereof, the Borrower and the Lessee shall provide to EMMA, or shall cause the Dissemination Agent to provide to EMMA, notice of any default or Event of Default under the Ground Lease.

(k) Within ten (10) business days thereof, the Lessee shall provide to EMMA, or shall cause the Dissemination Agent to provide to EMMA, notice of the incurrance of any PPP Loan (as defined in the Limited Offering Memorandum) together with a statement that the terms of the PPP Loan comply with the terms of the Lease Agreement.

(l) If the Borrower and the Lessee have provided the Annual Report or Quarterly Report, as applicable, to the Dissemination Agent, the Dissemination Agent shall certify to the Trustee that the Annual Report or Quarterly Report, as applicable, has been provided to EMMA pursuant to this Disclosure Agreement and set forth the date it was provided.

(m) If the Dissemination Agent shall not receive any such information required to be provided by Section 3(g), (h), (i), (j), or (k) above by the required date, the Dissemination Agent shall not be required to send a notice to EMMA regarding such failure.

#### SECTION 4. Content of Annual and Quarterly Reports.

(a) *Audited Financial Statements:* Each Annual Report shall contain Audited Financial Statements, as provided pursuant to Section 3(a). If 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 unaudited financial statements in a format similar to the Borrower's and Lessee's audited financial statements, and the Audited Financial Statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Additional Annual Report Information:* The Annual Report commencing with the Annual Report for the Fiscal Year ending June 30, 2022, shall also contain (i) actual enrollment and waiting list data for the current year, of the sort and in the format (but excluding projected information) initially provided in the charts as shown in the form on Exhibit A that were in APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SCHOOL" to the Limited Offering Memorandum, (ii) a copy of the audit report certified by independent public accountants, (iii) a certificate showing calculation of the Coverage Ratio and the Days Cash on Hand (each as defined in the Lease Agreement) for the previous Fiscal Year, prepared by the Lessee's auditor, which may be set forth in and as a part of the Lessee's Audited Financial Statements, and (iv) a copy of the most recent report(s) on academic testing at the School.

(c) *Quarterly Financial Information:* Each Quarterly Report shall contain quarterly financial information and operating information of the Lessee, with respect to the School, including (i) unaudited financial statements and other financial information, including a statement of revenues and expenses and a statement of revenues and expenses and a balance sheet, each in comparative form, to the extent practicable, with the financial figures from the corresponding period in the preceding Fiscal Year, (ii) the student enrollment number for the most recently



completed quarter, and (iii) for each Quarterly Report, commencing with the report for the quarter ending December 31, 2021. The Quarterly Report for each quarter ending June 30 shall include a copy of the proposed annual operating budget for the School for the succeeding Fiscal Year as submitted to the California Department of Education.

(d) *Construction Report Information:* Each Construction Report for each month shall include for such month the draw request, an AIA statement and an inspecting architect's or owner's representative report along with a certificate of the Disclosure Representative, in substantially the form of the certificate attached hereto as Exhibit D, stating: (i) the estimated occupancy date for the Construction Project; (ii) the percentage of Construction Project completion; and (iii) the percentage of the Bond proceeds and dollar amount of the Bond proceeds allocable to the Construction Project that have been expended as of the date of the certificate.

(e) *Notice of Charter Non-Compliance:* Unless previously disseminated, the next Quarterly Report to be disseminated shall contain a copy or complete description of any notice, report or communication with respect to charter non-compliance that would allow the Lessee's charter authorizer to begin any process or proceedings toward charter revocation or which indicate an intent not to renew any such charter.

(f) *Inclusion by Reference:* The items listed above may be included by specific reference to other documents, including materials which have been submitted to EMMA or the SEC. The Borrower and the Lessee shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Borrower and the Lessee shall give, or upon delivery of the information to the Dissemination Agent, the Dissemination Agent shall give, notice of the occurrence of any of the following events with respect to the Bonds, under applicable federal securities laws:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) (i) Adverse tax opinions, (ii) the issuance by the Internal Revenue Service of proposed or final determinations of taxability of the Series 2021A Bonds, (iii) Notices of Proposed Issue (IRS Form 5701-TEB), (iv) other material notices

or determinations with respect to the tax status of the Series 2021A Bonds, or (v) other material events affecting the tax-exempt status of the Series 2021A Bonds;

(7) Modifications to rights of Bondholders, if material;

(8) (i) Bond calls, if material, and (ii) tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Failure to provide annual or quarterly financial information as required;

(13) Bankruptcy, insolvency, receivership or similar event of the Borrower or the Lessee, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Borrower or the Lessee in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower or the Lessee, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental entity having supervision or jurisdiction over substantially all of the assets or business of the Borrower or the Lessee;

(14) The consummation of a merger, consolidation, or acquisition involving the Borrower or the Lessee or the sale of all or substantially all of the assets of the Borrower or the Lessee, 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;

(15) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(16) Incurrence by the Borrower or the Lessee of a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii), excluding municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final Limited Offering Memorandum (as defined in the Rule) has been provided to the MSRB consistent with the Rule (each, a "Financial Obligation"), if material, or agreement to covenants, events of default,

remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower or the Lessee, any of which affect security holders, if material; and

(17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower or the Lessee, any of which reflect financial difficulties.

(b) The Borrower and the Lessee agree that their determination of whether any event listed in subsection (a) above is material shall be made in accordance with federal securities law.

(c) The Borrower and the Lessee shall promptly notify the Dissemination Agent in writing of the occurrence of any of the Listed Events.

(d) If the Listed Event must be reported without regard to whether or not it is material under applicable federal securities laws, such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (g).

(e) If materiality is a condition precedent to the requirement that the Listed Event be reported, and the Borrower and the Lessee determine that knowledge of the occurrence of the Listed Event is material under applicable federal securities laws, such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (g).

(f) If materiality is a condition precedent to the requirement that the Listed Event be reported, and the Borrower and the Lessee determine that knowledge of the occurrence of the Listed Event is not material under applicable federal securities laws, such notice shall instruct the Dissemination Agent not to report the occurrence pursuant to subsection (g).

(g) If the Dissemination Agent has been instructed by the Borrower and the Lessee to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA.

**SECTION 6. Termination of Reporting Obligation.** The Borrower's, the Lessee's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower and the Lessee shall give notice of such termination in the same manner as for a Listed Event under Section 5(g). If the Borrower's or the Lessee's obligations under the Loan Agreement are assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Agreement relating thereto in the same manner as if it were the Borrower or the Lessee, as applicable, and the Borrower or the Lessee, as applicable, shall have no further responsibility hereunder with respect thereto.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Also, this Disclosure Agreement shall terminate automatically upon payment or provisions for payment of the Bonds. This Disclosure Agreement shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

SECTION 7. Dissemination Agent. The Borrower and the Lessee may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Campanile Group, Inc. The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower or the Lessee, apart from the relationship created by the Rule, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Borrower or the Lessee. The Dissemination Agent may resign at any time by providing at least thirty (30) days written notice to the Borrower, the Lessee and the Trustee.

SECTION 8. Investor Calls. On or before each December 15, commencing on or about December 15, 2021, the Borrower and the Lessee shall arrange a conference call with Registered Owners, Beneficial Owners, and potential purchasers of the Bonds, regarding performance of the Lessee and the School for the period ending with the preceding June 30. The Borrower and the Lessee shall provide at least 15 days' notice of such calls to EMMA.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the Lessee and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower and the Lessee, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(d), 4 or 5(a), it may only be made (1) 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 an "obligated person" (as defined in the Rule) with respect to the Bonds, or the type of business conducted, or (2) with the approval set forth in (c)(i) below;

(b) This Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the 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 either (i) is approved by the Registered Owners of the Bonds in the same manner as provided in the Indenture for amendments to such Indenture with the consent of Registered Owners, or (ii) does not, in the opinion of Bond Counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, this Disclosure Agreement may be amended by mutual agreement of the Borrower, the Lessee, and the Dissemination Agent without the conditions of this Section 9 (a), (b), and (c) having been met if the sole purpose of the amendment is to require that the Borrower and/or the Lessee provide disclosure in addition to the disclosure the Borrower and/or the Lessee are required to provide pursuant to this Disclosure Agreement prior to the effectiveness of any such amendment.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower and the Lessee shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower and the Lessee. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower and the Lessee from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower and the Lessee choose to include any information in any Annual Report or Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower and the Lessee shall have no obligation under this Agreement to update such information or include it in any future Annual Report or Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Borrower and the Lessee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, 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 Bonds. This Disclosure Agreement is also enforceable on behalf of the Registered Owners of the Bonds by the Trustee, and the Trustee may, and upon the written direction of the Registered Owners of not less than 25% of the aggregate outstanding principal amount of the Bonds shall, proceed to protect and enforce the rights of the Registered Owners of the 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, and prior to proceeding at the request or direction of the Underwriter, the Trustee may require the same types of indemnification and related protections from the Underwriter to which the Trustee would otherwise be entitled under the Indenture if so requested or directed by the Registered Owners. Any failure by the Borrower and the Lessee to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Lease Agreement, the Loan Agreement or the Indenture. In no event shall any violation of this Disclosure Agreement, by itself, constitute a violation of any other laws, including other applicable securities laws.

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 Borrower and the Lessee to perform under this Disclosure Agreement, and their 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 shall entitle 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 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower and the Lessee agree to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Borrower and the Lessee for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Borrower and the Lessee from time to time. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Borrower and the Lessee hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Lessee, the Registered Owners, Beneficial Owners or any other party. The obligations of the Borrower and the Lessee under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower:                   230 South Waterman Avenue LLC  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: llamb@lcer.org

with a copy to:                   Young, Minney & Corr LLP  
655 University Avenue, #150  
Sacramento, California 95825  
Attention: Sarah Kollman, Esq.  
Telephone: (916) 646-1400  
Email: skollman@mycharterlaw.com

To the Lessee:                   The High Desert "Partnership in Academic Excellence"  
Foundation, Incorporated  
17500 Mana Road  
Apple Valley, CA 92307  
Attention: Lisa Lamb, President/CEO  
Telephone: (716) 946-5414  
Email: llamb@lcer.org

with a copy to: Young, Minney & Corr LLP  
655 University Avenue, #150  
Sacramento, California 95825  
Attention: Sarah Kollman, Esq.  
Telephone: (916) 646-1400  
Email: skollman@mycharterlaw.com

To the Trustee: Wilmington Trust, National Association  
650 Town Center Drive, Suite 800  
Costa Mesa, California 92626  
Attention: Corporate Trust Department

To the Dissemination Agent: Campanile Group, Inc.  
3132 Bonn Drive  
Laguna Beach, California 92651  
Attention: John Phan  
Telephone: (949) 549-4665  
Email: jphan@campanilegrp.com

To the Underwriter: Truist Securities, Inc.  
9777 Wilshire Blvd, 7th Floor  
Beverly Hills, California 90212  
Attention: Robert Nickell  
Telephone: (214) 681-0952  
Email: robert.nickell@truist.com

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Trustee, the Dissemination Agent, the Underwriter, Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

SECTION 17. Delivery to the MSRB. Any filings required to be made with the MSRB shall be made utilizing EMMA.

SECTION 18. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State, 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 19. Electronic Signatures. The parties agree that the electronic signature of a party to this Disclosure Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Disclosure Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

[Remainder of page intentionally left blank; signature page follows.]



Dated as of the date first written above.

**230 SOUTH WATERMAN AVENUE LLC**, a  
California limited liability company

By: \_\_\_\_\_  
Lisa Lamb, Authorized Signatory

**THE HIGH DESERT "PARTNERSHIP IN  
ACADEMIC EXCELLENCE" FOUNDATION,  
INCORPORATED**, a California nonprofit public  
benefit corporation

By: \_\_\_\_\_  
David Rib, Chairman

**CAMPANILE GROUP, INC.**,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

**Signature Page to Continuing Disclosure Agreement**

**California Enterprise Development Authority  
Charter School Revenue Bonds (Norton Science and Language Academy Project) Series 2021**

**EXHIBIT A**

**FORM OF CERTIFICATE FOR ANNUAL FILING  
OF CERTAIN CHARTER SCHOOL OPERATING COVENANTS**

Name of Issuer: California Enterprise Development Authority

Name of Issue: Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B

Name of Borrower: 230 South Waterman Avenue LLC

Name of Lessee: The High Desert "Partnership in Academic Excellence" Foundation, Incorporated

Date of Issuance: [December 2], 2021

NOTICE IS HEREBY GIVEN that the Borrower and Lessee are providing to the Dissemination Agent the following operational information as required under Section 4 of the Continuing Disclosure Agreement, dated as of December 1, 2021 (the "Disclosure Agreement"), between the Dissemination Agent, the Lessee and Borrower. The Disclosure Agreement requires that the Borrower provide this information to the Dissemination Agent by December 15 of each year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Indenture of Trust, dated as of December 1, 2021, between the Issuer and the Dissemination Agent, as trustee. The information contained below is unaudited but is derived from the annual audited financial statements of the Borrower and Lessee.

1. As of June 30, 20\_\_, the Lessee's:
  - (a) Cash on Hand was equal to \$\_\_\_\_\_.
  - (b) Days Cash on Hand was \_\_\_\_ days (Cash on Hand in the amount of \$\_\_\_\_\_, divided by the quotient of Operating Expenses of \$\_\_\_\_\_ for the fiscal year ended June 30, divided by 365).
  - (c) The amount of Cash on Hand required to comply with the Lessee's covenant for the current fiscal year is \$\_\_\_\_\_ (based on the information set forth in (b) above, the Lessee [is/is not] in compliance with such covenant.
  - (d) The Lessee's Net Income Available For Lease Payments, including Principal and Interest Requirements on all Long-Term Indebtedness of the Lessee and Borrower for fiscal year 20\_\_ was \_\_\_\_\_. (covenant starts with the fiscal year ending June 30, 2022)

2. The following tables in APPENDIX A to the Limited Offering Memorandum are to be updated. The Lessee may change the listed tables if they change operation reports or consolidate or make reporting changes in the future: Tables 1, 4, 5, 9, 12, 15, 16, 17, and 18.

This certificate is being provided by the Borrower and the Lessee to the Dissemination Agent [by][after] December 15.

The undersigned certifies that the audited financial statements and this certificate comply with the requirements of Section 4 of the Disclosure Agreement.

Dated: \_\_\_\_\_

230 SOUTH WATERMAN AVENUE LLC, a  
California limited liability company

By: The High Desert "Partnership in Academic  
Excellence" Foundation, Incorporated, a  
California nonprofit public benefit  
corporation, its sole member

By: \_\_\_\_\_  
Its: \_\_\_\_\_

THE HIGH DESERT "PARTNERSHIP IN  
ACADEMIC EXCELLENCE" FOUNDATION,  
INCORPORATED, a California nonprofit public  
benefit corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT B**

**QUARTERLY REPORT CERTIFICATE**

Name of Issuer: California Enterprise Development Authority

Name of Issue: Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B

Name of Borrower: 230 South Waterman Avenue LLC

Name of Lessee: The High Desert "Partnership in Academic Excellence" Foundation, Incorporated

Date of Issuance: [December 2], 2021

Pursuant to the Continuing Disclosure Agreement, dated as of December 1, 2021, between the Lessee, the Borrower, and the Dissemination Agent, the undersigned representative of the Lessee and the Borrower does hereby certify that the enclosed unaudited financial statements of the Lessee and the Borrower for the quarter ended \_\_\_\_\_, 20\_\_\_, complies with the requirements of Section 3 of the Continuing Disclosure Agreement.

230 SOUTH WATERMAN AVENUE LLC, a  
California limited liability company

By: The High Desert "Partnership in Academic  
Excellence" Foundation, Incorporated, a  
California nonprofit public benefit  
corporation, its sole member

By: \_\_\_\_\_  
Its: \_\_\_\_\_

THE HIGH DESERT "PARTNERSHIP IN  
ACADEMIC EXCELLENCE" FOUNDATION,  
INCORPORATED, a California nonprofit public  
benefit corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT C**

**NOTICE TO THE MSRB OF FAILURE TO FILE [ANNUAL/QUARTERLY] REPORT**

Name of Issuer: California Enterprise Development Authority

Name of Issue: Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B

Name of Borrower: 230 South Waterman Avenue LLC

Name of Lessee: The High Desert "Partnership in Academic Excellence" Foundation, Incorporated

Date of Issuance: [December 2], 2021

NOTICE IS HEREBY GIVEN that the Borrower and the Lessee have not provided an [Annual/Quarterly] Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of December 1, 2021, among the Borrower, the Lessee and the undersigned, with respect to the Bonds. The Borrower and the Lessee have notified the Dissemination Agent that they anticipate that the [Annual/Quarterly] Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**CAMPANILE GROUP, INC.,**  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

cc: Borrower and Lessee

**EXHIBIT D**

**CONSTRUCTION REPORT FORM**

Name of Issuer: California Enterprise Development Authority  
 Name of Issue: Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A and Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B  
 Name of Borrower: 230 South Waterman Avenue LLC  
 Name of Lessee: The High Desert "Partnership in Academic Excellence" Foundation, Incorporated  
 Date of Issuance: [December 2], 2021

NOTICE IS HEREBY GIVEN that the Borrower is providing to the Dissemination Agent the following operational information as required under Section 4(d) of the Continuing Disclosure Agreement, dated as of December 1, 2021 (the "Disclosure Agreement"), between the Dissemination Agent, the Lessee and the Borrower. The Disclosure Agreement requires that the Borrower provide this information to the Dissemination Agent on or before the last day of every month while the Construction Project is under construction, commencing December 2021. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Indenture of Trust, dated as of June 1, 2020, as amended and supplemented by the First Supplemental the Indenture of Trust dated as of December 1, 2021 (together, the "Indenture"), each by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). The information contained below is unaudited.

As of the date below

- (a) the estimated occupancy date for the Series 2021 Facilities is \_\_\_\_\_, 20\_\_;
- (b) the Series 2021 Facilities are \_\_\_\_\_ percent completed; and
- (c) \_\_\_\_\_ percent of the dollar amount of the Series 2021 Bond proceeds allocable to the Series 2021 Facilities have been expended (\$\_\_\_\_\_ of the Series 2021 Bond proceeds allocable to the Series 2021 Facilities) as of the date of this certificate.

The Borrower hereby provide the Dissemination Agent with the information checked below:

<u>Attached</u>	
_____	Summary of Draw Request/Draw Request (without exhibits)
_____	Inspecting Architect's or Owner's Representative's report

Dated \_\_\_\_\_, 20\_\_.

230 SOUTH WATERMAN AVENUE LLC, a  
California limited liability company

By: The High Desert "Partnership in Academic  
Excellence" Foundation, Incorporated, a  
California nonprofit public benefit  
corporation, its sole member

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**PRELIMINARY LIMITED OFFERING MEMORANDUM DATED [AUGUST 10], 2021**

**NEW ISSUE – BOOK-ENTRY ONLY**

**NOT RATED**

*[In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2021 Bonds (including any original issue discount properly allocable to the owner of a Series 2021 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of California laws, interest on the Series 2021 Bonds is exempt from State of California personal income taxes. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.]*

**\$(XXX)\***

**\$(YYY)\***

**CALIFORNIA ENTERPRISE DEVELOPMENT  
AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE ACADEMY  
PROJECT)  
TAX-EXEMPT SERIES 2021A**

**CALIFORNIA ENTERPRISE DEVELOPMENT  
AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE ACADEMY  
PROJECT)  
TAXABLE SERIES 2021B**

**Dated: Date of Delivery**

**Due: as shown on page i**

The California Enterprise Development Authority (the "Authority"), a public entity organized under the laws of the State of California (the "State"), is issuing its \$(XXX)\* Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the "Series 2021A Bonds") and its \$(YYY)\* Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds") as Additional Bonds pursuant to an Indenture of Trust, dated as of June 1, 2020 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of ~~September~~December 1, 2021 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), each by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee").

For the definitions of certain words and terms used but not defined on this cover page, see the Limited Offering Memorandum and APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS."

The Series 2021 Bonds will be dated their date of delivery, will be in Authorized Denominations, initially of \$25,000 and any integral multiples of \$5,000 in excess thereof, and will mature on July 1 of the years as shown on page i hereof. The Series 2021 Bonds will bear interest payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2022, until maturity or earlier redemption. The Series 2021 Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity. See "THE SERIES 2021 BONDS – Prior Redemption."

The Authority will loan the proceeds of the Series 2021 Bonds to 230 South Waterman Avenue LLC (the "Borrower"), a California limited liability company whose sole member is The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee"), a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), pursuant to the terms of a Loan Agreement, dated as of June 1, 2020 (the "Loan Agreement"), as supplemented and amended by the Loan Agreement Supplement No. 1 dated as of ~~September~~December 1, 2021 (the "Loan Agreement Supplement" and together with the Original Loan Agreement, the "Loan Agreement"), each by and between the Authority and the Borrower.

The proceeds of the Series 2021 Bonds are being loaned by the Authority to the Borrower to finance the costs of (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the "Series 2021 Facilities" and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the "Facilities"); (b) funding a debt service reserve fund for the Series 2021 Bonds (as defined herein); (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the "Series 2021 Project");

The Borrower leases the Facilities pursuant to the terms of a Sublease Agreement, dated as of June 1, 2020 (the "Lease Agreement"), as supplemented and amended by the Lease Agreement Supplement No. 1 dated as of ~~September~~December 1, 2021 (the "Lease Supplement No. 1" and together with the Original Lease Agreement, the "Lease Agreement"), each by and between the Borrower and the Lessee. ~~–[To be updated]–~~The Lessee operates the public charter school known as the Norton Science and Language Academy (the "School" or "NSLA") pursuant to the Charter School Act of 1992, California Education Code §§ 47600, as amended, (the "Charter School Act") and the charter petition of the Lessee granted by the San Bernardino County Board of Education (the "Authorizer" or "SBCCOE"), with a term from July 1, 2017, through June 30, 2022, as materially revised to the date hereof (the "Charter"). ~~]~~ The first petition for the School was approved in 2008; renewals have occurred in 2012 and 2017. In July 2021, Governor Newsome approved Assembly Bill 130 which extends all charter school terms that were set to expire on or between January 1, 2022, and June 30, 2025, inclusive, by two years. The Assembly Bill 130 effectively extends the Lessee's Charter from June 30, 2022 to June 30, 2024.

The Series 2020 Bonds and the Series 2021 Bonds, together with all Additional Bonds (collectively, the "Bonds") are payable from and secured by a pledge and assignment and grant of a security interest to the Trustee as security for the Bonds of all of the Authority's right, title, interest and obligations in and to (i) all of the Payments (as defined in the Indenture) and any other amounts (excluding the Reserved Rights as defined in the Indenture) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund), (ii) all payments under the Lease Agreement and (iii) all of the right, title and interest of the Issuer in, to and under the Loan Agreement (except for the Reserved Rights), all as more fully described in the Indenture. See "SECURITY FOR THE BONDS" herein.

The Series 2021 Bonds are not a debt or obligation of the Authorizer. The Authorizer is not obligated to make principal and interest payments on the Series 2021 Bonds and assumes no responsibility or liability to do so.

The Bonds and the interest thereon constitute special, limited obligations of the Authority and are payable solely from certain revenues derived by the Authority and from certain funds, accounts, and subaccounts established and maintained under the Indenture, including the Series 2021 subaccount of the Debt Service Reserve Fund. The Bonds are secured only by a pledge and assignment of such revenues and amounts held in the funds and accounts established pursuant to the Indenture (including proceeds of the sale of the Series 2021 Bonds but excluding amounts held in the Cost of Issuance Fund and the Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Series 2021 Bonds are further secured by an assignment of the right, title and interest of the Authority in the Loan Agreement (except for certain unassigned rights) and by a Leasehold Construction Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing dated as of ~~September~~December 1, 2021 (the "Deed of Trust"), executed by the Borrower, as trustor, providing the Trustee with a perfected first priority leasehold Lien interest in the Land and first priority fee Lien interest in the remainder of the Mortgage Estate, subject to any Permitted Encumbrances.

The revenues of the Lessee derived from its operation of the Academy for Academic Excellence ("AAE"), the Goldstone Apple Valley Radio Telescope ("GAVRT") Radio Astronomy Program, the Apple Valley Center for Innovation ("AVCI"), and the Lewis Center Foundation ("LCF") are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AAE, GAVRT, AVCI, and LCF are not pledged to secure the Bonds.

The Series 2021 Bonds will be issued as registered bonds in book-entry only form in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository for the Series 2021 Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF

\* Preliminary, subject to change



CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE SERIES 2021 BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

PROSPECTIVE PURCHASERS OF THE SERIES 2021 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2021 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2021 BONDS.

EACH INITIAL PURCHASER OF THE SERIES 2021 BONDS SHALL BE EITHER (I) A QUALIFIED INSTITUTIONAL BUYER OR (II) AN ACCREDITED INVESTOR THAT, IN EITHER CASE, HAS PROVIDED AN INVESTOR LETTER IN THE FORM OF APPENDIX H HERETO, OR SUCH OTHER FORM AS THE AUTHORITY MAY APPROVE, TO THE AUTHORITY AND THE UNDERWRITER. THEREAFTER, FOR SO LONG AS THE SERIES 2021 BONDS ARE UNRATED OR RATED BELOW "BBB-" (OR ITS EQUIVALENT) OR LOWER BY ANY RATING AGENCY RATING THE SERIES 2021 BONDS, THE SERIES 2021 BONDS MAY NOT BE TRANSFERRED TO ANY BENEFICIAL OWNER THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR. THE FOREGOING IS SUBJECT TO ADJUSTMENT AS SET FORTH HEREIN. See "THE SERIES 2021 BONDS – Purchase and Transfer Restrictions" and "RISK FACTORS – Eligible Purchasers of the Series 2021 Bonds; Restrictions on Transfer; Limited Market" in this Limited Offering Memorandum.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "RISK FACTORS."

The Series 2021 Bonds are offered when, as and if issued by the Authority and received and accepted by Truist Securities, Inc., as the Underwriter, and subject to the approval of legality by Kutak Rock LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon by Young, Minney & Corr, LLP, as counsel to the Borrower and the Lessee; Kutak Rock LLP, Los Angeles, California, as special counsel to the Authority; and by Ice Miller LLP, ~~Columbus, Ohio~~, as counsel to and solely for the benefit of the Underwriter. Campanile Group, Inc., Laguna Beach, California is serving as municipal advisor to the Borrower in connection with the issuance of the Series 2021 Bonds. It is expected that the Series 2021 Bonds will be available for delivery through the facilities of DTC on or about ~~September~~December 2], 2021.

## [TRUIST SECURITIES, INC.]

Dated: ~~August 19~~Pricing Date], 2021

**MATURITY SCHEDULE**

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**

**§[XXX]✕  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE ACADEMY PROJECT)  
TAX-EXEMPT SERIES 2021A**

**§[XXX]✕ Term Bond due \_\_\_\_\_; Rate \_\_\_%; Price \_\_\_\_\_%; CUSIP: \_\_\_\_\_†**

**§[YYY]✕  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE ACADEMY PROJECT)  
TAXABLE SERIES 2021B**

**§[YYY]✕ Term Bond due \_\_\_\_\_; Rate \_\_\_%; Price \_\_\_\_\_%; CUSIP: \_\_\_\_\_†**

† The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Borrower, the Lessee, the Underwriter, or Trustee, and are included solely for the convenience of the holders of the Series 2021 Bonds. None of the Authority, the Borrower, the Lessee, the Underwriter, or the Trustee is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2021 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

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✕ Preliminary, subject to change

*No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Limited Offering Memorandum, in connection with the offering of the Series 2021 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority, the Borrower, the Lessee, the Trustee or the Underwriter. The information in this Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Borrower, the Lessee, the Trustee or the Underwriter since the date hereof. This Limited Offering Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.*

INTRODUCTION .....	1
General.....	1
The Series 2020 Bonds .....	3
Caution Regarding Forward-Looking Statements .....	4
Purchase and Transfer Restrictions .....	4
Limited Obligations.....	4
Limited Duties of the Trustee .....	5
THE AUTHORITY.....	5
THE BORROWER .....	6
THE LESSEE.....	7
RISK FACTORS.....	8
Risk of Loss .....	8
Absence of Rating.....	8
Limited Liability of the Borrower .....	8
Limited Liability of the Lessee.....	8
Other Lessee Schools.....	9
Risks Related to the Ground Lease.....	9
Risks Related to the Head Start Facility .....	10
Sufficiency of Revenues; Operating Risks .....	13
Reliance on Projections .....	13
Litigation.....	14
Reputational Risk.....	14
State Financial Difficulties .....	14
Budget Delays and Restrictions on Disbursement of State Funds During a Budget Impasse .....	15
Changes to Charter School Laws.....	16
Charter Schools Generally.....	16
Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors .....	17
Nonrenewal or Revocation of Charter .....	17
Compliance with Federal Assessment and Accountability Requirements .....	17
Default under the Lease Agreement; No Assurance Regarding Subsequent Tenant .....	18
Competition for Students; School Choice Initiatives .....	18
SB 740 Funding .....	19
Factors Associated with Education.....	19
Campus Security .....	19
Cyber Security .....	19

Series 2021A and Series 2021B Subaccount of the Debt Service Reserve Fund.....	20
Failure to Provide Ongoing Disclosure .....	20
Key Personnel.....	20
Subordination of Support Office Service Fees; Management Agreement .....	20
Construction Risks.....	21
Construction Risks Related to Title Insurance .....	21
Value of Property May Fluctuate; Limitations of Appraisals .....	22
Damage or Destruction of the Facilities .....	23
Hazard Risks .....	23
Limitations Related to Remedies under the Deed of Trust.....	23
Special Purpose Building.....	24
Potential Effects of Bankruptcy.....	24
Environmental Regulation .....	25
Additional Indebtedness .....	26
Additional Bonds .....	26
Risks Related to Limited Duties of the Trustee.....	26
Enforcement of Remedies.....	27
Tax Related Issues .....	27
Eligible Purchasers of the Series 2021 Bonds; Restrictions on Transfer; Limited Market.....	28
Risk of Loss from Nonpresentment upon Redemption .....	29
Summary.....	29
THE SERIES 2021 BONDS .....	29
General.....	29
Purchase and Transfer Restrictions .....	30
Prior Redemption.....	30
Acceleration.....	33
PLAN OF FINANCE.....	34
General.....	34
Sources and Uses of Funds .....	35
SECURITY FOR THE BONDS .....	35
General.....	35
The Indenture.....	37
The Loan Agreement .....	40
The Deed of Trust.....	43
The Lease Agreement .....	43
Lease Payments, Revenues and Other Legally Available Funds .....	50
Lease Blocked Account Agreement .....	51
DEBT SERVICE REQUIREMENTS.....	53
LEGAL MATTERS .....	54
General.....	54
Pending and Threatened Litigation.....	54
TAX MATTERS.....	54
The Series 2021A Bonds .....	54
Changes in Federal and State Tax Law .....	56
CONTINUING DISCLOSURE AGREEMENT .....	57
FINANCIAL STATEMENTS .....	57
FINANCIAL PROJECTIONS.....	57
UNDERWRITING.....	57

General.....	57
Purchase and Transfer Restrictions .....	58
MUNICIPAL ADVISOR.....	58
CERTAIN RELATIONSHIPS .....	58
MISCELLANEOUS .....	59
Registration of Series 2021 Bonds .....	59
Additional Information .....	59
Certification.....	S-1
APPENDIX A – THE LESSEE AND THE SCHOOL .....	A-1
APPENDIX B-1 – FINANCIAL STATEMENTS .....	B-1-1
APPENDIX B-2 – FINANCIAL PROJECTIONS .....	B-2-1
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW .....	C-1
APPENDIX D – SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS .....	D-1
APPENDIX E – FORM OF BOND COUNSEL OPINION .....	E-1
APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT .....	F-1
APPENDIX G – BOOK ENTRY ONLY SYSTEM .....	G-1
APPENDIX H – FORM OF INVESTOR LETTER.....	H-1

## SUMMARY STATEMENT

*The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein. The offering of the Series 2021 Bonds to potential investors is made only by means of the entire Limited Offering Memorandum. No person is authorized to detach this Summary Statement from this Limited Offering Memorandum or otherwise use it without the entire Limited Offering Memorandum. For the definitions of certain words and terms used but not defined in this SUMMARY STATEMENT, see the Limited Offering Memorandum and APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS."*

**[To come.]**

[Remainder of page intentionally left blank]

(i)

## CAUTIONARY STATEMENTS

In connection with the offering of the Series 2021 Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2021 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Limited Offering Memorandum, in connection with the offering of the Series 2021 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority, the Borrower, the Lessee, the Trustee or the Underwriter. The information in this Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Borrower, the Lessee, the Trustee or the Underwriter since the date hereof. This Limited Offering Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Neither the Trustee nor the Apple Valley Unified School District (the chartering entity of the School, referred to herein as "AVUSD") assumes any responsibility for this Limited Offering Memorandum or has reviewed or undertaken to verify any information contained herein.

Except for information in this Limited Offering Memorandum concerning the Authority contained under the captions "THE AUTHORITY" and "LEGAL MATTERS – Pending and Threatened Litigation – No Proceedings Against the Authority" the Authority neither has nor will assume any responsibility as to the accuracy or completeness of information in this Limited Offering Memorandum.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE BORROWER, THE LESSEE AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY AND COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN ANY OF THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

**THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET," OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE BORROWER NOR THE LESSEE EXPECTS NOR INTENDS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR. THE FINANCIAL PROJECTIONS OF THE LESSEE**

(i)

**CONTAINED IN APPENDIX B-2 ATTACHED TO THIS LIMITED OFFERING MEMORANDUM ARE NOT HISTORICAL STATEMENTS OF FINANCIAL PERFORMANCE OF THE LESSEE, BUT ARE FORWARD-LOOKING FORECASTS OF FUTURE, PROJECTED FINANCIAL PERFORMANCE OF THE LESSEE.**

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§[XXX]\*  
CALIFORNIA ENTERPRISE DEVELOPMENT  
AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE ACADEMY  
PROJECT)  
TAX-EXEMPT SERIES 2021

§[YYY]\*  
CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(NORTON SCIENCE AND LANGUAGE  
ACADEMY PROJECT)  
TAXABLE SERIES 2021

INTRODUCTION

**General**

The purpose of this Limited Offering Memorandum is to provide certain information concerning the issuance and sale by the California Enterprise Development Authority (the "Authority") of its §[XXX]\* Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2021A (the "Series 2021A Bonds") and its §[YYY]\* Charter School Revenue Bonds (Norton Science and Language Academy Project) Taxable Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds"). The Series 2021 Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2020 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of ~~September~~December 1, 2021 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), each by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). Except as otherwise set forth herein, capitalized terms used but not defined in this Limited Offering Memorandum shall have the meanings assigned to them in the Indenture. See APPENDIX E – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS" attached hereto.

The Authority will loan the proceeds of the Series 2021 Bonds to 230 South Waterman Avenue LLC (the "Borrower"), a California limited liability company whose sole member is The High Desert "Partnership in Academic Excellence" Foundation, Incorporated (the "Lessee"), a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), pursuant to the terms of a Loan Agreement, dated as of June 1, 2020 (the "Loan Agreement"), as supplemented and amended by the Loan Agreement Supplement No. 1 dated as of ~~September~~December 1, 2021 (the "Loan Agreement Supplement" and together with the Original Loan Agreement, the "Loan Agreement"), each by and between the Authority and the Borrower, for the following purposes: (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the "Series 2021 Facilities" and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the "Facilities"); (b) funding a debt service reserve fund for the Series 2021 Bonds; (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the "Series 2021 Project").

The Authority has previously issued its Series 2020 Bonds (as defined herein). On the date of issuance of the Series 2021 Bonds (the "Closing Date"), the Series 2020 Bonds will be Outstanding in the aggregate principal amount of \$                    40,895,000.

The Series 2020 Bonds and the Series 2021 Bonds, and any Additional Bonds issued pursuant to the Indenture are herein referred to, collectively, as the "Bonds," and are secured by the Indenture on a parity basis. The Series 2020 Bonds and the Series 2021 Bonds are herein referred to as the "Tax-Exempt Bonds."

The Borrower has entered into the Ground Lease Agreement dated April 21, 2020 (the "Ground Lease") as supplemented and amended by the Amended Ground Lease Agreement dated as of ~~September~~December 1, 2021 (the "Amended Ground Lease Agreement" and together with the Original Ground Lease, the "Ground Lease"),

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\*Preliminary, subject to change

among the County of San Bernardino (the "County"), the City of San Bernardino (the "City"), and the Borrower, pursuant to which the Borrower ground leases the site on which the Facilities will be constructed from the County and the City. The Ground Lease is described in APPENDIX A – "THE LESSEE, THE SCHOOL, AND THE BORROWER – THE SERIES 2021 PROJECT – The Ground Lease." See "RISK FACTORS – Risks Related to the Ground Lease" and APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS – GROUND LEASE AGREEMENT."

The Lessee has guaranteed the Ground Lease pursuant to the Guaranty of Lease (the "Guaranty"), among the County of San Bernardino, the City of San Bernardino, and the Lessee.

The Borrower leases the Facilities to the Lessee pursuant to the terms of a Sublease Agreement, dated as of June 1, 2020 (the "Lease Agreement"), as supplemented and amended by the Lease Agreement Supplement No. 1 dated as of ~~September~~[December](#) 1, 2021 (the "Lease Supplement No. 1" and together with the Original Lease Agreement, the "Lease Agreement"), each by and between the Borrower and the Lessee.

The Borrower's sole member is the Lessee, and the Borrower's sole expected source of revenue will be the Lease Payments it receives from the Lessee pursuant to the Lease Agreement. See "SECURITY FOR THE BONDS."

Prior to and continuing from the Closing Date, the Borrower has undertaken the Construction Project, which primarily consists of the construction of an approximately 10,911 square foot gymnasium. The Construction Project, including the budgets, schedules, and Construction Contracts are described in APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SERIES 2021 PROJECT – The Construction Project."

The Borrower's sole member is the Lessee, and the Borrower's sole expected source of revenue will be the Lease Payments it receives from the Lessee pursuant to the Lease Agreement. See "SECURITY FOR THE BONDS."

The Lessee is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code.

**[To be updated re: charter renewal:** The Lessee operates the public charter school known as the Norton Science and Language Academy (the "School") pursuant to the Charter School Act of 1992, California Education Code §§ 47600, as amended (the "Charter School Act") and the charter petition of the Lessee granted by the San Bernardino County Board of Education (the "Authorizer"), with a term from July 1, 2017, through June 30, 2022, as materially revised to the date hereof (the "Charter"). The first petition for the School was approved in 2008; renewals have occurred in 2012 and 2017.] [In July 2021, Governor Newsome approved Assembly Bill 130 which extends all charter school terms that were set to expire on or between January 1, 2022, and June 30, 2025, inclusive, by two years. The Assembly Bill 130 effectively extends the Lessee's Charter from June 30, 2022 to June 30, 2024.](#)

The Lessee opened the School in August 2008 as the Norton Space and Aeronautics Academy, serving grades K-2. The School has grown such that it served approximately 825 students in grades TK-8 for the 2020-21 school year, and Management expects that the School will expand to serve approximately 1,444 students in grades TK-12 for the 2024-25 school year. During its most recent charter renewal, the School changed its name to better communicate the School's unique identity and strengths as a dual language immersion school that propels students' scientific knowledge and skills across a broad range of scientific disciplines.

~~**[To be updated based on current plans:**—The School currently operates from a leased facility located at 230 South Waterman Avenue, San Bernardino, California 92408. The lease for that space expires ~~after the end of the 2019-20 school year, and may be renewed. The Lessee has exercised its renewal option, and has requested that such renewal term extend through September 2021, if necessary, with monthly rental payments of \$50,000 for July 2021, \$100,000 for August 2021, and \$200,000 for September 2021.—Management expects the Lessee to operate the School from this location during the construction of the Charter School Facility.~~[April 21, 2070 with an option to extend the term of the lease for an additional 21 years.](#)~~

**[To be updated based on current plans:** In the Ground Lease, the Lessee has agreed to build the Head Start Facility in accordance with the terms of the Ground Lease and the Head Start Construction Contract. The Lessee will act as the developer of the Head Start Facility pursuant to the Improvement Agreement. In connection with the construction of the Head Start Facility, the Lessee has delivered the Assignment of Improvement Agreement in favor of the Trustee and consented to by the County of San Bernardino. The Lessee has guaranteed the Ground Lease pursuant to the Guaranty. Effectively, the Lessee must ensure that the Head Start Facility is completed pursuant to the terms of the Improvement Agreement or the Ground Lease may be terminated. If the Ground Lease is terminated, the Lessee will be unable to continue to operate the School from the Facilities, which will have a materially adverse effect on the Lessee's ability to operate the School at all and on the financial performance of the Lessee and the School, which will in turn have a materially adverse effect on the Lessee's ability to make payments under the Lease Agreement in respect of debt service on the Series 2021 Bonds.

**The Lessee is obligated to fund the construction of the Head Start facility irrespective of the source of its revenues used for such purpose, which means that the Lessee may be obligated to fund such construction from revenues of the Lessee derived from its operation of the School if other available moneys are insufficient for such construction.]**

The Series 2020 Bonds and the Series 2021 Bonds, together with all Additional Bonds (collectively, the "Bonds") are payable from and secured by a pledge and assignment and grant of a security interest to the Trustee as security for the Bonds of all of the Authority's right, title, interest and obligations in and to (i) all of the Payments (as defined in the Indenture) and any other amounts (excluding the Reserved Rights as defined in the Indenture) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund), (ii) all payments under the Leases and (iii) all of the right, title and interest of the Issuer in, to and under the Loan Agreement (except for the Reserved Rights), all as more fully described in the Indenture. See "SECURITY FOR THE BONDS" herein.

The offering of the Series 2021 Bonds is made only by way of this Limited Offering Memorandum, which supersedes any other information or materials used in connection with the offer or sale of the Series 2021 Bonds. This Limited Offering Memorandum speaks only as of its date, and the information contained herein is subject to change. Capitalized terms used but not defined in this Limited Offering Memorandum have the meanings set forth in the Indenture, as described in APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS."

### **The Series 2020 Bonds**

The Authority has previously issued its Charter School Revenue Bonds (Norton Science and Language Academy Project) Tax-Exempt Series 2020 (the "Series 2020 Bonds"), in the aggregate principal amount of \$40,895,000 pursuant to the Original Indenture in order to make a loan to the Borrower pursuant to the Original Loan Agreement, the proceeds of which were used for the following purposes: (i) financing or refinancing the costs of the acquisition, renovation, improvement, furnishing and equipping of land and educational facilities to be leased to the Lessee for use as a charter school located at 230 South Waterman Avenue, San Bernardino, California (the "Series 2020 Facilities") and of the Head Start Facility for the benefit of the County of San Bernardino; (ii) funding a debt service reserve fund for the Series 2020 Bonds; (iii) paying capitalized interest on the Series 2020 Bonds; and (iv) paying certain expenses incurred in connection with the issuance of the Series 2020 Bonds (collectively, the "Series 2020 Project"). On the date of issuance of the Series 2021 Bonds (the "Closing Date"), the Series 2020 Bonds will be Outstanding in the aggregate principal amount of \$40,895,000.

The Series 2020 Bonds and the Series 2021 Bonds, and any Additional Bonds issued pursuant to the Indenture are herein referred to, collectively, as the "Bonds," and are secured by the Indenture on a parity basis.

A portion of the proceeds of the Series 2020 Bonds financed the construction of the Charter School Facility and the Head Start Facility, which is ongoing as described immediately below. The Charter School Facility means an approximately 77,292 square foot charter school facility with capacity for approximately 1,500 students in grades K-12, playgrounds, outdoor basketball courts, and surface parking located at 230 South Waterman Avenue, San Bernardino, California and the Head Start Facility means the preschool facility and site improvements to be constructed at 205 Allen Street, San Bernardino, California, comprising approximately 2.23 acres.

**The Lessee does not and will not operate the Head Start Facility, which will be operated by the County of San Bernardino.**

**[Series 2020 Construction Project Update:** As of the May 10, 2021 the estimated occupancy date for the Series 2020 Facilities is July/August 2021; the Series 2020 Facilities are 81% completed; and 41% of the \$21,658,740.04 dollar amount of the Series 2020 Bond proceeds allocable to the Series 2020 Facilities have been expended.]

### **Caution Regarding Forward-Looking Statements**

This Limited Offering Memorandum contains statements relating to future results that are forward-looking statements of the type defined in the Private Securities Litigation Reform Act of 1995. When used in this Limited Offering Memorandum, the words "estimate," "expect," "project," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results, and that those differences could be material.

### **Purchase and Transfer Restrictions**

EACH INITIAL PURCHASER OF THE SERIES 2021 BONDS SHALL BE EITHER (I) A QUALIFIED INSTITUTIONAL BUYER OR (II) AN ACCREDITED INVESTOR THAT, IN EITHER CASE, HAS PROVIDED AN INVESTOR LETTER IN THE FORM OF APPENDIX H HERETO, OR SUCH OTHER FORM AS THE AUTHORITY MAY APPROVE, TO THE AUTHORITY AND THE UNDERWRITER. THEREAFTER, FOR SO LONG AS THE SERIES 2021 BONDS ARE UNRATED OR RATED BELOW "BBB-" (OR ITS EQUIVALENT) OR LOWER BY ANY RATING AGENCY RATING THE SERIES 2021 BONDS, THE SERIES 2021 BONDS MAY NOT BE TRANSFERRED TO ANY BENEFICIAL OWNER THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR. THE AUTHORITY MAY REMOVE THE FOREGOING RESTRICTIONS WITHOUT NOTICE TO OR CONSENT OF ANY BENEFICIAL OWNER. AT SUCH TIME AS THE BORROWER SHALL PROVIDE TO THE AUTHORITY AND THE TRUSTEE WRITTEN EVIDENCE TO THE EFFECT THAT EACH RATING AGENCY THEN RATING THE SERIES 2021 BONDS HAS RATED THE SERIES 2021 BONDS "BBB-" OR EQUIVALENT, OR HIGHER (WITHOUT REGARD FOR GRADATION WITHIN A RATING CATEGORY AND WITHOUT REGARD FOR CREDIT ENHANCEMENT UNLESS SUCH CREDIT ENHANCEMENT EXTENDS THROUGH THE FINAL MATURITY DATE OF THE SERIES 2021 BONDS), THIS TRANSFER RESTRICTION SHALL BE OF NO FURTHER FORCE OR EFFECT AND THE AUTHORIZED DENOMINATIONS OF THE SERIES 2021 BONDS SHALL BE CHANGED (IF NECESSARY) TO DENOMINATIONS OF \$5,000 OR ANY INTEGRAL MULTIPLE THEREOF. See "THE SERIES 2021 BONDS – Purchase and Transfer Restrictions" and "RISK FACTORS – Eligible Purchasers of the Series 2021 Bonds; Restrictions on Transfer; Limited Market" in this Limited Offering Memorandum.

### **Limited Obligations**

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS,

THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE SERIES 2021 BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

### **Limited Duties of the Trustee**

The Trustee shall have no duty to investigate or analyze documents, including any reports, financial statements, insurance policies, or other material delivered to the Trustee under the terms of the Indenture, the Loan Agreement or the Lease Agreement and shall only be required to act on such information if the Trustee has actual knowledge of an Event of Default thereunder (and the Trustee is entitled to rely on any written request or certificate executed by an Authorized Representative of the Borrower or the Lessee, as applicable). Such items include but are not limited to: insurance certificates, Project Fund requisitions, Coverage Ratio reporting and Days Cash on Hand reporting. Therefore, the Trustee may only be able to identify and declare an Event of Default in connection with a non-payment under the Loan Agreement.

Pursuant to the Indenture, money on deposit in the Project Fund may be disbursed in connection with the Construction Project only upon receipt of a proper requisition therefor as required by the Loan Agreement, including but not limited to, confirmation by the Borrower that a guaranteed maximum price contract has been executed and a performance bond has been delivered with respect to the Construction Project. Such requisitions must be completed and executed by the Borrower and delivered to the Trustee, but the Trustee has no obligation to review or otherwise evaluate any such requisition prior to disbursing money from the Project Fund.

In addition, the Indenture permits moneys in the Project Fund, Cost of Issuance Fund, Debt Service Reserve Fund, Bond Fund, Repair and Replacement Fund and Rebate Fund to be invested and reinvested by the Trustee in Investment Obligations only. The Trustee will rely solely on the written direction of the Borrower in investing and reinvesting such moneys, without further investigation or independent determination as to whether such investments constitute Investment Obligations.

See APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS –INDENTURE OF TRUST – Duties of the Trustee."

### **THE AUTHORITY**

The Authority is a joint exercise of powers authority organized and operating under the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the "Act") and a Joint Exercise of Powers Agreement, dated June 1, 2006 (the "Joint Powers Agreement"), among the cities of Eureka, Lancaster and Selma and other public agencies who have and may subsequently become associate members of the Authority and is authorized by the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements, or enter into loan agreements to, among other things, finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Code.

The Authority may sell and deliver obligations other than the Bonds. These obligations will be secured by instruments separate and apart from the Indenture, and the holders of such other obligations of the Authority will

have no claim on the security for the Bonds. Likewise, the Holders of the Bonds will have no claim on the security for such other obligations that may be issued by the Authority.

Neither the Authority nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Limited Offering Memorandum other than the information contained in this section and in the section entitled "LITIGATION - The Authority." The Authority does not and will not in the future monitor the financial condition of the Borrower or the Lessee or otherwise monitor payment of the Bonds or compliance with the documents relating thereto.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE SERIES 2021 BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

### **THE BORROWER**

The Borrower is a California limited liability company whose articles of organization were filed with the State on October 3, 2019. Pursuant to the Loan Agreement, the Authority will loan the proceeds of the Series 2021 Bonds to the Borrower.

The Borrower was organized for the purpose of facilitating transactions like the Series 2021 Bond transaction.

The proceeds of the Series 2021 Bonds will be loaned to the Borrower for the following purposes: (a) acquiring, constructing, improving, renovating and equipping of the Series 2021 Facilities; (b) funding a debt service reserve fund for the Series 2021 Bonds; (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses;

The Borrower has entered into the Ground Lease, pursuant to which the Borrower ground leases the site on which the Series 2020 Facilities are located and being constructed and on which the Series 2021 Facilities will be constructed from the County and the City.

The Lessee has guaranteed the Ground Lease pursuant to the Guaranty.

The Borrower leases the Facilities to the Lessee pursuant to the terms of the Lease Agreement.

Prior to and continuing from the Closing Date, the Borrower has undertaken the Construction Project, which primarily consists of the construction of an approximately 10,911 square foot gymnasium. The Construction Project, including the budgets, schedules, and Construction Contracts are described in APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SERIES 2021 PROJECT – The Construction Project."

The Borrower's sole member is the Lessee, and the Borrower's sole expected source of revenue will be the Lease Payments it receives from the Lessee pursuant to the Lease Agreement. See "SECURITY FOR THE BONDS."

For more information on the Lessee and the School, see APPENDIX A – "THE LESSEE AND THE SCHOOL."

#### THE LESSEE

The Lessee is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code.

The Lessee operates the School pursuant to the Charter School Act and the Charter.

The Lessee opened the School in August 2008 as the Norton Space and Aeronautics Academy, serving grades K-2. The School has grown such that it served approximately 825 students in grades TK-8 for the 2020-21 school year, and Management expects that the School will expand to serve approximately 1,444 students in grades TK-12 for the 2024-25 school year. During its most recent charter renewal, the School changed its name to better communicate the School's unique identity and strengths as a dual language immersion school that propels students' scientific knowledge and skills across a broad range of scientific disciplines.

In addition to the School, the Lessee also operates AAE, GAVRT, AVCI, and LCF, which is a standing committee of the Lessee's board of directors.

**The revenues of the Lessee derived from its operation of AAE, GAVRT, AVCI, and LCF are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AAE, GAVRT, AVCI, and LCF are not pledged to secure the Bonds.**

For more information on the Lessee and the School, see APPENDIX A – "THE LESSEE AND THE SCHOOL."

On February 12, 2020, the Authority issued its Charter School Revenue Bonds (Academy for Academic Excellence Project) Tax-Exempt Series 2020 in the aggregate principal amount of \$8,345,000 and Charter School Revenue Bonds (Academy for Academic Excellence Project) Taxable Series 2020B in the aggregate principal amount of \$1,020,000 (collectively, the "AAE Bonds").

**The revenues of the Lessee derived from its operation of the School will not be pledged to the repayment of the AAE Bonds and the facilities from which the Lessee operates the School will not be pledged to secure the AAE Bonds.**

**Correspondingly, the revenues of the Lessee derived from its operation of AAE are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AAE are not pledged to secure the Bonds.**

The AAE Bonds do not constitute Indebtedness as defined in the Indenture.

## **RISK FACTORS**

Investment in the Series 2021 Bonds involves a degree of risk. Anyone considering investing in the Series 2021 Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto. INVESTMENT IN THE SERIES 2021 BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

This Limited Offering Memorandum contains summaries of pertinent provisions of the Series 2021 Bonds, the Indenture, the Loan Agreement, the Leasehold Construction Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing dated as of June 1, 2020 (the "Deed of Trust"), the Lease Agreement, the Continuing Disclosure Agreement dated as of ~~September~~December 1, 2021 (the "Continuing Disclosure Agreement") and other relevant documents. Such summaries and references are qualified in their entirety by reference to the full text of such documents.

The following discussion of some of the risk factors associated with the Series 2021 Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

### **Risk of Loss**

Purchase of the Series 2021 Bonds involves a degree of risk. Any investor who, because of financial condition, is unable to bear the loss of an investment in the Series 2021 Bonds, or who, because of investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent with an investment in the Series 2021 Bonds, should not purchase the Series 2021 Bonds.

The Series 2021 Bonds may experience price fluctuations due to changes in interest rates and yield levels. As a result, the value of the Series 2021 Bonds may fluctuate significantly in the short-term. Further, such securities generally have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2021 Bonds quickly in certain markets or market conditions.

### **Absence of Rating**

None of the Authority, the Borrower, or the Lessee have sought to have the Series 2021 Bonds rated by a nationally recognized rating agency and the Series 2021 Bonds are not rated by a nationally recognized rating agency. Typically, unrated bonds lack liquidity in the secondary market. Because of the lack of credit rating, Bondholders may not be able to sell their Series 2021 Bonds in the secondary market.

### **Limited Liability of the Borrower**

The Bonds are payable solely from payments to be made by the Borrower pursuant to the Loan Agreement, which payments, in turn, are to be derived from Lease Payments required to be made by the Lessee pursuant to the Lease Agreement, as described above. Future revenues and expenses of the Lessee, including Revenues and any other legally available funds of the Lessee, are subject to conditions which may change in the future to an extent that cannot be determined at this time. The Borrower is a special purpose entity, the sole purpose of which is to own the Charter School Facility, and the Borrower will not have any other assets.

### **Limited Liability of the Lessee**

The Lessee's payment obligations under the Lease Agreement are limited to the Lease Payments it is obligated to make to the Borrower under the Lease Agreement, which Lease Payments are limited in source to Revenues and any other legally available funds of the Lessee. The Bonds are payable solely from payments to be



made by the Borrower pursuant to the Loan Agreement, which payments, in turn, are to be derived from Lease Payments required to be made by the Lessee pursuant to the Lease Agreement, as described above. Future revenues and expenses of the Lessee, including Revenues and any other legally available funds of the Lessee, are subject to conditions which may change in the future to an extent that cannot be determined at this time.

**The revenues of the Lessee derived from its operation of AAE, GAVRT, AVCI, and LCF are not pledged to the repayment of the Bonds.**

**The revenues of the Lessee derived from its operation of the School will not be pledged to the repayment of the AAE Bonds and the facilities from which the Lessee operates the School will not be pledged to secure the AAE Bonds.**

**Correspondingly, the revenues of the Lessee derived from its operation of AAE are not pledged to the repayment of the Bonds and the facilities from which the Lessee operates AAE are not pledged to secure the Bonds.**

### **Other Lessee Schools**

In addition to the School, the Lessee operates AAE. The Lessee considers replication of the School to be a future possibility, but has no specific plans to replicate the School. The operations of AAE or any potential future charter school by the Lessee could have an impact on the operations or financial performance of the Lessee and the School. For example, if operations of AAE or any potential future charter school operated by the Lessee produced poor academic performance or resulted in termination of the charter contract for any such charter school, the Lessee might face additional scrutiny in any attempt to renew the Charter.

In addition, operation of AAE and any potential future charter school operated by the Lessee could result in the Lessee being subject to a voluntary or involuntary case under State or federal bankruptcy, insolvency or similar laws, which event would be an Event of Default under the Loan Agreement and could lead to an acceleration of the payment of the Bonds. See "RISK FACTORS – Potential Effects of Bankruptcy." Moreover, as described herein under "RISK FACTORS – Reputational Risk," events affecting any potential future charter school operated by the Lessee could indirectly affect the School if such events were to impact the reputation or financial condition of the Lessee, or were to require extraordinary attention from or resources of the Lessee at any potential future charter school in response.

### **Risks Related to the Ground Lease**

The initial term of the Ground Lease expires on April 21, 2070, after the final maturity date of the Series 2021 Bonds. Rent due under the Ground Lease is \$1 per year. The funding of construction of the Head Start Facility is functionally a prepayment of ground rent in addition to the nominal \$1 per year ground rent.

The Ground Lease may be terminated under certain circumstances, although the Trustee is provided with the right to cure certain defaults thereunder prior to any such termination. If possession of the Facilities is not required to prosecute and complete a cure of the default, the Trustee shall have a reasonable period to cure such default, not to exceed 30 days from the Trustee's receipt of the written notice of default. If possession of the Facilities is required to prosecute and complete a cure of a default (other than a default caused by failure to continuously operate the Facilities as a charter school), the Trustee shall have a reasonable period to cure such default, not to exceed such time as reasonably necessary to obtain possession of the Facilities plus 60 days or the Trustee shall have a reasonable period to cure any default caused by failure to continuously operate the Facilities as a charter school by entering into a new sublease agreement with a duly authorized replacement charter school operator or other lawful educational user, subject to the terms of the Ground Lease. There can be no assurance that the Trustee would be able to cure a default under the Ground Lease or that the Trustee would be able to do so on the timelines set for so doing in the Ground Lease.

If the Ground Lease is terminated, (i) the Lessee will be unable to continue to operate the School from the Facilities, which will have a materially adverse effect on the Lessee's ability to operate the School at all and on the

financial performance of the Lessee and the School, which will in turn have a materially adverse effect on the Lessee's ability to make payments under the Lease Agreement in respect of debt service on the Bonds and (ii) the Borrower will have no interest in the Facilities on which the Trustee may foreclose.

### **Risks Related to the Head Start Facility**

~~[To be updated:–~~The Lessee will act as the developer of the Head Start Facility pursuant to the Improvement Agreement (the "Improvement Agreement") between the Lessee and the County of San Bernardino. In connection with the construction of the Head Start Facility, the Lessee has delivered the Assignment of Improvement Agreement (the "Assignment of Improvement Agreement"), in favor of the Trustee and consented to by the County of San Bernardino. The Lessee has guaranteed the Ground Lease pursuant to the Guaranty of Lease (the "Guaranty"), among the County of San Bernardino, the City of San Bernardino, and the Lessee. Effectively, the Lessee must ensure that the Head Start Facility is completed pursuant to the terms of the Improvement Agreement or the Ground Lease may be terminated. If the Ground Lease is terminated, the Lessee will be unable to continue to operate the School from the Facilities, which will have a materially adverse effect on the Lessee's ability to operate the School at all and on the financial performance of the Lessee and the School, which will in turn have a materially adverse effect on the Lessee's ability to make payments under the Lease Agreement in respect of debt service on the Series 2021 Bonds.

[**Series 2020 Construction Project Update:** As of the May 10, 2021 the estimated occupancy date for the Series 2020 Facilities is July/August 2021; the Series 2020 Facilities are 81% completed; and 41% of the \$21,658,740.04 dollar amount of the Series 2020 Bond proceeds allocable to the Series 2020 Facilities have been expended.]

### **Risks Related to Infectious Virus and/or Disease**

An outbreak of disease or similar public health threat, such as the novel coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on the Lessee's financial condition and operating results. The spread of COVID-19 is having significant negative impacts throughout the world, including in California. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for nonprofit organizations and small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments.

The CARES Act also creates an above-the-line deduction on 2020 federal income taxes for all taxpayers for total charitable contributions of up to \$300 and increases the existing cap on annual contributions for taxpayers who itemize and allows employers to delay payment of the employer portion of federal payroll taxes in 2020. Additionally, the CARES Act appropriates \$13.5 billion for formula-grants to states, which will then distribute 90 percent of funds to local educational agencies to use for coronavirus-response activities, and \$3 billion to governors to allocate at their discretion for emergency support grants to local educational agencies.

State law allows charter schools to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor has enacted Executive Order N-26-20 ("Executive Order N-26-20"), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs charter schools to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

On March 17, 2020, Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117") were signed by the Governor, both of which took effect immediately. SB 89 amends the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor's March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that for charter schools that comply with Executive Order N-26-20, the Average Daily Attendance ("ADA") reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to the COVID-19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID-19, (iii) requires a charter school to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID-19, and (iv) appropriates \$100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites.

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order"). On May 8, 2020, the Stay Home Order was modified to allow retail, along with the infrastructure to support it, in addition to the previously permitted essential activity. On May 12, 2020, offices, limited services, and outdoor museums were also permitted to open.

On June 29, 2020, Senate Bill 98 ("SB 98"), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, which took effect immediately. SB 98 provides that distance learning may be offered by a charter school during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provides requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers. In addition, SB 98 provides that charter schools will generally be funded based on ADA from the 2019-20 fiscal year, imposes limits on layoffs for certain classified and certificated employees during fiscal year 2020-21, suspends the annual instructional minutes requirement, and waives the requirement for adopting an LCAP or annual update to the LCAP for fiscal year 2020-21, while imposing a new requirement to adopt a learning continuity and attendance plan by September 30, 2020.

On August 28, 2020, the Governor released a revised system of guidelines for reopening - Blueprint for a Safer Economy ("Blueprint"). Blueprint assigns each of the State's 58 counties into four color-coded tiers - purple, red, orange and yellow - in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must remain in a tier for at least three weeks before advancing to the next one. To move forward, a county must meet the next tier's criteria for two consecutive weeks. If a county's case rate and positivity rate fall into different tiers, the county remains in the stricter tier. Charter schools can reopen for limited in-person instruction once their county has been in the red tier (daily new cases of 4-7 per 100,000 people and 5-8% positive tests) for at least two weeks. When they reopen, charter schools must follow the guidelines for the reopening of schools and school based programs (the "Guidelines"), released by the Governor on July 17, 2020, as updated on August 3, 2020. Implementation of the Guidelines as part of a phased reopening will depend on local public health conditions, including community preparedness measures. The County, in which the School is located, is currently assigned to Tier One (Purple), the most severe category, as of January 28, 2021, and in-person instruction is currently permitted.\* On November 16, Governor Newsom issued a pause on the Blueprint due to

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\* Schools may not reopen fully for in-person instruction until the county has been in the Substantial (Red) Tier for two weeks. Local school and health officials may decide to open elementary schools, and school officials may decide to conduct in-person instruction for a limited set of students in small cohorts. Schools that have already reopened if the county was in a less restrictive tier do not have to close. However, if a school had not already

rising COVID-19 cases across California. The State will reassess data continuously and move more counties back if necessary.

On January 14, 2021, the California Department of Public Health released its COVID-19 and Reopening In-Person Instruction Framework & Public Health Guidance for K-12 Schools in California, 2020-2021 School Year (the "Framework") to provide an update to its COVID-19 and Reopening In-Person Learning Framework for K-12 Schools in California, 2020-2021 School Year issued on July 17, 2020. Under the updated guidance, all schools must complete and post to their website homepages a COVID-19 Safety Plan ("CSP") prior to reopening for in-person instruction. Schools that have already reopened are required to post their CSPs by February 1, 2021. Further, schools must also submit a copy of the CSP to the local health department and the State Safe Schools for All Team before they reopen elementary schools if they are operating within a jurisdiction or county that is in the Purple Tier. The Framework aims to consolidate and update prior state public health guidance and orders related to schools and provides additional guidance for providing in-person instruction, including: (i) criteria and processes for school reopenings under the Blueprint framework, (ii) considerations intended to help school community leaders plan for and prepare to resume in-person instruction, (iii) responses to confirmed COVID-19 infections when a case of COVID-19 is confirmed and when cluster or outbreak of COVID-19 at the school is being investigated, (iv) physical distancing in classrooms, and (v) implementation of stable groups of students and staff.

The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the School). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the School associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, decreased demand for the School's services, increased competition from established virtual or on-line schools or other distance learning programs, potential decline in academic assessment results due to transition to distance learning programs, disruption of the regional and local economy with corresponding effects on students and their families, adverse effects on State revenues that may affect budgeting and appropriation for charter schools and public education generally. Additionally, the State's Smarter Balanced Assessment Consortium standardized testing was cancelled for the 2019-20 school year. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS and PERS Defined Benefit Programs, which, in turn, could result in material changes to the Lessee's required contribution rates in future fiscal years.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on operations and finances of the Lessee is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not adversely impact enrollment of the School or participation in any distance learning programs or, notwithstanding actions by the State, materially adversely impact the financial condition or operations of the Lessee or the Borrower. For example, if it is perceived that competitors of the School, including traditional public schools or other charter schools, are better equipped to handle the spread of COVID-19 or similar future outbreaks or to provide distance learning, it could lead to lower enrollment in the future. Additionally, there can be no assurance that costs of technology to the Lessee will not increase, or that third-party vendors will continue to be available in the future, each of which could result in increased costs and difficulty in providing distance learning in the future.

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reopened for in-person instruction, it may not reopen until the county moves back to the Substantial (Red) Tier for 14 days. California COVID-19 Website, *Blueprint for a Safer Economy: Find the status of activities in your county*, <https://covid19.ca.gov/safer-economy/>.

For additional information on state and local responses to COVID-19, see APPENDIX A – "CERTAIN INFORMATION REGARDING THE LESSEE, THE BORROWER, AND THE SCHOOL – THE SCHOOL – State- and School-Level Responses to COVID-19".

### **Sufficiency of Revenues; Operating Risks**

The Series 2021 Bonds are secured by and payable from funds of the Borrower under the terms and conditions of the Loan Agreement and as otherwise described therein. The Borrower's sole expected source of revenue is the Lease Payments it will receive from the Lessee under the Lease Agreement. The Lease Agreement provides that the Lessee shall be obligated to pay rent under the Lease Agreement payable from Revenues and any other legally available funds of the Lessee. Based on present circumstances, including the School's operating history, the Lessee believes it will generate sufficient revenues to meet its payment obligations under the Lease Agreement representing debt service on the Bonds.

Such future revenues and expenses will generally be subject to, among other things, general economic conditions, demographics with respect to the available pool of students, termination or nonrenewal of the Charter, the capability of management in marketing and managing the School, the availability of funds to maintain and potentially expand the School, the availability of qualified teachers for the School, changes in the economy in general, increasing costs of complying with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities, any unionization of the School's workforce with consequent impact on wage scaled and operating costs, and other conditions which are unpredictable and which may adversely affect the ability of the Lessee to make Lease Payments and, in turn, the Borrower's ability to make payments under the Loan Agreement.

In addition, failure to comply with federal legislation, including the Every Student Succeeds Act ("ESSA") or any waiver granted thereunder, could result in loss of grant funds, which may also adversely affect the ability of the Lessee to make Lease Payments and, in turn, the Borrower's ability to make payments under the Loan Agreement. No representation or assurance can be made that the Lessee will continue to generate sufficient revenues to meet its obligations relevant to the Bonds.

### **Reliance on Projections**

The financial projections of the Lessee with respect to the School for the Fiscal Years ending June 30, 2022-26 set forth in APPENDIX B-2 – "FINANCIAL PROJECTIONS" (the "Projections") were prepared by Management in consultation with Campanile Group, Inc. ("Campanile"), and have not been independently verified by any other party.

No feasibility studies have been conducted with respect to operations of the Lessee pertinent to the Series 2021 Bonds. The Projections are "forward-looking statements" and are subject to the general qualifications and limitations described under "INTRODUCTION – Cautionary Statement Regarding Forward-Looking Statements." The Underwriter has not independently verified the Projections, and makes no representations nor gives any assurances that such Projections, or the assumptions underlying them, are complete or correct. Further, the Projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Series 2021 Bonds will be outstanding.

Management has prepared the Projections based on the Lessee's operating history with respect to the School and Management's assumptions about future State funding levels and future operations of the School, including student enrollment and expenses. There can be no assurance that actual enrollment revenues and expenses will be consistent with the Lessee's assumptions underlying such Projections. Moreover, no guarantee can be made that the Projections included herein will correspond with the results actually achieved in the future because there can be no assurance that actual events will correspond with the assumptions underlying the Projections. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced State or federal aid payments, or otherwise), employee relations, changes in taxes, changes in applicable government regulation, changes in demographic trends, changes in education competition and changes in local or general economic conditions. Refer to APPENDIX B-2 –

"FINANCIAL PROJECTIONS" to review the Projections, their underlying assumptions, and the other factors that could cause actual results to differ significantly from projected results. Refer to "INTRODUCTION – Cautionary Statement Regarding Forward-Looking Statements," above, for qualifications and limitations applicable to forward-looking statements.

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

### **Litigation**

Schools are often the subject of litigation. Educator's professional liability and other actions alleging wrongful conduct and seeking punitive damages often are filed against education providers such as the School. Litigation may also arise from the corporate and business activities of the School, the Lessee or any other Lessee-run schools or the Borrower as to employee-related matters. As with educator's professional liability, many of these risks are covered by insurance, but some are not. For example, some business disputes and workers' compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of the Lessee or the Borrower if determined or settled adversely. Although the Lessee maintains insurance policies covering educator's professional and general liability, management of the Lessee is unable to predict the availability, cost or adequacy of such insurance in the future. See APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SCHOOL - Litigation."

### **Reputational Risk**

The Lessee is subject to financial and other risks that differ from those of other for-profit and nonprofit institutions and public schools. These risks include, among others, (a) changes in the reputation of the Lessee, any potential future charter schools operated by the Lessee, or to the School, its faculty or student body, either generally or with respect to certain academic or extracurricular areas which may affect enrollment; (b) litigation brought against the Lessee, any potential future charter school operated by the Lessee, or the School by parents, civil authorities, students or former or potential employees; (c) the potential inability to raise funds through gifts, grants and donations; and (d) competition from other public, charter and private schools for students, trained faculty and administrative staff due to differences in salary and other costs. There can be no assurance that these or other factors will not adversely affect the Lessee's financial condition and its ability to make payments under the Lease Agreement representing debt service on the Bonds.

### **State Financial Difficulties**

Charter schools depend on revenues from the State for a large portion of their operating budgets. The availability of State funds for public education is a function of constitutional and statutory provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State School Fund) and the annual budget process. Decreases in State revenues may adversely affect education appropriations made by the Legislature. As noted, the Legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See "RISK FACTORS – Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors" below.

The State has previously experienced significant financial difficulties. In prior years, the State's response to its financial difficulties has had a significant impact on Proposition 98 funding and settle-up treatment, as further described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW – Proposition 98." In the past, the State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. The State has also sought to avoid increases in the minimum guarantee through various mechanisms by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by deferring State aid payments from one fiscal year to the next and by suspending Proposition 98. Future decreases in State revenues may adversely affect education appropriations made by the Legislature. Neither the Borrower, the Lessee, nor any other party to the Series 2021 Bond transaction can predict how State income or State education funding will vary over the entire term of the Series 2021 Bonds. No party to the Series 2021 Bond transaction takes any responsibility for informing owners of the Series 2021 Bonds about any such changes.

Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites, including those of the California Legislative Analyst's Office, the Department of Finance and the California State Controller. In addition, various State of California official statements, which contain summaries of current and past State budgets and the impact of those budgets on State education funding, may, as of the date of this Limited Offering Memorandum be found at the website of the California State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

#### **Budget Delays and Restrictions on Disbursement of State Funds During a Budget Impasse**

Charter schools depend on revenues from the State for a large portion of their operating budgets. The availability of State funds for public education is a function of constitutional and statutory provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State general fund) and the annual budget process.

The State Constitution specifies that an annual budget shall be proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues for the ensuing fiscal year. State law also requires the Governor to update the Governor's Budget projections and budgetary proposals by May 14 of each year (the "May Revision"). The May Revision is normally the basis for final negotiations between the Governor and Legislature to reach agreement on appropriations and other legislation to fund State government for the ensuing fiscal year (the "Budget Act").

The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature and must be in balance. The budget becomes law upon the signature of the Governor. Text of proposed and adopted budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), currently under the heading "California Budget." Analyses of budgets are prepared by the Legislative Analyst's Office at [www.lao.ca.gov](http://www.lao.ca.gov). Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness, or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

A Budget Act must be adopted no later than June 15. In practice, however, this deadline is routinely breached. Failure by the State to adopt a Budget Act restricts the California State Controller's ability to disburse State funds after the beginning of the ensuing fiscal year. Those restrictions were the subject of litigation captioned *White v. Davis* (also referred to as *Jarvis v. Connell*) decided on May 29, 2002 by the State Court of Appeal. In *White v. Davis*, the State Court of Appeal held that the California State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is: (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such

as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage).

The court specifically held that the State Constitution does not mandate or otherwise provide for appropriations for school districts without an adopted budget. Nevertheless, consistent with its belief that the statutory implementation of the constitutional school funding formula provides for a continuing appropriation of State funding for schools, the California State Controller has indicated that payment of general purpose (block grant) entitlement funds would continue during a budget impasse and has paid such amounts during past budget impasses. However, the California State Controller believes that certain other education funding cannot be appropriated during a budget impasse. Any State budget delay would delay the State's appropriation of such funds and could negatively impact the ongoing viability of the Lessee and its ongoing ability to make payments under the Lease Agreement representing debt service on the Bonds.

### **Changes to Charter School Laws**

In California, various constitutional and statutory provisions affecting charter schools were adopted as measures that qualified to appear on the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting the revenues of charter schools or their ability to expend such revenues. Future changes to the laws applicable to charter schools in California, and in particular the Charter Schools Act, could be adverse to the Lessee's financial interests and could adversely affect the security for the Bonds. The Lessee cannot predict the likelihood of success or failure of any future initiatives, and can provide no assurance that the California legislature will not in the future amend the laws affecting charter schools in a manner adverse to the interests of the registered owners of the Bonds. For more information on the laws governing charter schools in California, see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW." Adverse State budget considerations could prompt the legislature to seek voter approval to reduce constitutional requirements for public school funding. As noted, State budget considerations may adversely affect appropriations for charter school funding.

The Legislature has amended the Charter Schools Act frequently since its initial adoption in 1992, and legislative and public attitudes are still evolving. Neither the Borrower nor the Lessee has any control over State legislative or regulatory decision making that could affect the operations or ongoing funding sources for the Academy.

Neither the Borrower nor the Lessee makes any representation as to whether any proposed amendments to the Charter Schools Act will be enacted into law, or what, if any, impact such proposed amendments would have on the Borrower or the Lessee.

### **Charter Schools Generally**

The operations of the Lessee currently relate to the ownership and operation of the School, in addition to the operations of AAE, GAVRT, AVCI, and LCF. Operations of the School are dependent on sufficient demand for such charter school, adequate revenues from enrollment at the facilities and control of expenses. The operation of a charter school is regulated through a charter, with the School's operations regulated by the Charter. A charter school may not charge tuition to a student attending the charter school. The failure of the School to meet the requirements of State law, termination, revocation or non-renewal of the Charter, or the inability to secure a charter from another authorizing body or from the Authorizer on appeal to the SBE, would have a materially adverse effect on the ability of the Borrower to make the payments under the Loan Agreement to be used to pay debt service on the Bonds. See "RISK FACTORS – Nonrenewal or Revocation of Charter" herein. For a summary of certain State laws applicable to California charter schools, see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW – CHARTER SCHOOL STATUS AND OPERATIONS."

### **Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors**

California charter schools such as the School may not charge tuition and have no taxing authority. The primary source of revenue generated by charter schools is aid provided by the State for all public schools. The



amount of State aid received with respect to any individual school is based on a variety of factors, including the school's enrollment and average daily attendance. The amount of aid provided by the State in any year is subject to appropriation by the California Legislature. The Legislature bases its decisions about appropriations on many factors, including the State's economic performance. Further, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding.

As a result, the Legislature may not appropriate funds, or may not appropriate funds in a sufficient amount, for the Lessee to generate sufficient revenue to meet its operating expenses and to meet its obligations under the Lease Agreement representing debt service payments on the Bonds. No liability would accrue to the State in such event, and the State would not be obligated or liable for any future payments or any damages. If the State were to withhold State aid payments for any reason, even for a reason that is ultimately determined to be invalid or unlawful, the School could be forced to close.

### **Nonrenewal or Revocation of Charter**

[**To be updated:** Pursuant to the Charter School Act, the charter under which the School operates is subject to nonrenewal or revocation. The School operates pursuant to the Charter. The Charter was granted effective July 1, 2017, for a five-year term which is currently scheduled to expire on June 30, 2022, if not renewed prior to that date. **The Lessee will be required to apply for extensions or renewals of this Charter in order for the School to operate beyond June 30, 2022.** The first petition for the School was approved in 2008; renewals have occurred in 2012 and 2017. Prior renewals are no guarantee of future renewals.]

A charter is subject to revocation for material violations of the charter, failure to meet or pursue any of the pupil outcomes identified in the charter, failure to meet generally accepted accounting principles or engagement in fiscal mismanagement, or violations of law. See APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SCHOOL – The Charter."

California law also imposes certain renewal requirements on charter schools, including academic attainment requirements. The academic attainment requirements require charter schools to meet certain requirements with respect to the Academic Performance Index ("API"), or the entity that granted the charter must determine that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school's pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school. California law provides that such requirements commence January 1, 2005, or after a charter school has been in operation for four years, whichever occurs later. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW – CHARTER SCHOOL STATUS AND OPERATIONS – Charter Terms and Renewals."

The Lessee represents that the School currently meets the above renewal requirements, as well as the renewal requirements that will apply from July 1, 2020, upon the effectiveness of the changes pursuant to AB 1505 described above under the heading "Changes to Charter School Laws." See APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SCHOOL – The Charter."

### **Compliance with Federal Assessment and Accountability Requirements**

The ESSA, which reauthorized the Elementary and Secondary Education Act ("ESEA"), was signed into law by then-President Obama in December 2015. Prior to the ESSA, under the No Child Left Behind Act of 2001 ("NCLB") schools identified for failing to make Adequate Yearly Progress ("AYP") for two consecutive years were required to develop a two-year school improvement plan and submit the plan for review and approval. Prior to 2014, in California, the NCLB required school districts to make a determination of AYP for every school in their district. In order for a district or school to meet AYP, it had to meet four sets of requirements. The requirements included: (i) student participation rate on statewide tests; (ii) percentage of students scoring at the proficient level or above in English-language arts and mathematics on statewide tests; (iii) Growth API; and (iv) graduation rate (if grade 12 students are enrolled).

The U.S. Department of Education ("USDOE") issued final guidance and regulations for the implementation of the ESSA on November 28, 2016. The final regulations provide additional time for states to submit their ESSA consolidated state plans under the new law. The California Department of Education ("CDE") submitted its consolidated state plan to the USDOE in September, 2017. The USDOE provided an Interim Feedback Letter to the CDE on December 21, 2017, which requested clarifying or additional information to ensure that the State Plan met all statutory and regulatory requirements. The CDE submitted its revised consolidated state plan on May 30, 2018. The USDOE provided a Feedback Letter to the CDE in June, 2018, which requested additional information or revision to ensure that the State Plan met all statutory and regulatory requirements. On July 12, 2018, the USDOE approved the CDE's ESSA plan. CDE amended its ESSA plan in November 2018; USDOE approved the amendment in November 2019.

Failure of the School to meet the requirements of ESSA may have a material adverse effect on the Lessee and its ability to generate revenues sufficient to make payments under the Loan Agreement representing debt service on the Bonds.

Under State law, the right to operate a charter school may be revoked if the school fails to make or meet reasonable progress toward achievement of goals, objectives, content standards, pupil performance standards or applicable federal requirements.

#### **Default under the Lease Agreement; No Assurance Regarding Subsequent Tenant**

If there is a default by the Borrower under the Loan Agreement attributable to a default by the Lessee under the Lease Agreement, the Borrower would very likely not have funds to satisfy its remaining obligation to make payments under the Loan Agreement. If the Lessee defaults under the Lease Agreement, there can be no assurance that the Borrower would be able to find a new tenant for the Facilities which could generate revenues in a sufficient amount to allow the Borrower to make payments under the Loan Agreement representing debt service on the Bonds. This risk is heightened by the fact that the Facilities will be equipped specifically for use as a charter school campus.

#### **Competition for Students; School Choice Initiatives**

According to the Lessee, the School teaches students residing primarily in San Bernardino, California. See APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SCHOOL – Service Area" and " - Competitive Schools." The School faces constant competition for students and there can be no assurance that it will continue to attract and retain the number of students needed to generate sufficient revenues for the Lessee to make payments under the Lease Agreement representing debt service payments on the Bonds.

As charter schools become more common, and as existing charter schools demonstrably provide an attractive educational choice, the number of charter schools may increase, leading to increased competition for established charter schools, such as the School.

Similarly, the implementation of a State voucher program providing tuition assistance to parents of students who could not otherwise afford tuition at a private, independent school, could increase competition facing charter schools by increasing the number of financially feasible school options available to parents. The implementation of any State voucher program would likely increase demand for private, independent schools, possibly adversely affecting enrollment at other schools, including both public schools and charter schools, like the School. The Lessee cannot determine the specific impact any voucher program might have on the operation or financial performance of the School, nor can the Lessee predict whether such a voucher program will be implemented in the future.

#### **SB 740 Funding**

**[To be confirmed as relevant:** The School has received SB 740 funding as described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW – STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – SB 740 Facilities Grant Program Funding" in the past and Management expects that the School will continue receiving such funding relating to facilities costs of the Facilities.

SB 740 funding is subject to the following conditions: (i) reimbursable facility rent or lease costs cannot exceed prior year's costs on file with the California School Finance Authority ("CSFA") as of the 2016-17 fiscal year, subject to an adjustment of the annual COLA index; (ii) the rent or lease costs of new facility agreements are at or below market rate based on an independent appraisal paid for by the charter school; and (iii) when the SB 740 program is oversubscribed, lease and rent costs are prioritized over maintenance and building costs. In order to be eligible for the SB 740 program, a charter school must be in good standing with its chartering authority and be in compliance with the terms of its charter at the time of application submission, and without interruption throughout the term of the grant. CSFA relies on information from the chartering authority regarding a school's good standing and compliance with the terms of its charter, though a charter school can also cure ineligibility based on claims that it has failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement may submit evidence demonstrating fiscal insolvency directly to CSFA for review. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW – STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – SB 740 Facilities Grant Program Funding."

The School currently receives SB 740 funding, and Management has assumed that the School will continue to receive SB 740 funding during the period covered by the Projections. See APPENDIX B-2 – "FINANCIAL PROJECTIONS" for a description of the assumptions made by Management with respect to future SB 740 funding for the School. Although Management currently anticipates the School receiving funding under SB 740 there can be no assurance that any particular level of SB 740 funding will be available in future fiscal years, that the School will be or remain eligible for such funding, or that such funding will not be reduced or eliminated by the State in the future.]

### **Factors Associated with Education**

There are a number of factors affecting charter schools in general, including the School, that could have an adverse effect on the Lessee's financial position and its ability to make the payments required under the Lease Agreement. These factors include, but are not limited to, the ability to attract a sufficient number of students; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the Lessee's work force with consequent impact on wage scales and operating costs of the School; changes in existing statutes regarding the powers of charter schools or their funding. The Lessee cannot assess or predict the ultimate effect of these factors on its operations or financial results.

### **Campus Security**

Schools are generally subject to risks related to campus security, including but not limited to bullying, abuse, and, in extreme cases, physical violence. While the Lessee has identified campus security as an area of focus in connection with its strategic planning process, instances of breaches of campus security in the future may have a materially adverse effect on the Lessee's operations of the School and/or the Lessee's or the School's reputation, and may result in litigation, any of which could adversely affect the Lessee's financial condition and its ability to make payments under the Lease Agreement representing debt service on the Bonds.

### **Cyber Security**

Each of the Lessee's and the School's information technology services and systems may be critical to operations or involve the storage, processing and transmission of sensitive data, including valuable intellectual property, other proprietary or confidential data, regulated data, and personal information of employees, students and others. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of the Lessee's, the School's or other third party data or systems; theft of sensitive, regulated, or confidential data including personal information and intellectual property; the loss of access to critical data or systems; service or system disruptions or denials of service.

## **Series 2021A and Series 2021B Subaccount of the Debt Service Reserve Fund**

The Indenture establishes a subaccount in the Debt Service Reserve Fund related to each Series of Bonds. The Bonds of a Series will be secured only by the particular subaccount related to such Series of Bonds. With respect to the Series 2021A Bonds, there shall be deposited into one subaccount of the Debt Service Reserve Fund an aggregate amount of Series 2021A Bond proceeds equal to \$\_\_\_\_\_. With respect to the Series 2021B Bonds, there shall be deposited into one subaccount of the Debt Service Reserve Fund an aggregate amount of Series 2021B Bond proceeds equal to \$\_\_\_\_\_. **The Series 2021A Bond subaccount of the Debt Service Reserve Fund does not secure the Series 2021B Bonds and the Series 2021B Bond subaccount of the Debt Service Reserve Fund does not secure the Series 2021A Bonds.**

Each applicable subaccount of the Debt Service Reserve Fund is to be available for payment of principal and interest due to the Registered Owners of the applicable series of Series 2021 Bonds, to the extent Loan Payments are insufficient to make such payments. Although the Borrower and the Lessee believe such reserves to be reasonable, and anticipates that Loan Payments will be sufficient to cover the debt service on the Series 2021 Bonds, there is no assurance that fund reserves and future Loan Payments will be sufficient to cover debt service on the Series 2021 Bonds.

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

The Borrower and the Lessee will enter into a Continuing Disclosure Agreement with Campanile Group, Inc., as dissemination agent, pursuant to Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "Rule"), in connection with the issuance of the Series 2021 Bonds. Failure to comply with the Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the affected Series 2021 Bonds and their market price in the secondary market. See "Continuing Disclosure Agreement" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

### **Key Personnel**

The School's performance reflects the vision and commitment of a few key personnel who comprise its management and administration. Loss of one of these or other key personnel could adversely affect the Lessee's operations and financial results. For more information regarding key personnel, see APPENDIX A – "THE LESSEE AND THE SCHOOL – Management and Administration."

### **Subordination of Support Office Service Fees; Management Agreement**

The Lessee provides certain support office services to the School, for which it is paid as compensation 12.5% of LCFF revenues of the School and 12.5% of unrestricted lottery revenues of the School (the "Support Office Service Fees"). The obligations to pay Support Office Service Fees thereunder are subordinate to the payment of operating expenses of the School and Lease Payments to the Lessor under the Lease in accordance with the provisions further set forth in APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS – SUBLEASE AGREEMENT – Other Covenants of the Lessee – Subordination of Support Office Service Fees." Pursuant to the Lease, if the Lessee has not engaged a separate manager with respect to the School, the Lessee agrees that it shall not apply any Revenues to costs and expenses of management unless and until all Lease Payments are fully paid and the Loan is not in default. There is no requirement that management fees paid to any independent third party support office services provider or manager of the School be subordinated to Lease Payments or paid only in accordance with the preceding sentence. The Lessee has also entered into the Subordination Agreement, dated as of June 1, 2020, by and between the Lessee, the Borrower, and the Trustee relating to the subordination of Support Office Service Fees, and the Lessee has covenanted in the Lease Agreement to comply with the requirements of such agreement.

## **Construction Risks**

Prior to and continuing from the Closing Date, the Borrower has undertaken the Construction Project, which primarily consists of the construction of an approximately 10,911 square foot gymnasium and which is expected to be completed on the schedule and for the cost set forth in APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SERIES 2021 PROJECT – The Construction Project."

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

No assurance can be given that the Construction Project will be completed on schedule. Shortages of necessary labor, building materials or other supplies, on reasonable terms or on any terms, although currently not expected, could, if any were to arise, delay construction. Moreover, severe weather conditions could hamper construction speeds at various times of the year. Delays in the completion of the Construction Project, or the failure to complete the Construction Project at all, could have a material adverse impact on the Lessee's operations, its financial status and the value of the collateral securing the Bonds.

In addition to these general risks of the Construction Project, see "Construction Risks Related to Title Insurance" and "Risks Related to the Head Start Facility" for certain additional risks related to the Construction Project.

For additional details on the Construction Project, see APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SERIES 2021 PROJECT – The Construction Project."

## **Construction Risks Related to Title Insurance**

**[To be updated for title disclosure:** Pursuant to the Loan Agreement, the Borrower agrees that the Deed of Trust will be recorded with the Recorder's Office for the County of San Bernardino and provide the Trustee with a perfected lien interest in the Borrower's interest in the Facilities, subject to any Permitted Encumbrances. Such lien interest will be insured by a title insurance policy (the "Title Policy") by First American Title Insurance Company (the "Title Company"), which will insure such lien interest up to the outstanding principal amount of the Bonds but under such Title Policy the coverage with respect to mechanic's liens will be incremental based on the amount released to the Borrower to pay for the land or to pay construction amounts.

The Construction Project began before the Deed of Trust was recorded. Under State law, potential mechanics liens are effective as of the beginning of construction and thus have priority in payment over the Deed of Trust. Although no filed lien has been identified at the date of this Limited Offering Memorandum, due to the risk involved in the Construction Project, the Title Company will not insure that the mortgage is prior to all other potential mechanics lien claims. The Title Company agreed to insure as of the Closing Date that the amount of the initial Project Fund requisition (each, a "Requisition") is insured against all parties who have been named and paid on the Closing Date and to increase the amount of such insurance with each requested draw on the Project Fund made after the Closing Date to pay costs of the Construction Project as to the contractors named in such draw (each, a "Construction Draw"). However, if a contractor or subcontractor does not name a subcontractor or supplier, the Title Policy would not protect against such subcontractor's or supplier's lien. Each contractor and subcontractor will be required to name all of its subcontractors and suppliers but some may not be named, either inadvertently or purposefully. These unnamed subcontractors and suppliers could lien the Facilities and attempt to foreclose their liens, and the Title Company would not defend against such liens. If the Borrower does not pay such amounts or successfully defend against such claims, the Holders would either have to pay the claims, defend the claims, or risk the claimants being paid first in foreclosure.

The coverage with respect to mechanic's liens will initially be in an amount less than the total par amount of the Bonds and will be increased incrementally in connection with each Construction Draw. In connection with each Construction Draw, in order to increase the mechanic's lien coverage, the Title Company is requiring: (i) approval of each application for payment that is the subject of a Requisition by the Borrower, (ii) a conditional lien waiver from the general contractor for the Construction Project in the amount of the then-current Requisition, (iii) an affidavit showing all parties who have performed work on the Construction Project since the date of the last Requisition and the amounts due thereto, (iv) conditional lien waivers supporting each amount due under the then-current Requisition, (v) unconditional lien waivers for all amounts drawn under the immediately preceding Requisition; (vi) an indemnity from the general contractor as to all amounts received; and (vii) a general indemnity from the Borrower. Upon receipt thereof, the Title Company has indicated that they will increase the mechanic's lien coverage as to claimants named on the Requisition by the amount of such Construction Draw. There can be no assurance that (i) the requirements described above will be met or (ii) a mechanic's lien will not be recorded during the Construction Project, and if such mechanic's lien were to be recorded, that the Title Policy would be revised to include an exception for such lien. Any mechanic's lien that is excepted under the coverage of the Title Policy could materially adversely affect the Borrower's and Lessee's operations, their financial statuses and the value of the collateral securing the Bonds. Mechanic's liens are also defaults under the Lease if not removed promptly.]

### **Value of Property May Fluctuate; Limitations of Appraisals**

Mann & Associates (the "Appraiser") conducted an appraisal of the Facilities dated May 31, 2020 (the "Appraisal"). The Appraisal states the "As Built" market value of the Facilities, as of February 1, 2020, as if the Construction Project were complete and ready for occupancy as of such date as \$36,000,000. **The "As Built" market value of the Facilities stated in the Appraisal is less than the aggregate amount of the Bonds to be Outstanding on the Closing Date.**

The Appraisal is based on the following, as stated therein:

"Extraordinary Assumptions:

- It is assumed the ownership of each of the 16 parcels (assembled into a single parcel) have the property ownership for the proposed development.
- For purpose of 'ease of understanding the appraisal' a single address will be utilized throughout this report which will identify the subject as 230 S. Waterman Avenue as the address which will be the 'represent[at]ive' address to represent all 16 of the assembled parcels.
- The Head Start improvements have not been included in this analysis. ...
- It is acknowledged that between the effective date of this appraisal report and the date of submission of the report, the nation and world has been involved in a COVID-19 Pandemic. The undersigned has remained working during this period of time and has been observing the marketplace to determine the effects, if any, on the value of real property. So far, the effects, if any, have not been significantly apparent and it appears that there is essentially a "pause" in the market to allow this unusual circumstance to pass by and for the economy to regain stable footing.

Hypothetical Conditions:

- That the 'As Built' value reflects the property under appraisal as if the improvements were built according to the plans and specifications as provided to the undersigned appraiser. A significant variance or change could change the conclusion of the Market Value herein.

- That the As Is and the As Complete values are based on the Assembly of the 16 properties as identified by the Client and as observed on the Notice of Completion & Environmental Document Transmittal dated 11/20/2019 (NOP)."

The summary of the Appraisal contained herein is not meant to be exhaustive, and reference should be made to the Appraisal for a complete recital of its terms. A complete copy of the Appraisal will be available upon request, as described under "MISCELLANEOUS – Additional Information." The values of the Facilities as estimated in the Appraisal represent only the opinion of the Appraiser, and only as of the effective date of the Appraisal. The Appraiser will not be engaged to update or revise the estimates contained in the Appraisal after its date.

There may be a difference between the actual value of the Facilities and the amount of the Bonds Outstanding from time to time, and that difference may be material and adverse to Bondholders. In particular, it cannot presently be determined with certainty what the value of the Facilities would be in the event of foreclosure under the Deed of Trust, especially in light of the fact that the Facilities are being improved specifically for use as a charter school education building.

**Only the Facilities are subject to the lien of the Deed of Trust.**

**Of the facilities funded or to be funded by proceeds of the Series 2020 Bonds and the Series 2021 Bonds, only the Facilities, which includes the Charter School Facility, are pledged to secure the Bonds.**

**The facilities from which the Lessee operates AAE, GAVRT, and AVCI are not pledged to secure the Bonds.**

Further, the value of the Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the Series 2021 Bond transaction. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated with the Facilities to suggest that their value would remain stable or would not decrease if the general values of property in the School's service area were to decline.

#### **Damage or Destruction of the Facilities**

The Loan Agreement and the Lease Agreement require the Facilities and any other facilities owned by the Borrower at any time and leased to the Lessee under the Lease Agreement for the operation of the School, and pledged to secure the Bonds (the "Facilities") to be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained will be adequate, or that the cause of any damage or destruction to the Facilities will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies from which insurance is obtained. See APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS – SUBLEASE AGREEMENT – Damage or Destruction."

#### **Hazard Risks**

The Facilities will be located in a seismically active region of California and an area that may be endangered by wildfires from time to time. The occurrence of severe seismic activity or exposure to fire could result in substantial damage to the Facilities, which could adversely affect the ability of the Lessee to operate the Facilities and/or to make the payments under the Lease Agreement in respect of the Bonds, and could adversely affect the value of the Facilities.

#### **Limitations Related to Remedies under the Deed of Trust**

The Borrower's obligations under the Loan Agreement are secured by the lien and security interest granted under the Deed of Trust. See "SECURITY FOR THE BONDS – The Deed of Trust."

**Only the Facilities are subject to the lien of the Deed of Trust.**

**Of the facilities funded or to be funded by proceeds of the Series 2020 Bonds and the Series 2021 Bonds, only the Facilities, which includes the Charter School Facility, are pledged to secure the Bonds.**

**The facilities from which the Lessee operates AAE, GAVRT, and AVCI are not pledged to secure the Bonds.**

The practical realization of value from the real property subject to the Deed of Trust upon any default will depend on the exercise of the remedies specified under the Deed of Trust, principally, foreclosure. Under California law, however, the remedies specified in the Deed of Trust may not be readily available or may be limited.

California law imposes certain procedural hurdles and time requirements on foreclosure. California permits foreclosure under a deed of trust either non-judicially by exercise of a power of sale provision in the deed of trust or by judicial sale. Prior to a non-judicial foreclosure, the trustee under the deed of trust must record a notice of default and election to sell, and send copies of the notice to various persons. The trustee then must wait at least three months before establishing the proposed sale date or noticing the same in the form mandated by California statute. The notice of sale must be posted in a public place and published once a week for three consecutive calendar weeks, with the first such publication preceding the proposed sale date by at least 20 days. In addition, the notice of sale must be recorded with the county recorder at least 14 days prior to the date of sale. Further, throughout the period prior to a foreclosure sale, the debtor under the deed of trust, any successor in interest and any person having a junior lien or encumbrance of record may cure any monetary default by paying the amount then due (exclusive of principal due by virtue of acceleration upon default) plus costs and expenses incurred (including certain statutorily limited attorney's and trustee's fees). Following a non-judicial sale, however, neither the debtor nor any junior lienholder has any right of redemption, but the creditors who benefit from the foreclosure sale are ordinarily prohibited from obtaining a deficiency judgment against the debtor.

Judicial foreclosure proceedings are generally subject to the delays and expenses typical of other lawsuits, and may require several years to complete. The primary advantage of a judicial foreclosure is that the creditor is entitled, subject to other limitations, to obtain a deficiency judgment against the debtor to the extent that the amount of the debt exceeds the fair market value of the property. Following a judicial foreclosure sale, however, the debtor and its successors in interest have a right to "redeem" the property for a period of one year from the date of sale (or a period of only three months if the proceeds of sale are sufficient to satisfy the debt, plus interest and costs).

Further, California's so-called "one form of action" rule generally requires a creditor either to exhaust what rights it has under a deed of trust before pursuing other rights of collection (including set-off), or to forego resort to the deed of trust altogether. Other statutory provisions (such as the federal bankruptcy laws) also may have the effect of delaying enforcement of the lien and security interest under the Deed of Trust in the event of a default. See "RISK FACTORS – Potential Effects of Bankruptcy."

**Special Purpose Building**

The Facilities are subject to the lien of the Deed of Trust and will not be general purpose buildings and may not be suitable for industrial or commercial use. Further, the Ground Lease requires that the Facilities be used by the School or a duly authorized replacement charter school operator or other lawful educational user. If it were necessary to foreclose a judgment lien on the Facilities under "forced sale conditions" that are present in a foreclosure, it may be difficult to find a lessor and/or a purchaser permitted to and willing to occupy the Facilities, or the property may provide less than full value to the Trustee. There can be no assurance that foreclosure sale proceeds will be sufficient to pay the amounts then outstanding on the Bonds.

**Potential Effects of Bankruptcy**

Bankruptcy or other insolvency or similar proceedings affecting the Borrower or the Lessee may delay and otherwise adversely affect the enforcement of rights in the property granted as security for the obligations related to



Bonds, including those granted by the Indenture, the Loan Agreement, the Lease Agreement, and the Deed of Trust. For example, if the Borrower or Lessee became a debtor in bankruptcy proceedings under Federal bankruptcy law, those proceedings would stay any proceeding to foreclose the lien of the Deed of Trust pending further order of the bankruptcy court, and could affect the Trustee's ability to obtain direct payments pursuant to the Loan Agreement. If the Borrower's or Lessee's obligations in connection with the Bonds exceeded the value of the collateral security for the obligations, then in Federal bankruptcy proceedings, the recovery for the Bondholders might be limited to the value of that collateral. In such a bankruptcy proceeding, a reorganization plan containing provisions, for example, deferral or other changes in loan or bond payment dates or amounts on the Bonds, could be confirmed and become effective even if the plan were not supported by some or all of the holders of the Bonds. As further example, in the event the Borrower or the Lessee became a debtor in Federal bankruptcy proceedings, such Borrower's or Lessee's leases could be rejected, resulting in a breach as of the date of the filing of the bankruptcy petition. Each of the legal opinions delivered in connection with the issuance of the Series 2021 Bonds will be qualified as to the effect of State and federal laws, rulings and decisions, including bankruptcy laws, affecting remedies and affecting the enforceability of remedies, creditors' rights generally, and the documents described herein.

## **Environmental Regulation**

The Facilities and any other properties the Borrower or the Lessee may acquire and own or lease are and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Facilities or such other properties, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Facilities or such other properties. Costs incurred with respect to environmental remediation or liability could adversely affect the Lessee's financial condition and its ability to generate revenues sufficient to make payments under the Lease Agreement representing debt service on the Bonds. Excessive costs in connection with any such environmental remediation or any such liability to third parties could also make it difficult to successfully re-let the Facilities.

**[To be revised, depending on update decision:** Geocon West, Inc. (the "Consultant") conducted a Phase I and Phase II environmental site assessment of the Series 2020 Facilities and the land on which the Head Start Facility is to be located (the "Site") and summarized its findings in a report dated February 24, 2020 (the "Environmental Report"). The Environmental Report states that undocumented fill piles located on the Site are a recognized environmental condition ("REC") for the Site, historical gas station operations and subsequent removal of underground storage tanks from the Site are a historical REC for the Site, historical agricultural use of the Site is a REC for the Site, historical gas and grocery store operations on the Site potentially could have caused a REC at the Site, and residences formerly located on the Site and demolished without being analyzed for lead are a REC for the Site.]

The Consultant recommended additional soil testing of the undocumented fill piles, the former agricultural areas, former gas and grocery store area, and former building foundation areas for the presence of OCPs, arsenic, and lead, petroleum hydrocarbons and volatile organic compounds, and lead and termiticides, respectively, and conducted a Phase II environmental site assessment consistent with its recommendations.

The Environmental Report states that such assessment identified two areas of the Site with lead in soil concentrations requiring remediation by removing the soil in such areas to a depth of one foot and appropriately disposing of such waste, together with subsequent excavation and confirmation soil sampling if necessary based on laboratory analysis.

The Environmental Report speaks only as of its date, and the Consultant has not been asked to perform any additional assessment since the time of the Environmental Report. Further, the Environmental Report is subject to the limitations specified in such report. More generally, no environmental assessment can completely eliminate uncertainty regarding the potential for recognized environmental conditions in connection with a subject property. Potential investors must refer to the complete the Environmental Report for a full understanding of such limitations, and for additional information pertinent to the assessment and report. Copies of the Environmental Report, and its

update upon completion thereof, are available upon request, as described under "MISCELLANEOUS – Additional Information." Costs incurred by the Borrower or the Lessee with respect to environmental remediation or liability could adversely affect its financial condition.

The Borrower and the Lessee have completed the recommended remediation set forth in the Environmental Report in connection with the Construction Project pursuant to the Grading Construction Contract and agreements related to disposal of soil. On November 12, 2020, the Consultant determined the lead in soil concentrations were sufficiently remediated and delivered a soil removal report concluding that the Site is suitable for school use.

See APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SERIES 2021 PROJECT – Environmental Report."

### **Additional Indebtedness**

The Lessee is permitted to incur additional Indebtedness within the meaning of the Indenture, the Loan Agreement, and the Lease under certain circumstances. In addition, the Lessee is permitted to incur additional indebtedness that does not constitute Indebtedness within the meaning of the Indenture, the Loan Agreement, and the Lease under certain circumstances.

The definitions of Indebtedness, Long-Term Indebtedness, and Long-Term Indebtedness Unrelated to the School are set forth herein under the heading "SECURITY FOR THE BONDS – The Lease Agreement – Limitations on Indebtedness."

Conditions to the incurrence of indebtedness unrelated to the School are set forth herein under the heading "SECURITY FOR THE BONDS – The Lease Agreement – Limitations on Indebtedness – Long-Term Indebtedness Unrelated to the School."

### **Additional Bonds**

Under the Indenture, at the request of the Borrower, the Authority may issue Additional Bonds on behalf of the Borrower from time to time, on a parity with the Series 2021 Bonds if certain conditions are met. See "SECURITY FOR THE BONDS – The Indenture – Additional Bonds," and APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS – INDENTURE OF TRUST – Additional Bonds."

### **Risks Related to Limited Duties of the Trustee**

As set forth herein under the heading "INTRODUCTION – Limited Duties of the Trustee," the Trustee has no duty to investigate or analyze documents, including any reports, financial statements, insurance policies, or other material delivered to the Trustee under the terms of the Indenture, the Loan Agreement or the Lease Agreement and shall only be required to act on such information if the Trustee has actual knowledge of an Event of Default thereunder. In addition, the Trustee is entitled to rely on any written request or certificate executed by an Authorized Representative of the Borrower or the Lessee, as applicable. As such, the Trustee may only be able to identify and declare an Event of Default in connection with a non-payment under the Loan Agreement.

Further, pursuant to the Indenture, money on deposit in the Project Fund may be disbursed in connection with the Construction Project only upon receipt of a proper requisition therefor as required by the Loan Agreement, including but not limited to, confirmation by the Borrower that a guaranteed maximum price contract has been executed and a performance bond has been delivered with respect to the Construction Project. Such requisitions must be completed and executed by the Borrower and delivered to the Trustee, but the Trustee has no obligation to review or otherwise evaluate any such requisition prior to disbursing money from the Project Fund. As such, there is a risk that the Trustee may disburse money from the Project Fund on the basis of an improper requisition completed and executed by the Borrower and delivered to the Trustee.

In addition, the Indenture permits moneys in the Project Fund, Cost of Issuance Fund, Debt Service Reserve Fund, Bond Fund, Repair and Replacement Fund and Rebate Fund to be invested and reinvested by the Trustee, at the direction of the Borrower, in Investment Obligations only. The Trustee will rely solely on the written direction of the Borrower in investing and reinvesting such moneys, without further investigation or independent determination as to whether such investments constitute Investment Obligations. As such, there is a risk that the Trustee may invest or reinvest such moneys in investments that do not constitute Investment Obligations based on a faulty written direction of the Borrower.

See "INTRODUCTION – Limited Duties of the Trustee" and APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS – INDENTURE OF TRUST – Duties of the Trustee."

### **Enforcement of Remedies**

The remedies available to the Trustee or the registered owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement or the Lease Agreement depend in many respects on judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture, the Loan Agreement and the Lease Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, State foreclosure laws, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

### **Tax Related Issues**

***Tax-Exempt Status of Interest on the Series 2021A Bonds.*** The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2021A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2021A Bond proceeds, limitations on the investment earnings of Series 2021A Bond proceeds prior to expenditure, a requirement that certain investment earnings on Series 2021A Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the Internal Revenue Service (the "IRS"). The Authority, the Borrower, and the Lessee have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by any of the foregoing to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Series 2021A Bonds as taxable, retroactively to the date of issuance of the Series 2021 Bonds.

***Maintenance of the Tax-Exempt Status.*** The Lessee represents that it is a tax-exempt organization described in Section 501(c)(3) of the Code and is exempt from taxation under Section 501(a) of the Code. As a tax-exempt, charitable organization, the Lessee and its operations are subject to various requirements specified by the Code and the regulations promulgated thereunder. The Lessee must comply with those requirements in order to maintain its tax-exempt status. The Lessee may be audited by the IRS. Although the Lessee represents that it believes it is in compliance with applicable tax laws, an IRS audit of the Lessee ultimately could affect the tax-exempt status thereof. Loss of tax-exempt status by the Lessee could result in a change in the Lessee's status under State law, including changes that could adversely affect the Lessee's ability to operate the School or to do so on the terms described herein, or could result in loss of tax exemption for federal income tax purposes of interest on the Series 2021A Bonds, possibly from the Closing Date.

Legislation adopted by Congress in 1996 provides the IRS with an "intermediate" sanctions system of federal excise taxes to address violations by tax-exempt organizations of the private inurement prohibition of the Code. Before this "intermediate sanctions law," the IRS could punish such violations only through revocation of an entity's tax-exempt status. Intermediate sanctions may be imposed where there is an "excess benefit transaction," defined to include a disqualified person (i.e., an insider) (i) engaging in a non-fair market value transaction with the tax-exempt organization, (ii) receiving unreasonable compensation from the tax-exempt organization, or (iii) receiving payment in an arrangement that violates the private inurement proscription. Intermediate sanctions may be imposed by the IRS either in lieu of or in addition to revocation of exemption.

**State Income Tax Exemption.** The loss by the Lessee of federal tax exemption might trigger a challenge to its State income tax exemption. Such event could be adverse and material.

**Unrelated Business Income.** In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). The Lessee currently reports no UBTI. The Lessee may, however, participate in activities which generate UBTI in the future. If so, the Lessee believes it would properly account for and report UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the Lessee's tax-exempt status, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 Bonds.

**Exemption from Property Taxes.** In recent years, State, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt corporations with respect to their real property tax exemptions. Management believes that the Facilities will be exempt from property tax and will continue to be exempt from California real property taxation.

**Tax Reform.** From time to time there are legislative proposals in the United States Congress and the State Legislature that, if enacted, could alter or amend the federal and State income tax matters with respect to the Series 2021A Bonds, adversely affect the market value or liquidity of the Series 2021A Bonds, affect the Lessee's or the Borrower's income tax status or impact how the State funds public schools, including charter schools. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment or the status of tax exempt entities. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or liquidity of the Series 2021A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular lawsuit will be resolved, or whether the Series 2021A Bonds or the market value or liquidity thereof would be impacted thereby. Purchasers of the Series 2021A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Purchasers of the Series 2021A Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively affect such investors' federal, state or local tax liability. In all such events, the market value of the Series 2021A Bonds may be impacted and the ability of holders to sell the Series 2021 Bonds in the secondary market may be reduced. No portion of the Bonds, including the Series 2020 Bonds, is subject to redemption upon a determination that interest on the series 2020 Bonds is not excludable from gross income for federal income tax purposes.

#### **Eligible Purchasers of the Series 2021 Bonds; Restrictions on Transfer; Limited Market**

EACH INITIAL PURCHASER OF THE SERIES 2021 BONDS SHALL BE EITHER (I) A QUALIFIED INSTITUTIONAL BUYER OR (II) AN ACCREDITED INVESTOR THAT, IN EITHER CASE, HAS PROVIDED AN INVESTOR LETTER IN THE FORM OF APPENDIX H HERETO, OR SUCH OTHER FORM AS THE AUTHORITY MAY APPROVE, TO THE AUTHORITY AND THE UNDERWRITER. THEREAFTER, FOR SO LONG AS THE SERIES 2021 BONDS ARE UNRATED OR RATED BELOW "BBB-" (OR ITS EQUIVALENT) OR LOWER BY ANY RATING AGENCY RATING THE SERIES 2021 BONDS, THE SERIES 2021 BONDS MAY NOT BE TRANSFERRED TO ANY BENEFICIAL OWNER THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR. THE AUTHORITY MAY REMOVE THE FOREGOING RESTRICTIONS WITHOUT NOTICE TO OR CONSENT OF ANY BENEFICIAL OWNER. AT SUCH TIME AS THE BORROWER SHALL PROVIDE TO THE AUTHORITY AND THE TRUSTEE WRITTEN EVIDENCE TO THE EFFECT THAT EACH RATING AGENCY THEN RATING THE SERIES 2021 BONDS HAS RATED THE SERIES 2021 BONDS "BBB-" OR EQUIVALENT, OR HIGHER (WITHOUT REGARD FOR GRADATION WITHIN A RATING CATEGORY AND WITHOUT REGARD FOR CREDIT ENHANCEMENT UNLESS SUCH CREDIT ENHANCEMENT EXTENDS THROUGH THE FINAL MATURITY DATE OF THE SERIES 2021 BONDS), THIS TRANSFER RESTRICTION SHALL BE OF NO FURTHER FORCE OR EFFECT AND THE AUTHORIZED DENOMINATIONS OF THE SERIES 2021 BONDS

SHALL BE CHANGED (IF NECESSARY) TO DENOMINATIONS OF \$5,000 OR ANY INTEGRAL MULTIPLE THEREOF. See "THE SERIES 2021 BONDS – Purchase and Transfer Restrictions."

The Series 2021 Bonds have no active trading market and neither the Borrower nor the Lessee intends to list the Series 2021 Bonds on any securities exchange. There is no assurance that the Series 2021 Bonds will at any time be rated. There can be no assurance that a market for the Series 2021 Bonds will develop, or that investors will be able to resell the Series 2021 Bonds at the offering price or at any price. Accordingly, an investor must bear the economic risk of its investment in the Series 2021 Bonds for an indefinite period of time. See "THE SERIES 2021 BONDS – Purchase and Transfer Restrictions" and APPENDIX H – "FORM OF INVESTOR LETTER" in this Limited Offering Memorandum.

### **Risk of Loss from Nonpresentment upon Redemption**

The rights of the registered owners of the Series 2021 Bonds to receive interest will terminate on the date, if any, on which the Series 2021 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Indenture.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2021 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Limited Offering Memorandum including the appendices hereto.

## **THE SERIES 2021 BONDS**

### **General**

The Series 2021 Bonds will be dated as of their date of delivery, will be issued in the aggregate principal amounts and will bear interest at the rates and mature on the dates, subject to redemption as described below, set forth on page i hereof. The Series 2021 Bonds will be issued as fully registered bonds without coupons, in Authorized Denominations, initially of \$25,000 and any integral multiples of \$5,000 in excess thereof.

Interest on the Series 2021 Bonds will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2022 (each an "Interest Payment Date"). Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months, until payment of principal has been made or provided for, payable on each Interest Payment Date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee or at the designated office of its successor in trust. Payment of principal of and any premium on the Series 2021 Bonds shall be payable upon presentation and surrender of the Series 2021 Bonds at the designated corporate trust office of the Trustee. So long as the owner of the Bonds are registered to Cede & Co., payment of principal and redemption price shall be made without presentment. Payment of interest on any Bond shall be made to the Registered Owner thereof by check or draft mailed on each Interest Payment Date by the Trustee to the Registered Owner at his or her address as it last appears on the registration records kept by the Trustee at the close of business on the Regular Record Date for such Interest Payment Date (except that the Registered Owners of at least \$1,000,000 in aggregate principal amount of Bonds Outstanding may, by written request received by the Trustee at least ten (10) Business Days prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America), but any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owners of the Bonds not less than ten (10) days prior thereto by first-class mail to each such Registered Owner as shown on the registration records of the Trustee and on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

## Purchase and Transfer Restrictions

EACH INITIAL PURCHASER OF THE SERIES 2021 BONDS SHALL BE EITHER (I) A QUALIFIED INSTITUTIONAL BUYER OR (II) AN ACCREDITED INVESTOR THAT, IN EITHER CASE, HAS PROVIDED AN INVESTOR LETTER IN THE FORM OF APPENDIX H HERETO, OR SUCH OTHER FORM AS THE AUTHORITY MAY APPROVE, TO THE AUTHORITY AND THE UNDERWRITER. THEREAFTER, FOR SO LONG AS THE SERIES 2021 BONDS ARE UNRATED OR RATED BELOW "BBB-" (OR ITS EQUIVALENT) OR LOWER BY ANY RATING AGENCY RATING THE SERIES 2021 BONDS, THE SERIES 2021 BONDS MAY NOT BE TRANSFERRED TO ANY BENEFICIAL OWNER THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR. THE AUTHORITY MAY REMOVE THE FOREGOING RESTRICTIONS WITHOUT NOTICE TO OR CONSENT OF ANY BENEFICIAL OWNER. AT SUCH TIME AS THE BORROWER SHALL PROVIDE TO THE AUTHORITY AND THE TRUSTEE WRITTEN EVIDENCE TO THE EFFECT THAT EACH RATING AGENCY THEN RATING THE SERIES 2021 BONDS HAS RATED THE SERIES 2021 BONDS "BBB-" OR EQUIVALENT, OR HIGHER (WITHOUT REGARD FOR GRADATION WITHIN A RATING CATEGORY AND WITHOUT REGARD FOR CREDIT ENHANCEMENT UNLESS SUCH CREDIT ENHANCEMENT EXTENDS THROUGH THE FINAL MATURITY DATE OF THE SERIES 2021 BONDS), THIS TRANSFER RESTRICTION SHALL BE OF NO FURTHER FORCE OR EFFECT AND THE AUTHORIZED DENOMINATIONS OF THE SERIES 2021 BONDS SHALL BE CHANGED (IF NECESSARY) TO DENOMINATIONS OF \$5,000 OR ANY INTEGRAL MULTIPLE THEREOF. See "RISK FACTORS – Eligible Purchasers of the Series 2021 Bonds; Restrictions on Transfer; Limited Market" in this Limited Offering Memorandum.

## Prior Redemption

### Optional Redemption\*

*Series 2021 Bonds.* The Series 2021 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon the written direction of the Borrower from prepayment of the Series 2021 Promissory Note made by the Borrower pursuant to the Original Loan Agreement) in whole or in part on any date commencing July 1, 20[\_\_\_], of the maturity selected by the Borrower, and if less than all of a maturity, then by lot within a maturity, at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption.

### Mandatory Sinking Fund Redemption

(a) The Series 2021A Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

**Series 2021A Bond Maturing  
July 1, 20[\_\_\_]**

<u>July 1,</u>	<u>Principal Amount</u>
*	\$

\*Maturity Date

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\*Preliminary, subject to change

(b) The Series 2021B Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

**Series 2021B Bond Maturing  
July 1, 20[ ]**

<u>July 1,</u>	<u>Principal Amount</u>
*	\$
<hr style="width: 20%; margin: 0 auto;"/>	
*Maturity Date	

**Redemption of Bonds Upon Occurrence of Certain Events**

***Damage, Destruction, and Condemnation***

The Bonds are also subject to extraordinary redemption at the expense of the Borrower from the Net Proceeds of any insurance policy or condemnation award and in the event the related Facilities or any portion thereof is damaged or destroyed or taken in condemnation proceedings as provided in the Loan Agreement. If called pursuant to the Indenture, such Bonds are callable on any date in whole or in part from and to the extent of funds on deposit under the Indenture and available for such purpose at a redemption price equal to the principal amount of each Bond redeemed and accrued interest to the redemption date.

***Casualty or Condemnation***

The Loan Agreement provides that, subject to certain exceptions as set forth therein, in the event of a casualty or condemnation with respect to the Facilities, the Trustee is permitted to hire a construction monitor at the expense of the Borrower, and so long as no Event of Default exists and is continuing, the Net Proceeds from any insurance policy or the Net Proceeds of any condemnation award resulting from such casualty or condemnation shall be used as follows:

- (a) Whenever such Net Proceeds from any insurance policy or condemnation award are less than or equal to \$50,000, such Net Proceeds shall be paid directly to the Borrower and used for the repair, replacement or restoration of the Facilities to substantially the same condition as prior to such damage, destruction or condemnation.
- (b) Whenever such net proceeds from any insurance policy or condemnation award are greater than \$50,000, such net proceeds shall be paid to the Trustee and held in a special trust account to be applied to repair, replace or restore the Facilities unless the Loan is to be prepaid as provided in the Loan Agreement.
- (c) If the Net Proceeds are to be used to repair, replace or restore the Facilities, the proceeds in such special trust account shall be disbursed by the Trustee for the repair, restoration or replacement of the Facilities upon the receipt by the Trustee from the Borrower of:
  - (i) the certificate of an Authorized Representative of the Borrower which substantially states that such repairs, replacements or restorations will restore the Facilities to substantially their condition as of their final Completion Date, will be completed in accordance with plans and specifications previously provided to the Trustee, and that such repairs, replacements or restorations when completed in accordance with the plans and

specifications previously furnished to the Trustee will comply with all applicable statutes, codes and regulations;

- (ii) the certificate of an Authorized Representative of the Borrower stating that no Event of Default has occurred and is continuing, and that sufficient moneys are available in such special trust account to pay for such repair, restoration or replacements to be completed and together with available business interruption insurance and other available revenues, to pay debt service on the Bonds and Operating Expenses of the Lessee during the restoration period and if at any time during the restoration the insurance or casualty proceeds are less than the estimated costs to restore, repair or replace the Facilities, the Borrower or the Lessee shall provide the Trustee with cash or cash equivalents in an amount equal to the shortfall;
- (iii) requisitions and certificates from the Borrower;
- (iv) applicable Lien waivers, as determined by the Borrower;
- (v) a construction contract; and
- (vi) a certificate of the Borrower stating that the Borrower has acquired all permits and licenses necessary for such construction.

If such Net proceeds are in excess of \$250,000, in addition to those requirements listed in (i) through (vi) above, the Borrower is also required to deliver to the Trustee: (A) an endorsement to the applicable title insurance policy insuring the continued priority of the Lien of the Deed of Trust; and (B) an opinion of Bond Counsel to the effect that neither such repairs, replacements nor restorations nor such use of such casualty or condemnation proceeds adversely affects the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. The Trustee has no duty to review or analyze the construction contract or any endorsement to the title policy, if required. The Trustee is required to retain 10% of the requested disbursements until final completion of the repairs, replacements, restorations or improvements as certified by an Authorized Representative of the Borrower and receipt of certificates of occupancy, waivers of Liens and, if such net proceeds are in excess of \$250,000, an endorsement to the title policy for the Facilities insuring the continued priority of the Deed of Trust. If at any time during the restoration, the insurance or casualty proceeds are less than the estimated costs to restore, repair or replace the Facilities, the Borrower or the Lessee will provide the Trustee with cash or cash equivalents in an amount equal to the shortfall. If after completion of any such repairs, replacements or improvements any funds remain in said special trust fund, the remaining funds shall be transferred by the Trustee for deposit FIRST, to the Rebate Fund to the extent of any deficiency therein, SECOND, to the Debt Service Reserve Fund to the extent of any deficiency therein, and THIRD, to the Bond Fund.

Under the Loan Agreement, if the Net Proceeds of any insurance policy or condemnation award with respect to the Facilities are in excess of \$50,000, the Loan and the Promissory Note securing the Loan are subject to mandatory prepayment as a whole or in part at the principal amount thereof plus accrued interest thereon to the date of prepayment, but without premium, from the net proceeds, if any of the events set forth below occurs:

- (a) The Facilities are damaged or destroyed in whole or in part to such extent that, as expressed in a certificate of an Authorized Representative of the Borrower filed with the Trustee, (i) the Facilities cannot reasonably be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, (ii) the Borrower or the Lessee is prevented from carrying on its normal operations for a period of six consecutive months, or (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Loan Agreement; and
- (b) Title to, or the temporary use for a period of six months or more of, all or substantially all of the Facilities are taken under the exercise of the power of eminent domain by any governmental



authority, or person, firm or corporation acting under governmental authority or because of a defect in title.

### ***Change in Law***

Under the Loan Agreement, the Loan and the Promissory Note securing the Loan are subject to mandatory prepayment as a whole or in part at the principal amount thereof plus accrued interest thereon to the date of prepayment, but without premium, from the net proceeds if, as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement.

### **Purchase in Lieu of Redemption**

At the election of the Borrower upon a call for optional redemption in whole of the Bonds, if and only if the Borrower obtains a favorable Opinion of Bond Counsel, by written notice to the Trustee, given not less than 45 days in advance of the proposed date of redemption, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and will be purchased by funds provided to the Trustee by the Borrower. The purchase price of Bonds so purchased and payable on such Redemption Date in lieu of redemption shall be equal to the redemption price set forth in the Indenture payable on such date of redemption had the Bonds been so redeemed. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower.

### **Notice of Redemption**

All or a portion of the Bonds will be called for optional redemption pursuant to the Indenture by the Trustee upon receipt by the Trustee, at least 45 days prior to the redemption date, of a certificate of the Borrower specifying the principal amount of the Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of the Indenture pursuant to which such Bonds are to be called for redemption. In the case of redemptions other than mandatory sinking fund redemptions, the Trustee is required to cause notice of such redemption by giving via telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, or mailing by first-class mail a copy of the redemption notice to the Registered Owners of the Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than 60 nor less than 30 days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. In the case of optional redemption or extraordinary redemption pursuant to the Indenture, the Trustee is required to state that the redemption is conditioned upon receiving from the Borrower, prior to the redemption date, sufficient moneys to redeem such Bonds and that if such money is not so received, no Bonds shall be redeemed. The Trustee is required to furnish the Borrower with a copy of each notice of redemption given with respect to any optional redemption under and any extraordinary redemption under the Indenture thereof as soon as practicable after the delivery of notice to the Registered Owners of the Bonds.

Under the Indenture, each notice of redemption is required to specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption is required to specify the numbers of the Bonds or portions thereof to be redeemed.

### **Acceleration**

Under the Indenture, in the event the Borrower is in default under the Loan Agreement, the Trustee (i) may by notice in writing given to the Authority and the Borrower, or (ii) shall, upon the written request of the Majority Bondholder, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be

immediately due and payable and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration thereunder, the Authority and the Trustee shall immediately declare all Loan Payments under the Loan Agreement to be immediately due and payable as provided in the Loan Agreement. See APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS –INDENTURE OF TRUST – Remedies on Default."

## PLAN OF FINANCE

### General

The Borrower was organized for the purpose of facilitating transactions like the Series 2021 Bond transaction.

The proceeds of the Series 2021 Bonds will be loaned to the Borrower for the following purposes: (a) acquiring, constructing, improving, renovating and equipping of additional facilities located at the site of the Series 2020 Facilities, an approximately 10,911 square foot gymnasium facility and other capital improvements (the "Series 2021 Facilities" and, together with the Series 2020 Facilities and as further defined in the Original Indenture, the "Facilities"); (b) funding a debt service reserve fund for the Series 2021 Bonds; (c) paying capitalized interest on the Series 2021 Bonds; and (d) paying certain Series 2021 Bond issuance expenses (collectively, the "Series 2021 Project");

The Borrower has entered into the Ground Lease, pursuant to which the Borrower ground leases the site on which the Series 2020 Facilities are located and being constructed and on which the Series 2021 Facilities will be constructed from the County and the City.

The Lessee has guaranteed the Ground Lease pursuant to the Guaranty.

The Borrower leases the Facilities to the Lessee pursuant to the terms of the Lease Agreement.

The Borrower's sole member is the Lessee, and the Borrower's sole expected source of revenue will be the Lease Payments it receives from the Lessee pursuant to the Lease Agreement. See "SECURITY FOR THE BONDS."

Prior to and continuing from the Closing Date, the Borrower has undertaken the Construction Project, which primarily consists of the construction of an approximately 10,911 square foot gymnasium. The Construction Project, including the budgets, schedules, and Construction Contracts are described in APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SERIES 2021 PROJECT – The Construction Project."

For additional information regarding the Series 2021 Facilities, see APPENDIX A – "THE LESSEE AND THE SCHOOL – THE SERIES 2021 PROJECT."

**Sources and Uses of Funds**

The following table sets forth the estimated sources and uses of funds with respect to the Series 2021 Bonds.

**Estimated Sources and Uses of Funds<sup>x</sup>**

<b>Sources</b>	<b>Series 2021A Bonds (\$)</b>	<b>Series 2021B Bonds (\$)</b>	<b>Total (\$)</b>
Par Amount	[XXX]	[YYY]	[ZZZ]
[Less/Plus]            Original            Issue [Discount/Premium]			
<b>Total Sources</b>	_____	_____	=====
 <b>Uses</b>			
Construction Project			
Other Series 2021 Project Costs			
Debt Service Reserve Fund			
Capitalized Interest (through _____)			
Authority Issuance Fee			
Cost of Issuance, including Underwriter's Discount			
<b>Total Uses</b>	_____	_____	=====

**SECURITY FOR THE BONDS**

**General**

The Bonds and the interest thereon constitute special, limited obligations of the Authority and are payable solely from certain revenues derived by the Authority and from certain funds and accounts established and maintained under the Indenture. The Bonds are secured only by a pledge of the Trust Estate under the Indenture. The Trust Estate is defined under the Indenture to mean the property pledged, assigned and mortgaged to the Trustee pursuant to the granting clauses of the Indenture and includes:

- (a) The rights, title and interests of the Authority in the Loan Agreement, except the Authority's Unassigned Rights (meaning the rights of the Authority to (i) inspect books and records, (ii) give or receive notices, approvals, consents, requests and other communications, (iii) receive payment or reimbursement for expenses, (iv) immunity from and limitation of liability, (v) indemnification from liability by the Lessee and the Borrower, (vi) security for the Lessee's and the Borrower's indemnification obligations, and (vii) enforce venue);
- (b) The rights, title and interests of the Authority and the Borrower in the Lease Agreement, except the Borrower's Unassigned Rights (meaning under the Lease Agreement, the rights of the

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<sup>x</sup> Preliminary, subject to change

Borrower to (i) inspect books and records of the Lessee, (ii) give or receive notices, approvals, consents, requests and other communications, (iii) receive payment or reimbursement for expenses, (iv) immunity from and limitation of liability, (v) indemnification from liability by the Lessee, and (vi) security for the Lessee's indemnification obligation) and the Authority's Unassigned Rights;

- (c) The rights, title and interests of the Authority in the Facilities, subject to Permitted Encumbrances, except the Authority's Unassigned Rights;
- (d) The Loan Payments except the Authority's Unassigned Rights;
- (e) The Deed of Trust, the Assignment of Improvements Agreement, the Collateral Assignment of Construction Contract, and the rights, title and interests of the Authority and the Borrower under the Promissory Note;
- (f) All Funds created in the Indenture (other than the Cost of Issuance Fund and the Rebate Fund), except for (i) moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Bonds that are no longer deemed to be Outstanding under the Indenture, and (ii) all trust accounts containing all insurance and condemnation proceeds, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture and provided that moneys held in individual subaccounts of the Debt Service Reserve Fund shall only secure and are to be applied solely to the payment of the Series of Bonds to which such individual subaccount relates; and
- (g) Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE BONDS OR ANY DIRECTOR, OFFICER, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE BOND DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

## The Indenture

### General

The Series 2021 Bonds will be issued pursuant to the Indenture and will be equally and ratably secured thereby. Under the Indenture, subject only to the rights of the Authority to apply amounts under the provisions of the Indenture, a pledge of the Trust Estate to the extent provided therein is thereby made, and the same is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge thereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under the Indenture. The security so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions thereby made shall have priority over any or all other obligations and liabilities of the Authority with respect to the Trust Estate and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. See APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS –INDENTURE OF TRUST."

### Establishment of Funds

The Indenture establishes and creates the following funds as special trust funds to be maintained by the Trustee for the benefit of the Bonds:

- (a) Bond Fund (and within the Bond Fund, the Capitalized Interest Account);
- (b) Debt Service Reserve Fund;
- (c) Project Fund;
- (d) Cost of Issuance Fund;
- (e) Repair and Replacement Fund;
- (f) Rebate Fund; and
- (g) Expense Fund.

The Indenture recites that the Borrower covenants in the Loan Agreement to make, or to cause the Lessee to make, monthly deposits to the Bond Fund and, as needed, to the Debt Service Reserve Fund, the Rebate Fund, the Repair and Replacement Fund, and the Expense Fund. Under the Indenture, the Trustee is required to deposit into the appropriate Fund as and when received all payments from the Borrower (or the Lessee) as provided in the Loan Agreement. See "The Loan Agreement" in this subsection below.

### Debt Service Reserve Fund

The Indenture establishes a subaccount in the Debt Service Reserve Fund related to each Series of Bonds. The Bonds of a Series will be secured only by the particular subaccount related to such Series of Bonds. With respect to the Series 2021A Bonds, there shall be deposited into one subaccount of the Debt Service Reserve Fund an aggregate amount of Series 2021A Bond proceeds equal to \$\_\_\_\_\_. With respect to the Series 2021B Bonds, there shall be deposited into one subaccount of the Debt Service Reserve Fund an aggregate amount of Series 2021B Bond proceeds equal to \$\_\_\_\_\_. **The Series 2021A Bond subaccount of the Debt Service Reserve Fund does not secure the Series 2021B Bonds and the Series 2021B Bond subaccount of the Debt Service Reserve Fund does not secure the Series 2021A Bonds.**

Under the Indenture, moneys in the Debt Service Reserve Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the corresponding Series of Bonds in the event moneys in the Bond Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date, sinking fund payment date, maturity date or otherwise. On the final maturity date of each series of the Series 2021 Bonds, any moneys in the applicable subaccount of the Debt Service Reserve Fund shall be used to pay the principal of such series of the Series 2021 Bonds on such final maturity date.

Under the Indenture, the Trustee is required to value the Investment Obligations in the Debt Service Reserve Fund (and in each subaccount thereof, if applicable) semi-annually on January 1 and July 1 of each year at the lesser of their market value or cost. In the event amounts on deposit in the in a subaccount of the Debt Service Reserve Fund are less than the applicable Debt Service Reserve Fund Requirement for such Series, the Indenture requires the Trustee to give written notice, within five Business Days, to the Authority and the Borrower. The Loan Agreement provides that if such a deficiency is caused solely by a decreased value of the Investment Obligations therein, the Borrower is required to pay to the Trustee for deposit into the appropriate subaccount of the Debt Service Reserve Fund an amount equal to the deficiency for such Series on or prior to the next occurring Monthly Disbursement Date following that valuation date.

If such a deficiency is caused by a transfer to cure a shortfall in the Bond Fund resulting from the failure of the Borrower to make the payments due on the related Promissory Note, the Borrower is required to pay to the Trustee for all amounts transferred to the Bond Fund to make up for any amounts not paid on such Promissory Note in not more than 12 substantially equal monthly installments beginning on the Monthly Disbursement Date in the month following such deficiency; and provided that no such installment shall be less than \$5,000. For more information, see APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS – INDENTURE OF TRUST – Application of Reserve Account."

### **Project Fund**

The Indenture establishes a Series 2021 Project Subaccount of the Project Fund. There shall be deposited into subaccounts of the Project Fund from the proceeds of the Series 2021 Bonds all amount transferred to the Project Fund pursuant to the Loan Agreement. With respect to each Series of Additional Bonds, the amount of proceeds to be deposited in the related subaccount of the Project Fund shall be provided for in the related Supplemental Indenture. The Trustee is authorized and directed by the Indenture to make each disbursement required by the provisions of the Loan Agreement and the related Supplemental Indenture and to issue its checks or wire transfers therefor against the related subaccount of the Project Fund; provided that the Trustee will not disburse any amounts from the Project Fund (except for those provided for in the Loan Agreement) until it has received an executed requisition substantially in the form attached to the Loan Agreement. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall provide monthly statements of transactions to the Borrower.

### **Additional Bonds**

Under the Indenture, the Authority may issue Additional Bonds from time to time only with respect to one or more Projects, pursuant to the terms and conditions of the Indenture. Any Additional Bonds shall, to the extent provided for therein, be on a parity with the Series 2020 Bonds and the Series 2021 Bonds, and any Additional Bonds theretofore or thereafter issued and Outstanding as to the assignment to the Trustee of the Authority's right, title and interest in the Trust Estate for the payment of debt service on the Bonds; provided, that nothing therein shall prevent the payment of debt service on any series of Additional Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2020 Bonds and the Series 2021 Bonds, and any one or more Series of Additional Bonds, or (ii) not being secured and protected from sources or by property or instruments not applicable to the Series 2020 Bonds and the Series 2021 Bonds, and any one or more Series of Additional Bonds.

Before the Trustee is required to authenticate and deliver any Additional Bonds, the Trustee must receive:

- (a) Duly executed counterparts of (i) amendments or supplements to the existing Loan Agreement which amendment or supplement provides for payments sufficient to pay the debt service on the related Additional Bonds, (ii) a Supplemental Indenture providing for the issuance of and the terms and conditions of the Additional Bonds and (iii) a Lease Agreement relating to the Series Project to be financed or refinanced from the proceeds of the Additional Bonds then to be issued;
- (b) One or more Additional Promissory Notes in an aggregate principal amount equal to the aggregate principal amount of the related Additional Bonds and duly endorsed by the Authority to the order of the Trustee without recourse or warranty;
- (c) A written order of the Authority as to the delivery of the Additional Bonds, signed by an Authorized Representative of the Authority;
- (d) A copy of the resolution duly adopted by the Authority authorizing (i) the execution and delivery of the supplement to the existing Loan Agreement, the Bond Purchase Agreement with the Underwriter and the supplement to the Indenture, each relating to the Additional Bonds and (ii) the issuance of the Additional Bonds;
- (e) An opinion of Bond Counsel: (i) to the effect that the Additional Bonds to be delivered will be valid and legal special obligations of the Authority in accordance with their terms and will be secured thereunder equally and on a parity (except as otherwise permitted therein) with all other Bonds at the time outstanding thereunder as to the assignment to the Trustee of the Trust Estate; and (ii) the interest on any Additional Bonds that are Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes;
- (f) A written Opinion of Counsel to the Borrower and the Lessee, which counsel shall be reasonably satisfactory to the Authority, to the effect that any amendments or supplements to the Loan Agreement, the Lease Agreement and the Deed of Trust and the Additional Promissory Note(s) have been duly authorized, executed and delivered by the Borrower and the Lessee, as appropriate, and that all of such items constitute legal, valid and binding obligations of the Borrower and/or the Lessee, enforceable in accordance with their respective terms, subject to reasonable exceptions for bankruptcy, insolvency and similar laws and the application of equitable principles;
- (g) Evidence satisfactory to the Trustee that on delivery of the Additional Bonds then to be delivered there will be or has been paid into or provided for the Debt Service Reserve Fund any amounts required by the Indenture or the supplement to the Indenture relating to such Additional Bonds;
- (h) The certifications required by the Lease Agreement pertaining to incurrence of additional indebtedness;
- (i) A certificate of the Lessee stating that it is in good standing with the SBE or other certificate, letter or other document evidencing the Lessee's continued authority to operate the School under or by virtue of the Charter School Act or any related official regulation or policy then in effect;
- (j) If any of the Outstanding Bonds are then rated, a letter from the applicable Rating Agency that the issuance of the Additional Bonds will not cause such Rating Agency to lower or withdraw its then current rating(s) on Outstanding Bonds;
- (k) Unless the Trustee is provided with a letter from the Rating Agency then rating the Bonds that upon issuance of the Additional Bonds, the rating on the Outstanding Bonds (including the Additional Bonds) will not be lower than an investment grade rating, an investor letter, in form satisfactory to the Authority, from each of the purchasers of the Additional Bonds; and

- (l) The Trustee has received certificates of an Authorized Representative of the Borrower which shall:
  - (i) state the general purpose for which the Additional Bonds will be issued;
  - (ii) state the maximum aggregate principal amount of Additional Bonds to be issued, the maturity date or dates thereof, and the interest rate or rates with respect thereto; and
  - (iii) be accompanied by an Opinion of Counsel for the Borrower to the effect that all conditions precedent specified in the Indenture and in the Loan Agreement have been satisfied.

When the documents listed above have been received by the Trustee, and the Additional Bonds have been executed and authenticated, the Trustee is required to deliver the Additional Bonds to or upon the order of the Underwriter, but only upon payment to the Trustee of the specified amount (including, without limitation, any accrued interest) set forth in the order to which reference is made above.

### **Limited Duties of the Trustee**

The Trustee shall have no duty to investigate or analyze documents, including any reports, financial statements, insurance policies, or other material delivered to the Trustee under the terms of the Indenture, the Loan Agreement or the Lease Agreement and shall only be required to act on such information if the Trustee has actual knowledge of an Event of Default thereunder (and the Trustee is entitled to rely on any written request or certificate executed by an Authorized Representative of the Borrower). Such items include but are not limited to: insurance certificates, Project Fund requisitions, Coverage Ratio reporting and Days Cash on Hand reporting. Therefore, the Trustee may only be able to identify and declare an Event of Default in connection with a non-payment under the Loan Agreement.

Pursuant to the Indenture, money on deposit in the Project Fund may be disbursed in connection with the Construction Project only upon receipt of a proper requisition therefor as required by the Loan Agreement, including but not limited to, confirmation by the Borrower that a guaranteed maximum price contract has been executed and a performance bond has been delivered with respect to the Construction Project. Such requisitions must be completed and executed by the Borrower and delivered to the Trustee, but the Trustee has no obligation to review or otherwise evaluate any such requisition prior to disbursing money from the Project Fund.

In addition, the Indenture permits moneys in the Project Fund, Cost of Issuance Fund, Debt Service Reserve Fund, Bond Fund, Repair and Replacement Fund and Rebate Fund to be invested and reinvested by the Trustee in Investment Obligations only. The Trustee will rely solely on the written direction of the Borrower in investing and reinvesting such moneys, without further investigation or independent determination as to whether such investments constitute Investment Obligations.

See APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS –INDENTURE OF TRUST – Duties of the Trustee."

## **The Loan Agreement**

### **Loan Payments**

Under the Loan Agreement, the Borrower agrees that it will pay or cause to be paid Loan Payments as repayment of the loan of proceeds of the Series 2021 Bonds from the Authority (the "Loan"), until the principal of, premium, if any, and interest on the promissory notes with respect to the Series 2021 Bonds (collectively, with the promissory note issued in respect of the Series 2020 Bonds, the "Promissory Notes") is paid or provision for the payment thereof is made in accordance with the Loan Agreement, into the Bond Fund at least one business day before each Monthly Disbursement Date (defined in the Indenture to mean, as to the Series 2021 Bonds, the 25th



day of each month commencing [~~October~~December] 25, 2021) during the term of the Loan Agreement. Under the Loan Agreement, the Borrower agrees to make such payments in an amount sufficient to pay principal and interest then due on the Promissory Notes (representing debt service on the Bonds). With respect to principal payments to be made on each Monthly Disbursement Date toward the principal amount to be due at final maturity, such monthly payments shall take into account and be reduced by amounts on deposit in the applicable subaccount of the Debt Service Reserve Fund.

### **Additional Payments**

Under the Loan Agreement, in addition to the Loan Payments, the Borrower also agrees to pay or cause to be paid certain Additional Payments, as follows:

- (a) The Borrower shall pay or provide for the payment of the required amount into the Debt Service Reserve Fund upon notice of any deficiency therein in accordance with the Indenture.
- (b) On or before any redemption date (other than a sinking fund redemption date), the Borrower shall pay as repayment of the Loan for deposit into the Bond Fund an amount of money which, together with the payments made by the Borrower on its Promissory Note then on deposit in the Bond Fund, is sufficient to pay the principal of and premium, if any, and interest accrued to the redemption date on the Bonds called for redemption.
- (c) The Borrower shall pay or cause to be paid to the Trustee for deposit to the Rebate Fund all amounts required to be deposited in the Rebate Fund pursuant to the Indenture and Section 148 of the Code. The Borrower shall also hire or cause the Lessee to hire and pay the fees and expenses of a Rebate Analyst.
- (d) The Borrower agrees to pay or cause to be paid to the Authority the reasonable expenses of the Authority in connection with the Loan Agreement, the Project, the Bonds or the Indenture, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds.
- (e) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received thereunder or in any way arising due to the transactions contemplated by the Loan Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee.
- (f) The Borrower agrees to pay or cause to be paid, to the Trustee, all reasonable fees, charges and expenses of the Trustee (including those of its agents and counsel as described below) for services rendered under the Indenture, including any extraordinary fees and expenses as and when the same become due and payable. Extraordinary fees are payable to the Trustee for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction and the fees and expenses of accountants, consultants, attorneys and other experts as may be engaged by the Trustee to assist the Trustee with the services it provides under the Indenture, this Loan Agreement and the other related transaction documents are included therein.

- (g) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Borrower Documents and the Indenture.
- (h) The Authority Issuance Fee, the Authority Annual Fee and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Borrower Documents and the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving the Borrower Documents, the Indenture, the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Borrower Documents, the Indenture, or the Bonds.
- (i) The Borrower agrees to pay or cause to be paid to the Dissemination Agent the fees and expenses pursuant to the terms of the Continuing Disclosure Agreement.
- (j) At least one business day prior to each Monthly Disbursement Date, commencing with the [~~October~~December] 25, 2021 Monthly Disbursement Date, the Borrower shall make monthly payments to the Repair and Replacement Fund unless the then current balance in the Repair and Replacement Fund is equal to the Repair and Replacement Fund Requirement.
- (k) Notwithstanding any provision in the Loan Agreement or in the Promissory Note to the contrary, no indebtedness of any kind incurred or created thereunder shall constitute an indebtedness of the State of California or its political subdivisions, and no indebtedness of the Borrower under the Loan Agreement shall involve or be secured by the faith, credit or taxing power of the State of California or its political subdivisions.
- (l) Any amounts due and payable by the Borrower as arbitrage rebate under Section 148 of the Code.

The Loan Agreement recites that the payment obligations of the Borrower under the Loan Agreement correspond to payment obligations of the Lessee under the Lease Agreement. See "The Lease Agreement" in this subsection below.

#### **Pledge by Borrower**

Under the Loan Agreement, in fulfillment of its obligations under the Loan Agreement, the Borrower pledges to the payment of the Loan and the Promissory Note securing such Loan, the following:

- (a) all of the Borrower's right, title and interest in and to the Facilities, including all related additions, replacements, substitutions and proceeds for the purposes of securing such Loan;
- (b) all receipts, revenues and rights of the Borrower under the Lease Agreement, as Lessor, except the Lessor's Unassigned Rights; and
- (c) any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security by the Borrower or by anyone on its behalf.

### **Limitations on Indebtedness**

Under the Loan Agreement, the Borrower may not incur any additional indebtedness other than indebtedness related to permitted Indebtedness of the Lessee as described in the Lease Agreement. See "The Lease Agreement – Limitations on Indebtedness."

### **The Deed of Trust**

Under the Loan Agreement, to secure the payments of Loan Payments and any additional payments specified in the Loan Agreement, the performance by the Borrower of its other obligations under the Loan Agreement and the payment and performance of all obligations of the Borrower under any Additional Bonds, the Borrower agrees to enter into the Deed of Trust which the Borrower agrees will be recorded with the Recorder's Office for the County of San Bernardino and shall provide the Trustee with a perfected first priority Lien on the Borrower's interest in the Land and the remainder of the Mortgaged Estate, subject to any Permitted Encumbrances. Under the Loan Agreement, the Borrower warrants that subsequent to the issuance of the Series 2020 Bonds, the Borrower will not grant any Liens on the Facilities (other than the lien effected by the Deed of Trust and Permitted Encumbrances). Potential purchasers should note, however, that under California law, the remedies specified in the Deed of Trust may not be readily available or may be limited. See "RISK FACTORS – Limitations Related to Remedies under the Deed of Trust."

**Only the Facilities are subject to the lien of the Deed of Trust.**

**Of the facilities funded or to be funded by proceeds of the Series 2020 Bonds and the Series 2021 Bonds, only the Facilities, which includes the Charter School Facility, are pledged to secure the Bonds.**

**The facilities from which the Lessee operates AAE, GAVRT, and AVCI are not pledged to secure the Bonds.**

### **The Lease Agreement**

#### **General**

The Lessee will lease the Facilities from the Borrower pursuant to the Lease Agreement for a term (the "Lease Term") which runs until such time as all of the Lease Payments have been fully paid or provision is made for such payment pursuant to the Lease Agreement and the Indenture and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Lease Payments, all fees and expenses of the Authority accrued and to accrue through final payment of the Lease Payments and all other liabilities of the Lessee accrued and to accrue through final payment of the Lease Payments under the Lease Agreement have been paid or provision is made for such payments pursuant to. The Lease Agreement provides that the Lessee shall be obligated to pay rent under the Lease Agreement from the Revenues and any other legally available funds of the Lessee.

In addition to other obligations, under the Lease Agreement the Lessee is required to:

- (a) pay directly to the Trustee, or Wilmington Trust, National Association, as custodian (the "Custodian") on behalf of the Trustee, all Base Lease Payments (defined in the Lease Agreement to mean the payments payable by the Lessee during the Lease Term and which represent debt service on the Bonds) at least one Business Day prior to the Base Lease Payment Dates (defined in the Lease Agreement to mean each Business Day on which the Lessee is required to make the Base Lease Payments pursuant to the Lease Agreement) and in the amounts set forth in the Lease Agreement;
- (b) on or before any redemption date pursuant to the Indenture (other than sinking fund redemption), pay an amount of money that, together with the Lease Payments made by the Lessee and then on

deposit in the Bond Fund and any amounts transferred from the Debt Service Reserve Fund to the Bond Fund, is sufficient to pay the principal of, premium, if any, and interest to the redemption date on the Bonds called for redemption;

- (c) operate and maintain the Facilities, in compliance with all governmental laws, building codes, ordinances and regulations and zoning laws applicable to the Facilities, unless the same are being contested in good faith by appropriate proceedings;
- (d) agree to be bound by the respective terms of the Indenture and the Loan Agreement and accept all obligations and duties imposed thereby;
- (e) not use any proceeds of the Tax-Exempt Bonds to finance any facility, place or building used or to be used for sectarian instruction or study or as a place of devotional activities or religious worship, or in such a manner or to such an extent as would result in any of the Tax-Exempt Bonds being treated as an obligation not described in Section 103(a) of the Code, or by a Person that is not an organization described in Section 501(c)(3) of the Code or a "governmental unit" (as defined in the Code) or by an organization described in Section 501(c)(3) of the Code (including the Lessee) in an "unrelated trade or business" (as defined in the Code), in such a manner or to such an extent as would result in any of the Tax-Exempt Bonds being treated as an obligation not described in Section 103(a) of the Code;
- (f) not take any action or omit to take any action, which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal income tax purposes or cause the interest on the Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax imposed under the Code;
- (g) keep or cause to be kept insurance against loss or damage to the Facilities and all improvements thereon and therein (including, during any period of time when the Lessee is making alterations, repairs or improvements to the Facilities, improvements and betterments coverage), commercial comprehensive general liability and automobile liability insurance against claims arising in, on or about the Facilities, business interruption or rent loss insurance equal to 12 months' debt service on the Bonds and 12 months' Operating Expenses for the School and such other forms of insurance as are customary in the industry or as the Lessee is required by law to provide; and
- (h) indemnify the Authority, hold harmless and defend the Authority's members and the Trustee under certain circumstances, to the extent and as provided in the Lease Agreement.

#### **Pledge by Lessee**

In the Lease Agreement, the Lessee acknowledges and agrees that the Base Lease Payments and Additional Lease Payments are payable from the Revenues and any other legally available funds of the Lessee. Under the Lease Agreement, the Lessee pledges to the payment of the Lease Payments, and grants the Borrower a security interest in and to, the following:

- (a) All of the Lessee's right, title and interest in and to the Facilities, including all related additions, replacements, substitutions and proceeds;
- (b) To the extent permitted by law, all Revenues;
- (c) All furniture, furnishings, equipment, supplies and other tangible personal property, used in connection with the Facilities, wherever located, whether in the possession of the Lessee, warehousemen, bailee or any other person; and

- (d) Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security by the Lessee or by anyone on its behalf.

Under the Lease Agreement, "Revenues" means regardless of source and to the extent permitted by law, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the School, including the rights to receive such revenues, all as calculated in accordance with Generally Accepted Accounting Principles, including State Payments, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Lessee related to the School; and all gifts, grants, bequests and contributions (including income and profits therefrom) related to the School to the extent permitted by the terms thereof.

**The revenues of the Lessee derived from its operation of AAE, GAVRT, AVCI, and LCF are not pledged to the repayment of the Bonds.**

#### **Lessee's Primary Source of Funding**

The expected source of revenues for the repayment of the Bonds is amounts paid by the Lessee to the Borrower under the Lease Agreement. The Lease Agreement provides for payments from the Lessee which, if paid to the Borrower when due, will be sufficient to pay the principal of and interest on the Bonds and all other amounts payable by the Borrower under the Loan Agreement. The Lessee's primary source of funding is education aid (provided by the State for all public schools) which the Lessee receives for operating the School. For more information, see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW – STATE FUNDING OF EDUCATION." The amount of State aid received with respect to any individual school is based on a variety of factors, including the school's enrollment and average daily attendance. It is anticipated that such amounts the Lessee receives for operating the School will be sufficient to allow it to make the required payments under the Lease Agreement and its operation and maintenance costs. But see "RISK FACTORS – Sufficiency of Revenues."

#### **Coverage Ratio Covenant**

Under the Lease Agreement, the Lessee is required to deliver, not later than December 31 following the end of each of the Lessee's Fiscal Years, to the Trustee and the Underwriters a certificate stating the Coverage Ratio for the Fiscal Year then ended, commencing with the Fiscal Year ending June 30, 2022. The Coverage Ratio shall be 1.10 or above for each Fiscal Year commencing with the Fiscal Year ending June 30, 2022.

The Lease Agreement defines the "Coverage Ratio" to mean the ratio obtained by dividing (i) Net Income Available for Lease Payments for the Fiscal Year being tested by (ii) the sum of Actual Annual Lease Payments and Actual Annual Debt Service (which Actual Annual Debt Service shall not include any payments with respect to the Bonds); provided, however, for the purpose of the Lease Agreement provisions related to the incurrence of additional Long-Term Indebtedness described under the heading "SECURITY FOR THE BONDS – The Lease Agreement – Limitations on Indebtedness," "Coverage Ratio" means the ratio obtained by dividing (i) Net Income Available for Lease Payments for the Fiscal Year being tested by (ii) the sum (without duplication) of Maximum Annual Lease Payments and Maximum Annual Debt Service (which Maximum Annual Debt Service shall not include any payments with respect to the Bonds).

The Lease Agreement defines "Net Income Available for Lease Payments" to mean, for any period of determination thereof, the aggregate Revenues for such period, plus the interest earnings on moneys held in the Debt Service Reserve Fund, minus the total Operating Expenses for such period but excluding (i) any profits or losses which would be regarded as extraordinary items under Generally Accepted Accounting Principles, (ii) gain or loss in the extinguishment of Indebtedness, (iii) proceeds of the Bonds and any other Indebtedness permitted by the Lease Agreement, (iv) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of Lessee, (v) proceeds of any sale, transfer or other disposition of any of Lessee's assets by the Lessor or the Lessee, (vi) proceeds of any condemnation or any other damage award received by or owing to Lessee, and (vii) amounts expended for Base Lease Payments.

Pursuant to the Lease Agreement, commencing with the Fiscal Year ending June 30, 2022, if the Coverage Ratio is below 1.10, the Lessee is required to retain a Management Consultant within 60 days following the reporting of such failure at the Lessee's expense. The Majority Bondholder of the Bonds then Outstanding shall have the right to object to the Lessee's selection of a Management Consultant and direct the Lessee to select an alternate Management Consultant. The Lessee shall cause the Management Consultant to submit a written report and make recommendations within 45 days of being retained (a copy of such report and recommendations shall be filed with the Underwriters and the Trustee) with respect to increasing Revenues, decreasing Operating Expenses or other financial matters of the Lessee, which are relevant to increasing the Coverage Ratio to at least the required level. The Lessee will, subject to the exceptions in the next sentence, adopt and follow the recommendations of the Management Consultant and will thereafter calculate the Coverage Ratio for each succeeding fiscal quarter. So long as the Management Consultant determines that the Lessee is demonstrating reasonable diligence to comply with the appropriate recommendations (excepting certain limited instances when an Opinion of Counsel is obtained excusing such actions by the Lessee or where the Lessee makes a good faith determination in a statement to the Trustee that the Management Consultant's recommendations would violate State or federal law, the educational or charitable purpose of the Lessee or the applicable Charter) and the Coverage Ratio does not fall below 1.0 to 1 in any Fiscal Year, the Lessee will be deemed to have complied with its covenant described under this heading "Coverage Ratio Covenant." The Lessee shall continue to retain the Management Consultant until the Lessee has achieved a Coverage Ratio of at least the required level for at least two consecutive fiscal quarters. In the event that the Coverage Ratio is below 1.0 to 1 in any Fiscal Year and the Days Cash on Hand is less than ninety (90) on June 30 of any Fiscal Year, an event of default shall have occurred under the Lease Agreement. Notwithstanding the foregoing, regardless of whether the Lessee has retained a Management Consultant, if the Coverage Ratio is less than 1.0 to 1 as of June 30 of such Fiscal Year, then the Trustee shall post notice thereof to EMMA, and the Majority Bondholder may either: (a) direct the Trustee to declare an Event of Default or (b) direct the Trustee to exercise one or more of the remedies permitted under the Loan Agreement and the Indenture. Notwithstanding the foregoing, regardless of whether the Lessee has retained a Management Consultant, if the Coverage Ratio is less than 1.0 to 1 for two consecutive Fiscal Years regardless of the level of Days Cash on Hand in such Fiscal Years, then the Trustee shall post notice thereof to EMMA, and the Majority Bondholders may either: (a) direct the Trustee to declare an Event of Default or (b) direct the Trustee to exercise one or more of the remedies permitted under the Loan Agreement and the Indenture.

In the event of an Event of Default under the "Coverage Ratio Covenant" set forth above, the Majority Bondholder may require the Borrower and the Lessee to arrange monthly or quarterly conference calls with the Majority Bondholder, regarding performance of the Lessee and the School. The Borrower and the Lessee shall provide at least 15 days' notice of such calls to EMMA.

#### **Covenant Regarding Cash on Hand**

Under the Lease Agreement, the Lessee covenants and agrees that the Lessee will maintain the "Days Cash on Hand Requirement," which means for the Fiscal Year ending June 30, 2020, and for the end of each Fiscal Year thereafter, 45 Days Cash on Hand.

For purposes of the preceding paragraph, "Days Cash on Hand" means as of any date of determination, the product of 365 times a fraction, (i) the numerator of which is the aggregate amount of School's unrestricted cash and unrestricted investments and board designated funds that are not otherwise restricted (either permanently or temporarily) as to their use for payment of total Operating Expenses as of such date of determination and (ii) the denominator of which is total Operating Expenses, in each case, for the period of four fiscal quarters ended on the date of determination, and determined in accordance with Generally Accepted Accounting Principles.

The Lessee will provide, not later than December 31 following the end of each of the Lessee's Fiscal Years, the Trustee and the Underwriters with a certificate stating the Days Cash on Hand as calculated based on the audited financial statements for the Fiscal Year then ended, commencing with the Fiscal Year ending June 30, 2020. This certificate shall also be provided to the Majority Bondholder upon its request or filed on EMMA. Commencing with the Fiscal Year ending June 30, 2020, in the event that Days Cash on Hand falls below the Days Cash on Hand Requirement set forth above as of any June 30, the Lessee shall retain a Management Consultant within 60 days following the reporting of such failure at the Lessee's expense. The Majority Bondholder of the Bonds then

Outstanding shall have the right to object to the Lessee's selection of a Management Consultant and direct the Lessee to select an alternate Management Consultant. The Lessee shall cause the Management Consultant to submit a written report and make recommendations within 45 days of being retained (a copy of such report and recommendation shall be filed with the Borrower, the Underwriters and the Trustee) with respect to financial matters of the Lessee which are relevant to increasing the Days Cash on Hand to at least the required level.

"Majority Bondholder" means any registered owner of, or owners who together own, greater than 50% of the aggregate Outstanding principal amount of the Bonds.

Under the Lease Agreement, copies of such recommendations shall be filed with the Borrower, the Underwriters and Trustee. The Lessee agrees that promptly upon the receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, or to the extent practical, it shall revise its methods of operation and shall take such other reasonable actions as shall be in conformity with the recommendations. So long as the Lessee shall retain a Management Consultant and complies with such Management Consultant's recommendations to the extent practical or not prohibited by law, no default or Event of Default shall be declared solely by reason of a violation of the requirements of the Lease Agreement.

In the event of an Event of Default under the "Covenant Regarding Cash on Hand" set forth above, the Majority Bondholder may require the Borrower and the Lessee to arrange monthly or quarterly conference calls with the Majority Bondholder, regarding performance of the Lessee and the School. The Borrower and the Lessee shall provide at least 15 days' notice of such calls to EMMA.

#### **Selection of Management Consultant**

Upon the selection of a Management Consultant as required by the Lease Agreement in connection with the "Coverage Ratio Covenant" and the "Covenant Regarding Cash on Hand" set forth above, the Lessee shall cause a notice of the selection of such Management Consultant (the "Management Notice"), including the name of such Management Consultant and a brief description of such Management Consultant to be filed with EMMA. The Majority Bondholder shall be deemed to have consented to the selection of such Management Consultant unless the Majority Bondholder submits to the Trustee a written objection to the Management Consultant in a manner acceptable to the Trustee (an "Objection Notice") within thirty (30) days of the date the Management Notice is posted to EMMA (the "Objection Period"). If an Objection Notice is received by the Trustee within the Objection Period, then the Lessee shall select an alternate Management Consultant and shall post a new Management Notice with respect to the newly selected Management Consultant, which may be objected to by the Majority Bondholder as set forth in the Lease Agreement. The objection rights of the Registered Owners set forth in the Lease Agreement shall be ongoing until the Objection Period expires.

#### **Covenant Regarding Charter School Act**

In the Lease Agreement, the Lessee covenants to comply fully and in all respects with the provisions of the Charter School Act so long as any Bonds remain Outstanding.

#### **Limitations on Indebtedness**

If any of the additional parity Indebtedness described in the Lease Agreement involves the issuance of Additional Bonds, the Lessee shall also be subject to and shall satisfy any additional requirements set forth in the Indenture.

As defined in the Lease Agreement:

"Indebtedness" means all indebtedness of the Borrower or the Lessee (as consolidated for financial reporting purposes) for borrowed moneys related to or payable from, in whole or in part, revenues of the School, including, but not limited to, indebtedness which has been incurred or assumed in connection with the acquisition, construction, improvement, renovation or equipping of the Facilities, all indebtedness, no

matter how created, secured by the Facilities, whether or not such indebtedness is assumed by the Borrower or the Lessee, any leases required to be capitalized in accordance with Generally Accepted Accounting Principles, installment purchase obligations and guaranties.

"Long-Term Indebtedness" means any Indebtedness incurred, assumed or guaranteed by the Lessee payable from or secured by Revenues or assets of the School maturing on or after the expiration of the one year period after it is incurred.

"Long-Term Indebtedness Unrelated to the School" means indebtedness incurred, assumed or guaranteed by the Lessee not payable from or secured by Revenues or assets of the School maturing on or after the expiration of the one year period after it is incurred.

"Short-Term Indebtedness" means Indebtedness incurred, assumed or guaranteed by the Lessee payable from or secured by Revenues or assets of the School having an original maturity less than or equal to one year and not renewable at the option of the Lessee for a term greater than one year beyond the date of original incurrence.

"Short-Term Indebtedness Unrelated to the School" means indebtedness incurred, assumed or guaranteed by the Lessee not payable from or secured by Revenues or assets of the School having an original maturity less than or equal to one year and not renewable at the option of the Lessee for a term greater than one year beyond the date of original incurrence.

*Senior Indebtedness.* Under the Lease Agreement, the Lessee covenants not to incur any additional Indebtedness, Long-Term Indebtedness Unrelated to the School, or Short-Term Indebtedness Unrelated to the School secured, in each case, secured by Liens on any portion of the Facilities or the Revenues that are senior to the Lien on any Deed of Trust on any portion of the Facilities or the security interest in the Revenues granted by the Lease Agreement and any Deed of Trust.

*Long-Term Indebtedness.* Under the Lease Agreement, the Lessee may incur additional Long-Term Indebtedness if either of the following tests is met:

- (i) the Coverage Ratio for the most recent Fiscal Year for which an audit has been completed was at least 1.10 to 1 (taking into account the proposed additional Long-Term Indebtedness and any Long-Term Indebtedness to be refinanced thereby); or
- (ii) a Management Consultant reports that (A) the Coverage Ratio for the most recent Fiscal Year for which an audit has been completed was at least 1.10 to 1, and (B) the Coverage Ratio for each of the first three consecutive Fiscal Years following the incurrence of such Long-Term Indebtedness or, if such Long-Term Indebtedness is being issued to finance improvements, equipment or new facilities, the first three consecutive Fiscal Years after such improvements, equipment or new facilities are placed in service, is projected to be at least 1.20 to 1 (taking into account the proposed additional Long-Term Indebtedness and any Long-Term Indebtedness to be refinanced thereby and provided that, such projected Net Income Available for Lease Payments shall be adjusted to provide for any projected revenues and expenses anticipated as the result of any real or personal property acquired, constructed, or completed with the proceeds of any such Long-Term Indebtedness).

*Completion Indebtedness.* Pursuant to the Lease Agreement, the Lessee may issue Completion Indebtedness in an amount not to exceed 5% of the original Indebtedness issued for the purpose of financing certain Construction Project, if the following conditions are met: (i) the Lessee certifies, in writing, to the Trustee that at the time the original Indebtedness issued for the purpose of financing certain Construction Project was incurred, the Lessee believed or had reason to believe that the proceeds of such Indebtedness together with other moneys then expected to be available to pay for such Construction Project would provide sufficient moneys for the completion thereof; (ii) a Consulting Architect provides the Trustee with a written statement specifying the amount necessary to complete such Construction Project; and (iii) the Lessee certifies, in writing, to the Trustee that the proceeds of the



proposed Completion Indebtedness, together with other legally available moneys of the Lessee, will be in an amount equal to the amount set forth in clause (ii) of this subsection.

*Refunding Indebtedness.* The Lessee may issue Refunding Indebtedness, provided that the Lessee certifies, in writing, to the Trustee that the Maximum Annual Debt Service will not be increased by more than 10% by such refunding.

*Short-Term Indebtedness, Non-Recourse Indebtedness, PPP Loan, and Subordinated Indebtedness.* The Lessee may incur Non-Recourse Indebtedness and Subordinated Indebtedness with the prior written consent of the Majority Bondholder. The Lessee may incur Short-Term Indebtedness provided that in no event shall the aggregate principal amount of all Short-Term Indebtedness outstanding at any time exceed the greater of (A) \$500,000; (B) 10% of the Lessee's operating revenues of the School for the last preceding Fiscal Year for which audited financial statements have been prepared pursuant to the Lease Agreement; or (C) the amount of any deferrals of State Payments in any Fiscal Year. The Lessee may incur a PPP Loan in the maximum principal amount of \$2,500,000, provided, however, that any portion of the PPP Loan that is not forgiven or repaid shall constitute Short-Term Indebtedness for purposes of the calculation of the amount of Short-Term Indebtedness that may be incurred by the Lessee while the PPP Loan is outstanding. Notwithstanding the foregoing, the Lessee shall not enter into any agreement for factoring with regards to accounts receivable without the prior written consent of the Majority Bondholder.

"PPP Loan" means the unsecured forgivable loan made to Lessee by in connection with the United States Small Business Administration Payroll Protection Program established under the Coronavirus Aid, Relief and Economic Security Act of 2020.

*Long-Term Indebtedness Unrelated to the School.* The Lessee may incur Long-Term Indebtedness Unrelated to the School if the Lessee Coverage Ratio for the first Fiscal Year following the incurrence of such Long-Term Indebtedness Unrelated to the School or, if such Long-Term Indebtedness Unrelated to the School is being issued to finance improvements, equipment or new facilities, the Fiscal Year after such improvements, equipment or new facilities are placed in service, is projected to be at least 1.00 to 1 (taking into account the proposed additional Long-Term Indebtedness Unrelated to the School and any Long-Term Indebtedness Unrelated to the School to be refinanced thereby).

"Lessee Coverage Ratio" means the ratio obtained by dividing (i) Lessee Net Income Available for Lease Payments for the Fiscal Year being tested by (ii) the sum (without duplication) of Actual Annual Lease Payments and Lessee Actual Annual Debt Service (which Lessee Actual Annual Debt Service shall not include any payments with respect to the Bonds).

See APPENDIX D – "SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS" for the definitions of Lessee Net Income Available for Lease Payments and Lessee Actual Annual Debt Service.

*Short-Term Indebtedness Unrelated to the School.* The Lessee may incur Short-Term Indebtedness Unrelated to the School without limitation.

For the avoidance doubt the Lessee may only incur additional Indebtedness pursuant to the Lease Agreement so long as no Event of Default has occurred and is continuing under the Lease Agreement.

*Operating Leases.* The Lessee will not enter into any operating leases for facilities to be paid from Revenues unless the Lessee has delivered to the Trustee:

(a) Evidence that (1) the ratio for the immediately preceding Fiscal Year of (i) Net Income Available for Lease Payments (provided that for purposes of the provision summarized herein, the definition of Net Income Available for Lease Payments shall also exclude base lease payments paid pursuant to the operating lease) to (ii) Actual Annual Debt Service plus Actual Annual Lease Payments plus the first year of payments to be paid pursuant to the operating lease was at least 1.10 to 1 and (2) an opinion or report based on a feasibility study of an

Independent consultant that for each of the two succeeding Fiscal Years occurring after the commencement of the lease term, the ratio of (i) Net Income Available for Lease Payments to (ii) Actual Annual Debt Service plus Actual Annual Lease Payments plus the payments to be paid pursuant to the operating lease is projected to be at least 1.20 to 1; or

(b) Evidence of the consent of the Beneficial Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

*Parity Additional Indebtedness.* In connection with the Lessee's incurrence of parity additional Indebtedness pursuant to the Lease Agreement provision described under the heading "General" above, the Lessee shall enter into such documentation as may be necessary to reflect and implement the parity position of such Indebtedness. Such documentation may consist of, but is not limited to, a custody and parity lien agreement, intercreditor agreement or deposit account control agreement (the "Parity Agreement") with a representative of the holders of the parity Indebtedness (a "Parity Trustee") and a third party (the "Indebtedness Custodian").

The Indebtedness Custodian will (a) hold all sums held by it for the payment of principal of (and premium, if any) or interest or any other amounts on the Bonds and the parity Indebtedness in trust for the benefit of the Trustee and the Parity Trustee until such sums shall be paid to such entities or otherwise disposed of as therein provided; and (b) give the Trustee notice of any default by the Lessee in the making of any such payment of principal (and premium, if any) or interest or any other amounts.

Any Revenues collected by the Indebtedness Custodian under the Parity Agreement and any proceeds of any sale of the Facilities, whether made under any power of sale granted in the Lease Agreement or pursuant to judicial proceedings, together with, in the case of an entry or sale as otherwise provided in the Lease Agreement, any other sums then held by the Indebtedness Custodian under the Parity Agreement, shall be applied to the payment of the Bonds and the other parity Indebtedness in a prorata fashion based on then Outstanding principal amount of the Bonds and the then outstanding principal amount of parity Indebtedness.

No holder of any parity Indebtedness shall have any right to institute any proceeding, judicial or otherwise, with respect to the documents related to such parity Indebtedness, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

- (i) such holder has previously given written notice to the Trustee of a continuing event of default; and
- (ii) the holders of not less than 50% in principal amount of all parity Indebtedness Outstanding shall have made written request to institute proceedings in respect of such event of default;

it being understood and intended that no one or more holders of any parity Indebtedness shall have any right in any manner whatever by virtue of, or by availing of, any provision of the documents related to the applicable parity Indebtedness to affect, disturb or prejudice the rights of any other holder of parity Indebtedness, or to obtain or to seek to obtain priority or preference over any other holders, or to enforce any right under their respective documents, except in the manner provided in the Lease Agreement and for the equal and ratable benefit of all the holders of parity Indebtedness.

### **Lease Payments, Revenues and Other Legally Available Funds**

The revenues pledged to secure the payment of the Bonds consist of Loan Payments, which are the payments required to be made by the Borrower to the Loan Agreement, the sole source of which is expected to be Lease Payments, which are the Base Lease Payments and Additional Lease Payments required to be paid by the Lessee to the Borrower pursuant to the Lease Agreement. The expected source of Lease Payments from the Lessee to the Borrower is Revenues, defined to mean, regardless of source and to the extent permitted by law, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the School, including the rights to receive such revenues, all as calculated in accordance with Generally Accepted Accounting Principles, including State Payments, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and

other rights and assets, whether now or hereafter owned, held or possessed by the Lessee related to the School; and all gifts, grants, bequests and contributions (including income and profits therefrom) related to the School to the extent permitted by the terms thereof.

The Borrower anticipates that substantially all of the revenues available for Loan Payments shall be derived from the lease of the Facilities to the Lessee pursuant to the Lease Agreement, including Base Lease Payments and Additional Lease Payments payable by the Lessee under the Lease Agreement, and amounts on deposit in certain funds created in the Indenture. The Lessee anticipates that substantially all of the revenues available for payments under the Lease Agreement shall be derived from Revenues. The Lessee has pledged all of its Revenue to secure its obligations with respect to the Lease Payments.

### **Lease Blocked Account Agreement**

Pursuant to a Lease Blocked Account Agreement (the "Lease Blocked Account Agreement") by and between the Lessee and Wilmington Trust, National Association, as custodian (the "Custodian"), entered into concurrently with the issuance of the Series 2020 Bonds, the Lessee has agreed to deposit the portion of the Revenues of the School (as such terms are defined in the Lease) that is paid from the Authorizer immediately upon receipt thereof, or direct any third party or the Authorizer to deposit such amounts on the date available, into an account of the Borrower's to be held by the Custodian (the "Blocked Account" and each such deposit, an "Account Deposit"). On each Monthly Disbursement Date the Custodian will wire, from the Revenues, the following amounts in the following order of priority:

FIRST, to the Borrower any portion of Account Deposit received that does not qualify as Revenues of the School, as certified to the Custodian in writing by the Borrower.

SECOND, Custodian shall set aside, for Base Lease Payments disbursement to the Trustee on the next succeeding disbursement date, the amount set forth in the Lease Blocked Account Agreement for the corresponding disbursement date which follows the receipt of each Account Deposit. If the amount on deposit in the Blocked Account is not sufficient to make the payment on any disbursement date set forth in the Lease Blocked Account Agreement (such insufficient amount referred to herein as the "Shortfall"), an amount equal to the Shortfall shall be set aside from the next Account Deposit for disbursement on the next succeeding disbursement date set forth in the Lease Blocked Account Agreement; provided however, the amount of any Shortfall shall be reduced by any amounts confirmed in writing by the Trustee to the Custodian that, as a result of the occurrence of the Shortfall, were otherwise paid to the Trustee by the Borrower from other legally available funds.

THIRD, the Custodian shall set aside, as Additional Lease Payments, any amounts required to be paid into the Debt Service Reserve Fund and the Repair and Replacement Fund pursuant to the Lease Agreement and the Loan Agreement for disbursement to the Trustee. If the amount on deposit in the Blocked Account is not sufficient to make the payments as required by the Lease Agreement and the Loan Agreement (such insufficient amount referred to herein as the "Deficiency"), an amount equal to the Deficiency shall be set aside from the next Account Deposit for prompt disbursement to the Trustee

FOURTH, the Custodian shall set aside, as Additional Lease Payments, an amount consisting of the Trustee's annual fee, the Custodian's annual fee, the fee of the Dissemination Agent, and the Authority's annual fee. If the amount on deposit in the Blocked Account is not sufficient to make the payment on July 1 of each calendar year, commencing July 1, 2021 (such insufficient amount referred to herein as the "Deficiency"), an amount equal to the Deficiency shall be set aside from the next Account Deposit for prompt disbursement to the Trustee.

FIFTH, any remaining amounts held in the Blocked Account following set aside of the amounts described in the preceding subsections (i), (ii) and (iii), including interest earnings on moneys held in the Blocked Account, shall promptly be disbursed by the Custodian to the Depositor.

The Lessee has covenanted in the Lease Agreement that except as provided in the Lease Blocked Account Agreement, it will not terminate or amend the Lease Blocked Account Agreement unless it has delivered to the

Borrower and the Trustee written evidence of the consent of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding regarding such termination or amendment.

**From the Closing Date, the Lessee has deposited the portion of the Revenues of the School that is paid from the Authorizer into the Blocked Account immediately upon receipt thereof, but no deposits have been made by the Authorizer into the Blocked Account.**

[Remainder of page intentionally left blank]

**DEBT SERVICE REQUIREMENTS**

The following table sets forth the debt service requirements for the Series 2020 Bonds and the Series 2021 Bonds for each year ending July 1. On the Closing Date, neither the Borrower nor the Lessee will have any Indebtedness outstanding except in connection with the Series 2020 Bonds and the Series 2021 Bonds. The AAE Bonds do not constitute Indebtedness as defined in the Indenture. See APPENDIX A – "THE LESSEE, THE SCHOOL, AND THE BORROWER – CERTAIN FINANCIAL INFORMATION – Debt" for a description of a Line of Credit (as defined therein), which does not constitute Indebtedness as defined in the Indenture, and a Potential PPP Loan, which may be incurred in the future.

<b>Year Ending July 1</b>	<b>Series 2021A Bonds Principal</b>	<b>Series 2021A Bonds Interest</b>	<b>Series 2021B Bonds Principal</b>	<b>Series 2021B Bonds Interest</b>	<b>Series 2020 Bonds Total</b>	<b>Total Debt Service</b>
	\$	\$	\$	\$	\$	\$
<b>Total</b>	<b>\$(XXX).00</b>	<b>\$</b>	<b>\$(YYY).00</b>	<b>\$</b>		<b>\$</b>

## LEGAL MATTERS

### General

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2021 Bonds by the Authority are subject to the approving opinion of Kutak Rock LLP, Bond Counsel, whose approving opinion will be delivered with the Series 2021 Bonds, and the proposed form of which is set forth in APPENDIX E – "FORM OF BOND COUNSEL OPINION." Such bond counsel opinion delivered may vary from that form if necessary to reflect facts and law on the date of delivery. Certain legal matters will be passed upon by Young, Minney & Corr, LLP, as counsel to the Borrower and the Lessee; by Kutak Rock LLP, Los Angeles, California, as special counsel to the Authority; and by Ice Miller LLP, as counsel to and solely for the benefit of the Underwriter. Kutak Rock LLP, Los Angeles, California, undertakes no responsibility for this Limited Offering Memorandum.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds will speak only as of their dates of delivery and will be qualified in certain customary respects, including as to the enforceability of the various legal instruments by limitations imposed by state and federal law affecting remedies and by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, the application of equitable principles and the exercise of judicial discretion in appropriate cases. The legal opinions express the professional judgment of counsel rendering them, but are not binding on any court or other governmental agency and are not guarantees of a particular result. Certain fees paid to Bond Counsel and the Underwriter for services rendered are contingent upon the issuance and delivery of the Series 2021 Bonds.

### Pending and Threatened Litigation

#### No Proceedings Against the Borrower or the Lessee

In connection with the issuance of the Series 2021 Bonds, the Borrower and the Lessee will deliver certificates which will state that, as of the Closing Date, to the best of their knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Borrower or the Lessee, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Loan Agreement, the Lease Agreement, the Ground Lease, the Guaranty, the Lease Blocked Account Agreement, the Deed of Trust, the Bond Purchase Agreement (referred to in "MISCELLANEOUS – UNDERWRITING"), or this Limited Offering Memorandum, the validity and enforceability of the Indenture, the Loan Agreement, the Lease Agreement, the Ground Lease, the Guaranty, the Lease Blocked Account Agreement, the Deed of Trust, the Bond Purchase Agreement or the Series 2021 Bonds or the operations (financial or otherwise) of the Borrower or the Lessee.

#### No Proceedings Against the Authority

To the knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Authority seeking to restrain or enjoin the sale or issuance of the Series 2021 Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2021 Bonds, the validity or enforceability of the documents executed by the Authority in connection with the Series 2021 Bonds, the completeness or accuracy of the Limited Offering Memorandum or the existence or powers of the Authority relating to the sale of the Series 2021 Bonds.

## TAX MATTERS

### The Series 2021A Bonds

[To be updated by Kutak: *General Matters*. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2021A Bonds (including any original

issue discount properly allocable to the owner of a Series 2021A Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the Authority, the Borrower and the Lessee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2021A Bonds. Failure to comply with such requirements could cause interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021A Bonds. The Authority, the Borrower and the Lessee have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2021A Bonds.

The accrual or receipt of interest on the Series 2021A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2021A Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2021A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2021A Bonds.

Bond Counsel is also of the opinion that, under existing State of California laws, interest on the Series 2021A Bonds is exempt from State of California personal income taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2021A Bonds under the laws of the State of California or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix E.

**Original Issue Discount.** The Series 2021A Bonds that have an original yield above their respective interest rates, as shown on page i of this Limited Offering Memorandum (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than

the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

**Original Issue Premium.** The Series 2021A Bonds that have an original yield below their respective interest rates, as shown on page i of this Limited Offering Memorandum (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

**Recognition of Income Generally.** Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2021A Bonds under the Code.

**Backup Withholding.** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2021A Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2021A Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2021A Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

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

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2021 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.]

**PROSPECTIVE PURCHASERS OF THE SERIES 2021 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2021 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2021 BONDS.**



## CONTINUING DISCLOSURE AGREEMENT

The Borrower, the Lessee and Campanile Group, Inc., as dissemination agent, will enter into and deliver the Continuing Disclosure Agreement with respect to the Series 2021 Bonds. The Continuing Disclosure Agreement is made for the benefit of the Registered Owners and Beneficial Owners of the Series 2021 Bonds and in order to assist the Underwriter in complying with their obligations pursuant to the Rule. See APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT." The Borrower has not previously entered into an undertaking required by the Rule. As such, the Borrower has not ever failed to comply in all material respects with any previous undertaking required by the Rule. See "RISK FACTORS – Failure to Provide Ongoing Disclosure."

In connection with the issuance of the AAE Bonds, the Lessee entered into an undertaking required by the Rule (the "AAE Bonds Continuing Disclosure Agreement"). **[To be confirmed:** The Lessee has complied in all material respects with the AAE Bonds Continuing Disclosure Agreement.]

In connection with the issuance of the Series 2020 Bonds, the Lessee entered into an undertaking required by the Rule (the "Series 2020 Bonds Continuing Disclosure Agreement"). **[To be confirmed:** The Lessee has complied in all material respects with the Series 2020 Bonds Continuing Disclosure Agreement.]

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2021 Bonds or to any decision to purchase, hold or sell any Series 2021 Bonds and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Series 2021 Bonds or any other person with respect to the Rule.

## FINANCIAL STATEMENTS

The audited financial statements of the Lessee for the Fiscal Years ended June 30, 2018, 2019, and 2020, included in this Limited Offering Memorandum in APPENDIX B-1 – "FINANCIAL STATEMENTS," have been audited by Nigro & Nigro PC, A Professional Accountancy Corporation (the "Auditor"), to the extent and for the period indicated in its report thereon. Such financial statements have been included in reliance upon the reports of the Auditor. The Lessee is not aware of any facts that would make such financial statements misleading. These financial statements were prepared using the standards applicable to nonprofit entities. The audited financial statements included in Appendix B-1 are an integral part hereof and should be read in their entirety.

The audited financial statements set forth in APPENDIX B-1 – "FINANCIAL STATEMENTS" reflect all of the Lessee's operations. **The only revenues of the Lessee pledged to the repayment of the Bonds are those revenues of the Lessee derived from its operation of the School.** As such, potential investors in the Series 2021 Bonds should carefully review the "Supplementary Information" presented in the audited financial statements and, in particular, the financial statements showing the "Combined Charter Schools."

## FINANCIAL PROJECTIONS

The Projections were prepared by Management in consultation with Campanile Group, Inc., and have not been independently verified by any other party. See "RISK FACTORS – Reliance on Projections."

## UNDERWRITING

### General

The Series 2021 Bonds will initially be purchased by Truist Securities, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2021 Bonds at a purchase price that will result in an underwriting [discount] of \$\_\_\_\_\_, subject to the terms of a bond purchase agreement among the Authority, the Borrower, the Lessee and Truist Securities, Inc., as the Underwriter (the "Bond Purchase Agreement"). The Bond Purchase Agreement provides that the Underwriter shall purchase all Series 2021 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase

Agreement, the approval of certain legal matters by counsel and certain other conditions. The right of the Underwriter to receive compensation in connection with the Series 2021 Bonds is contingent upon the actual sale and delivery of the Series 2021 Bonds. The Underwriter has initially offered the Series 2021 Bonds to the public at the prices set forth on page i of this Limited Offering Memorandum. Such prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2021 Bonds to the public. The Borrower and the Lessee have agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Authority against certain liabilities, including certain liabilities under federal and state securities laws.

### **Purchase and Transfer Restrictions**

EACH INITIAL PURCHASER OF THE SERIES 2021 BONDS SHALL BE EITHER (I) A QUALIFIED INSTITUTIONAL BUYER OR (II) AN ACCREDITED INVESTOR THAT, IN EITHER CASE, HAS PROVIDED AN INVESTOR LETTER IN THE FORM OF APPENDIX H HERETO, OR SUCH OTHER FORM AS THE AUTHORITY MAY APPROVE, TO THE AUTHORITY AND THE UNDERWRITER. THEREAFTER, FOR SO LONG AS THE SERIES 2021 BONDS ARE UNRATED OR RATED BELOW "BBB-" (OR ITS EQUIVALENT) OR LOWER BY ANY RATING AGENCY RATING THE SERIES 2021 BONDS, THE SERIES 2021 BONDS MAY NOT BE TRANSFERRED TO ANY BENEFICIAL OWNER THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR. THE AUTHORITY MAY REMOVE THE FOREGOING RESTRICTIONS WITHOUT NOTICE TO OR CONSENT OF ANY BENEFICIAL OWNER. AT SUCH TIME AS THE BORROWER SHALL PROVIDE TO THE AUTHORITY AND THE TRUSTEE WRITTEN EVIDENCE TO THE EFFECT THAT EACH RATING AGENCY THEN RATING THE SERIES 2021 BONDS HAS RATED THE SERIES 2021 BONDS "BBB-" OR EQUIVALENT, OR HIGHER (WITHOUT REGARD FOR GRADATION WITHIN A RATING CATEGORY AND WITHOUT REGARD FOR CREDIT ENHANCEMENT UNLESS SUCH CREDIT ENHANCEMENT EXTENDS THROUGH THE FINAL MATURITY DATE OF THE SERIES 2021 BONDS), THIS TRANSFER RESTRICTION SHALL BE OF NO FURTHER FORCE OR EFFECT AND THE AUTHORIZED DENOMINATIONS OF THE SERIES 2021 BONDS SHALL BE CHANGED (IF NECESSARY) TO DENOMINATIONS OF \$5,000 OR ANY INTEGRAL MULTIPLE THEREOF. See "RISK FACTORS – Eligible Purchasers of the Series 2021 Bonds; Restrictions on Transfer; Limited Market" in this Limited Offering Memorandum.

### **MUNICIPAL ADVISOR**

Campanile is serving as municipal advisor to the Borrower in connection with the issuance of the Series 2021 Bonds. Campanile has assisted the Borrower in preparation of this Limited Offering Memorandum and in other matters related to the planning, structuring, and issuance of the Series 2021 Bonds. Campanile will receive compensation contingent upon the sale and delivery of the Series 2021 Bonds.

Campanile has not audited, authenticated, or otherwise independently verified the information set forth in this Limited Offering Memorandum, or any other information related to the Series 2021 Bonds with respect to the accuracy or completeness of disclosure of such information. Campanile does not make any guaranty, warranty or other representation respecting the accuracy or completeness of this Limited Offering Memorandum or any other matter related to this Limited Offering Memorandum.

### **CERTAIN RELATIONSHIPS**

Ice Miller LLP, which is serving as counsel to the Underwriter in connection with the issuance of the Series 2021 Bonds, has previously served as bond counsel to the Authority in transactions unrelated to the issuance of the Series 2021 Bonds.

## MISCELLANEOUS

### **Registration of Series 2021 Bonds**

Registration or qualification of the offer and sale of the Series 2021 Bonds (as distinguished from registration of the ownership of the Series 2021 Bonds) is not required under the Securities Act. The Authority assumes no responsibility for qualification or registration of the Series 2021 Bonds for sale under the securities laws of any jurisdiction in which the Series 2021 Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred.

### **Additional Information**

The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Limited Offering Memorandum do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from Truist Securities, Inc., 9777 Wilshire Blvd, 7<sup>th</sup> Floor, Beverly Hills, California 90212.

[Remainder of page intentionally left blank]

**Certification**

The distribution and use of this Limited Offering Memorandum have been approved by the Authority. The preparation of this Limited Offering Memorandum and its distribution and use have been approved by the Borrower and the Lessee. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Authority, the Borrower or the Lessee and any purchaser, owner or holder of any Bond.

**230 SOUTH WATERMAN AVENUE LLC**, a California limited liability company, as Borrower

By: \_\_\_\_\_  
Lisa Lamb, Authorized Signatory

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INCORPORATED**, a California nonprofit public benefit corporation, as Lessee

By: \_\_\_\_\_  
David Rib, Chairman

**APPENDIX A**  
**THE LESSEE AND THE SCHOOL**

A-1

**APPENDIX B-1**  
**FINANCIAL STATEMENTS**

B-1-1

## APPENDIX B-2

### FINANCIAL PROJECTIONS

#### General

The financial projections of the Lessee\* with respect to the School for the Fiscal Years ending June 30, 2022-26 set forth in APPENDIX B-2 – "FINANCIAL PROJECTIONS" (the "Projections") were prepared by Management in consultation with Campanile Group, Inc. ("Campanile"), and have not been independently verified by any other party. Such financial projections constitute "forward-looking" statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See "INTRODUCTION – Caution Regarding Forward-Looking Statements" above. Although Management believes that the assumptions upon which these financial projections are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the School involve risks and uncertainties, many of which are outside of the Lessee's control and any one of which, or a combination of which, could materially affect the Lessee's results with respect to the School's operations.

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions; the willingness of the State to fund public schools including charter schools at present or increased levels; competitive conditions within the School's service area; lower-than-projected enrollment; unanticipated expenses; changes in government regulation including changes in the law governing charter schools in the State; future claims for accidents against the Lessee and the extent of insurance coverage for such claims; and other risks discussed in this Limited Offering Memorandum. See "RISK FACTORS."

No feasibility studies have been conducted with respect to operations of the Lessee pertinent to the Series 2021 Bonds. The Underwriter has not independently verified the Projections, and make no representation nor give any assurances that such Projections, or the assumptions underlying them, are complete or correct. Further, the Projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Series 2021 Bonds will be outstanding.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE LESSEE WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED DEBT SERVICE PAYMENTS ON THE BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN "RISK FACTORS," AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN, NOR AS TO THE ASSUMPTIONS ON WHICH THE PROJECTIONS ARE BASED.

#### Certain Assumptions

The Projections were prepared consistent with the assumptions described immediately thereafter.

[Placeholder for Projected Statement of Activities for Norton Science & Language Academy]

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\* For the definitions of certain words and terms used but not defined in this Appendix B-2, see the Limited Offering Memorandum and APPENDIX D – "DEFINITIONS AND SUMMARY OF CERTAIN DOCUMENTS."

**APPENDIX C**  
**SUMMARY OF CERTAIN PROVISIONS OF CALIFORNIA LAW**  
**CHARTER SCHOOLS**



**APPENDIX D**  
**SUBSTANTIALLY FINAL FORMS OF CERTAIN DOCUMENTS**

D-1

**APPENDIX E**  
**FORM OF BOND COUNSEL OPINION**

**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## APPENDIX G

### BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the Series 2021 Bonds. The Series 2021 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 2021 Bond certificate will be issued for each maturity of each Series of Series 2021 Bonds, each in the aggregate principal amount of that maturity of Series 2021 Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity 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](http://www.dtcc.com). The information set forth on these websites is not incorporated herein by reference.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 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 2021 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 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 2021 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 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, defaults, and proposed amendments to the Series 2021 Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 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 Authority 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 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2021 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 Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2021 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2021 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower and the Lessee believe to be reliable, but none of the Authority, the Borrower, or the Lessee take responsibility for the accuracy thereof.

**APPENDIX H**

**FORM OF INVESTOR LETTER**

[Form TBD based on marketing decision.]

<b>Summary report:</b>	
<b>Litera® Change-Pro for Word 10.9.2.0 Document comparison done on 9/17/2021 8:16:52 AM</b>	
<b>Style name:</b> IM Default	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> PLOM Preliminary Limited Offering Memorandum - Lewis Center (Norton) 2021-4847-8749-8988-v3.docx	
<b>Modified DMS:</b> nd://4847-8749-8988/4/Limited Offering Memorandum - Lewis Center (Norton) 2021.docx	
<b>Changes:</b>	
<a href="#">Add</a>	22
<del>Delete</del>	49
<del>Move From</del>	1
<u>Move To</u>	1
<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>73</b>

## AMENDED AND RESTATED LEASE BLOCKED ACCOUNT AGREEMENT

Account name: Norton Science and Language Academy Lease Blocked Account

THIS AMENDED AND RESTATED LEASE BLOCKED ACCOUNT AGREEMENT, hereafter referred to as the “Account Agreement,” is dated as of December 1, 2021, by and between HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INCORPORATED, a California nonprofit public benefit corporation, and its successors and assigns, hereinafter referred to as “Depositor” and WILMINGTON TRUST, NATIONAL ASSOCIATION, hereinafter referred to as “Custodian.” Depositor is depositing with Custodian, certain funds as set forth in Section 2 hereof. This Account Agreement amends and restates in its entirety that certain Lease Blocked Account Agreement, dated as of June 1, 2020, by and between the Depositor and the Custodian.

1. **Blocked Account.** Custodian hereby creates an account of Depositor to be held in Custodian’s custody (the “Blocked Account”), and Depositor hereby directs Custodian to hold funds placed in the Blocked Account, disburse said funds as set forth in Section 2 hereof, and perform such other services as set forth herein. This Blocked Account is established for the purpose of providing for the timely payment of “Base Lease Payments” and portions of “Additional Lease Payments” as said terms are defined in the Sublease Agreement, dated as of June 1, 2020 (the “Original Sublease Agreement”), as amended by that certain Sublease Agreement Supplement No. 1, dated as of December 1, 2021 (the “Lease Supplement” and, together with the Original Sublease Agreement, the “Lease”), by and between 230 South Waterman Avenue LLC, a California limited liability company, as Lessor (the “Lessor”), and the Depositor, as lessee. All terms not otherwise defined herein or in the Lease shall have the same meaning as in the Indenture of Trust, dated as of June 1, 2020, by and between the California Enterprise Development Authority (the “Issuer”) and Wilmington Trust, National Association, as trustee thereunder (the “Trustee”), as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2021 (as so supplemented, the “Indenture”).

2. **Deposits to and Disbursements from Blocked Account.**

(a) *Deposits to Blocked Account.*

(i) Commencing on or before July 1, 2020, Depositor shall deposit the portion of the Revenues of the School (as such terms are defined in the Lease) that is paid from the San Bernardino County Office of Education immediately upon receipt thereof, or direct any third party or the San Bernardino County Office of Education to deposit such amounts on the date available, into the Blocked Account (each such deposit referred to herein as an “Account Deposit”) in accordance with the Custodian’s Wire/ACH Instructions or physical deposit instructions in Exhibit A hereto. The Custodian shall receive each Account Deposit and invest such funds pursuant to the provisions of Section 18 hereof, until disbursed in accordance with subsection (b) of this Section 2.

(ii) From time to time, the Depositor may, but is not obligated to, also



deposit any legally available moneys of the Depositor into the Blocked Account, which shall also constitute an Account Deposit.

(b) *Disbursements from Blocked Account.* Each Account Deposit shall promptly be set aside and disbursed, and when disbursed using the instructions set forth in Exhibit A hereto for the Trustee and the Depositor, respectively, in the following amounts and in the following order of priority:

(i) FIRST, to the Depositor any portion of the Account Deposit that does not qualify as Revenues of the School, as certified to the Custodian in writing by the Depositor.

(ii) SECOND, Custodian shall set aside, for Base Lease Payments disbursement to the Trustee on the next succeeding disbursement date set forth in Exhibit B hereto, the amount set forth in Exhibit B hereto for the corresponding disbursement date which follows the receipt of each Account Deposit. If the amount on deposit in the Blocked Account is not sufficient to make the payment on any disbursement date set forth in Exhibit B hereto (such insufficient amount referred to herein as the "Shortfall"), an amount equal to the Shortfall shall be set aside from the next Account Deposit for disbursement on the next succeeding disbursement date set forth in Exhibit B hereto; provided however, the amount of any Shortfall shall be reduced by any amounts confirmed in writing by the Trustee to the Custodian that, as a result of the occurrence of the Shortfall, were otherwise paid to the Trustee by the Depositor from other legally available funds.

(iii) THIRD, the Custodian shall set aside, as Additional Lease Payments, any amounts required to be paid into the Debt Service Reserve Fund and the Repair and Replacement Fund pursuant to the Lease for disbursement to the Trustee. If the amount on deposit in the Blocked Account is not sufficient to make the payments as required by the Lease (such insufficient amount referred to herein as the "Deficiency"), an amount equal to the Deficiency shall be set aside from the next Account Deposit for prompt disbursement to the Trustee

(iv) FOURTH, the Custodian shall set aside, as Additional Lease Payments, an amount equal to [\$9,000] annually, consisting of the Trustee's annual fee of [\$2,000], the Custodian's annual fee of [\$1,500], the fee of the Dissemination Agent (as defined in the Indenture) of [\$3,000], and the Issuer's annual fee of [\$2,500.00]. If the amount on deposit in the Blocked Account is not sufficient to make the payment on July 1 of each calendar year, commencing July 1, 2022 (such insufficient amount referred to herein as the "Deficiency"), an amount equal to the Deficiency shall be set aside from the next Account Deposit for prompt disbursement to the Trustee.

(v) FIFTH, any remaining amounts held in the Blocked Account following set aside of the amounts described in the preceding subsections (i), (ii), (iii) and (iv), including interest earnings on moneys held in the Blocked Account, shall promptly be disbursed by the Custodian to the Depositor.

3. **Custodian Only a Depository.** Custodian acts hereunder as a depository only and is not responsible or liable for the sufficiency, correctness, genuineness or validity of any instrument deposited hereunder or with respect to the form or execution of the same or the identity, authority or rights of any person executing or depositing the same. Custodian shall dispose of such instruments only as provided herein. Custodian specifically acknowledges and agrees that, in its capacity as Custodian, it shall have no claim on any Account Deposit prior to its disbursement pursuant to Section 2 hereof.

4. **Notice.** Any notice required or desired to be given by Depositor or Custodian to any other party to this Account Agreement may be given by delivery in person, or by facsimile or other electronic transmission, or by mailing the same, postage prepaid, to such party at the address noted on the signature page and notice so mailed or faxed shall for all purposes hereof be as effective as though served upon such party in person at the time of the fax or depositing such notice in the mail. It shall be the responsibility of Depositor and Custodian to notify each other in writing by appropriate documentation of any name, address, phone or facsimile number change.

5. **Reliance upon Depositor and Lessor.** Custodian shall be protected in acting upon any notice, request, waiver, consent, receipt or other paper or document received from Depositor or Lessor and believed by Custodian to be genuine. Custodian shall be under no duty or obligation to ascertain the identity, authority and/or rights of any person submitting instructions to Custodian in accordance with this Account Agreement.

6. **Limitations of Liability.** Custodian shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith or for any mistake of fact or law or for anything which Custodian may do or refrain from doing in connection herewith, including upon advice of counsel, except for its own willful misconduct or gross negligence. Custodian may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein.

7. **Adverse Claims.** In the event of an adverse claim or demand affecting the Blocked Account, Custodian may refuse to comply with such claim or demand and may refuse to deliver or dispose of the funds held in the Blocked Account until the rights of the adverse claimants have been finally adjudicated in a court of competent jurisdiction or until all differences shall have been adjusted by written agreement and Custodian shall have been notified thereof in writing signed by all parties to this Account Agreement. In the event of any such adverse claim or demand affecting the Blocked Account, Custodian may interplead the Blocked Account in a state court in the County of San Bernardino, California, which shall have exclusive jurisdiction and venue of any such dispute. If a court of competent jurisdiction declares any provision hereof invalid, it will be ineffective only to the extent of such invalidity, so that the remainder of the provision and this Account Agreement will continue in full force and effect.

8. **Authority for Agreement.** Each party represents and warrants that it has full power and authority to enter into this Account Agreement and has taken all action necessary,

corporate or otherwise, to carry out the transaction contemplated hereby so that when executed this Account Agreement constitutes a valid and binding obligation enforceable in accordance with its terms.

9. **Assignment or Transfer of Blocked Account.** No assignment, transfer, conveyance or hypothecation of any right, title or interest in and to the Blocked Account shall be binding upon Custodian unless written notice thereof from Depositor shall be served upon Custodian and all fees, costs and expenses incident to such transfer of interest shall have been paid.

10. **Terms of Agreement.** The terms of this Account Agreement, including Exhibit B hereto, may be altered, amended, modified or revoked by writing only, signed by each of the parties hereto or their successors or assigns, with the written consent of Lessor, and upon payment of all fees, costs and expenses incident hereto. Exhibit A hereto may be amended from time to time as set forth therein.

11. **Compensation.** In consideration for Custodian's agreement to perform the services set forth in this Account Agreement, Depositor agrees to pay the fees and charges of Custodian as follows: \$1,500 annual fee, payable in accordance with Section 2(b)(iii) hereof. All fees charged shall be paid by Depositor in such manner as Depositor and Custodian shall agree. In addition to the custody fee agreed upon, Depositor agrees to pay Custodian's costs and expenses including reasonable attorneys' fees in the event of any dispute or litigation threatened or commenced which requires Custodian in its opinion to refer such matter to its attorneys. Custodian will incur no liability for any delay reasonably required to obtain such advice of counsel.

12. **Integration.** This Account Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written. Custodian shall have no duty to know or determine the performance or nonperformance of any provision of any agreement between or with the other parties hereto, and the original or a copy of any such agreement deposited with Custodian shall not bind it in any manner. Custodian assumes no responsibility for the validity or sufficiency of any documents or papers or payments deposited or called for hereunder except as may be expressly and specifically set forth in this Account Agreement.

13. [Reserved]

14. **Indemnification.** Depositor hereby agrees to indemnify and save Custodian, its affiliates and their officers, employees, successors, assigns, attorneys and agents (each an "Indemnified Party") harmless from and against any and all claims, demands, actions, proceedings, judgments, losses, damages, counsel fees, court costs, payments, expenses, and all liabilities whatsoever, suffered or incurred by any Indemnified Party or Custodian as a result of anything which it may do or refrain from doing in connection with entering into and complying with the specific duties set forth in this Account Agreement or any litigation or cause of action arising from or in conjunction with this Account Agreement or involving the subject matter hereof or the Blocked Account or other monies deposited hereunder or for any interest upon any such monies, including, without limitation, arising out of the negligence of Custodian; provided that the foregoing indemnification shall not extend to the gross negligence or willful misconduct of Custodian. In no event shall the Custodian be liable for any special, indirect or consequential losses or damages of any kind (including, without limitation, lost profits) from any action taken or omitted to be taken by

it, even if advised of the possibility of such damages and regardless of the form of action. The Custodian shall not be required to expend or risk its own funds or otherwise incur financial liability (other than expenses or liabilities otherwise required to be incurred by the express terms of this Account Agreement) in the performance of its duties hereunder if it believes that repayment of such funds, or adequate indemnity, is not assured to it. This indemnity shall include, but not be limited to, all costs incurred in conjunction with any interpleader which Custodian may enter into regarding this Account Agreement. Depositor's indemnification of Custodian and each Indemnified Party shall survive the termination of this Account Agreement and shall further extend to Depositor's successors and assigns.

15. **Termination.** Either Depositor or Custodian may terminate this Agreement by providing written notice to the other party by Certified Mail, Return Receipt Requested; such notice to be effective thirty days after such notice has been deposited in the U.S. Mail and upon payment of any then-outstanding fees of Custodian; provided, however, that termination of this Agreement by Depositor shall require the written consent of Lessor. Upon the effective date of termination of this Agreement, Custodian shall turn over to Depositor all funds held and relinquish control over all accounts for which it serves as Custodian under this Agreement, including the Blocked Account.

16. **Resignation of Custodian.** Custodian may resign at any time by giving written notice by Certified Mail, Return Receipt Requested to all of the parties hereto to be effective thirty days after such notice has been deposited into the U.S. Mail. If a successor agent has not been appointed within thirty days after such notice of resignation, Custodian may petition any court of competent jurisdiction for the appointment of a successor Custodian. Costs of such petition, including reasonable attorneys' fees, shall be borne by Depositor or may be assessed by the resigning Custodian against the Blocked Account.

17. **Force Majeure.** The Custodian shall not be responsible or liable for any failure or delay in the performance of its obligation under this Account Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Custodian shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

18. **Tax Matters.** (a) **Reporting of Income.** The Custodian shall report to the Internal Revenue Service (the "IRS"), as of each calendar year-end, and to the Depositor, all income earned from the investment of any sum held in the Blocked Account, as and to the extent required under the provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"). The City shall furnish the Custodian with a completed Form W-8 or Form W-9, as applicable.

(b) **Preparations and Filing of Tax Returns.** The Depositor assumes the obligation to prepare and file, to the extent applicable, any and all income or other tax returns applicable to the Blocked Account with the IRS and any state or local taxing authorities.

(c) **Payment of Taxes.** Any taxes payable on income earned from the investment of any sums held in the Blocked Account shall be paid by the Depositor, whether or not the income was distributed by the Custodian during any particular year, to the extent required under the provisions of the Code or otherwise

19. **Applicable Law.** This agreement shall be constructed and construed in accordance with the laws of the State of California.

20. **Investments.** The funds in the Blocked Account shall remain uninvested.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF the undersigned have hereto affixed their signatures and hereby adopt as a part of this Account Agreement Exhibits A and B hereto.

DEPOSITOR

CUSTODIAN

**HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INCORPORATED**, a California nonprofit public benefit corporation, as Depositor

**WILMINGTON TRUST, NATIONAL ASSOCIATION**, as Custodian

By: \_\_\_\_\_  
[David Rib], [Chairman]

By: \_\_\_\_\_  
Authorized Signatory

Address:

17500 Mana Road  
Apple Valley, California 92307  
Attention: Lisa Lamb

Phone: (716) 946-5414  
Email: llamb@lcer.org

Address:

650 Town Center Drive, Suite 800  
Costa Mesa, California 92626  
Attention: Jeanie Mar

Phone: (714) 384-4153  
Email: jmar@wilmingtontrust.com

*(Lease Blocked Account Agreement – Norton Science and Language Academy Project, Series 2021)*

**EXHIBIT A**

DEPOSIT AND DISBURSEMENT INSTRUCTIONS

Custodian's Deposit Wire/ACH Instructions:

Bank Name: MANUFACTURERS & TRADERS TRUST CO  
Location: WILMINGTON, DE 19890  
Routing Number: 0311-0009-2  
Account Number: #141730-000  
Account Name: High Desert Partnership Lease Block

Custodian's Physical Deposit Instructions:

Wilmington Trust, National Association  
650 Town Center Drive, Suite 800  
Costa Mesa, CA 92626  
Attn: Corporate Trust Department

Trustee's Disbursement Transfer Information:

Trust account held with Wilmington Trust, National Association, Attn.: Jeanie Mar at  
Wilmington Trust, National Association  
650 Town Center Drive, Suite 800  
Costa Mesa, CA 92626  
Attn: Corporate Trust Department

Depositor's Disbursement Wire Instructions:

Bank:	MUFG Union Bank, N.A.
ABA #:	122000496
Account Holder:	High Desert Partnership In Academic Excellence, Inc.
Account No.:	4100005218
Reference:	High Desert Partnership In Academic Excellence, Inc. Checking Account

This Exhibit A may be amended from time to time by Depositor, Custodian or the Trustee, as the case may be, with respect to each of their respective disbursement instructions listed above, by providing Lessor, Custodian and Depositor with written notification of such amendment.

**EXHIBIT B**

**LEASE PAYMENTS PAYMENT SCHEDULE**

**[TO BE PROVIDED]**



**Lewis Center for Educational Research Board  
Agenda Item Cover Sheet**

Date of meeting: November 8, 2021

Title: AR 3314.3: Credit Card Usage

Presentation: \_\_\_\_\_ Consent: \_\_\_\_\_ Action:  X  Discussion: \_\_\_\_\_ Information: \_\_\_\_\_

**Background:**

This Board Policy 3314 related Administrative Regulation 3314.3 is being updated to support the significant purchasing increases due to the growth of the schools and organizational changes.

**Fiscal Implications (if any):**

None

**Impact on Mission, Vision or Goals (if any):**

**Recommendation:** Approve AR 3314.3 – Credit Card Usage

**Submitted by:** David Gruber, Director of Finance

## Lewis Center for Educational Research

### AR 3314.3: Credit Card Usage

**Adopted: June 15, 2020**

**Revised: November 8, 2021**

The Lewis Center for Educational Research ("LCER") Board of Directors ("Board") complies with applicable federal and state laws and regulations governing Business and Finance.

#### Credit Card Issuance

The President/Chief Executive Officer ("CEO") shall be issued an organization credit card upon approval from the Board with a credit card limit determined by the Board and not to exceed \$8,000. The CEO may request additional cards issued to additional staff for LCER purposes.

#### Credit Card Usage:

##### Purchasing Limits

1. The monthly limit shall be no greater than \$3000.00 per card, with the exception of the Purchasing Department card having a monthly limit no greater than ~~\$1530~~,000.00.
2. These limits may be adjusted on an individual case-by-case basis when requested by the CEO and approved by the Board.

The Department Director is responsible for:

- Comparing the Credit Card statements and documentation received from the cardholder.
- Reviewing charges to ensure that purchases are appropriate and that required documentation is included.
- Approving, initialing and dating the statements that were submitted by the cardholder.
- Forwarding the entire package including the original receipts and supporting documentation (i.e. packing slips, proof of delivery, quotes, etc.) to Accounts Payable.
- Notifying the Finance Department when a cardholder leaves or is transferred.

The Cardholder is responsible for:

- Ensuring the organizational credit card is used appropriately and all purchases are within the organization's allowable purchase requirements.
- Receive prior Supervisor approval for all credit card purchases, additionally purchase must be designated to a funding source.
- Reviewing the statements for accuracy and reconciling the credit card statement with the itemized vendor receipts and supporting documentation.
- Contacting the credit card company on questionable items or disputed items within 30 days of receiving the credit card statement.

Possession of a LCER credit card is a responsibility and a privilege. Misuse and/or abuse of the credit card will result in the cancellation of the cardholder's privileges and may lead to holding the employee financially responsible and/or disciplinary action up to and include release from at-will employment.



**Lewis Center for Educational Research  
STAFF REPORT**

Date: November 8, 2021  
 To: LCER Board of Directors  
 From: Lisa Lamb  
 Re: President/CEO Report

<b>Goal 1 (Business/Fiscal): Build and sustain the financial capacity of the Lewis Center in order to achieve our Strategic Plan.</b>	
1.1 <b>Objective:</b> At the end of the fiscal year, the Lewis Center and each school will maintain a balance of no less than 45 days of cash on hand (or 12.33%).	The Finance Team is working with our Auditors with their onsite review of the 2020/2021 fiscal year. We hope to be able to bring the Audit to the Board in December providing clarity on where we stand as an organization with financial stability exceeding the objective to continue with a positive cash balance.
1.2 <b>Objective:</b> Support oversight and accountability of funds by LCER budget managers through monthly financial reports which include budget-to-actuals.	<p>The Finance Team is continuing to provide monthly financial reports. These reports help the managers make sure that they are meeting the goals and objectives in their LCAP budget and understand where they are with planning for the rest of the school year.</p> <p>The Finance Team in coordination with the Executive Team, is beginning to review the impacts of loss ADA due to significantly lower than traditional attendance rates.</p>
1.3 <b>Objective:</b> Most restrictive dollars (i.e.: categorical funding, one-time monies, Special Education funding, grants, etc.) will be utilized first and according to funding requirements and as approved by the School Site Council.	Both schools continue to receive additional funding to support Learning Loss and Educator Effectiveness funding. These funds continue to identify the necessity to utilize the most restricted dollars first. We discuss not only the purpose of these funds and the restrictions placed on them, but also timeline on when these funds must be expensed. This process will help support the schools, make sure that they use the most restricted funding first and communicate with stakeholders all areas of support we are providing our students.
1.4 <b>Objective:</b> Develop and share with stakeholders a proposed 3-year financial plan in alignment with the LCAP engagement process (presented annually at the June board meeting).	The LCAP and three-year budget was approved at the regularly scheduled board meeting in June. The Finance Team will be updating the multi-year projections following the close of 1st Interim on October 31st and presented during the December Board Meeting.
1.5 <b>Objective:</b> Prioritize staff compensation (inclusive of salaries and benefits) in a way that is sustainable.	The Executive Team has continued to evaluate all positions and areas of need to make sure that we are able to keep our staff and when necessary, recruit for the highest quality staff to support the students and families we serve. We have recently approved an increase in new positions throughout both campuses, in order to support growing services in food services, health office support, sanitation, and instruction to meet the current COVID guidance and need.

<p>1.6 <u>Objective</u>: The Foundation Board will raise funds annually to support the identified needs of LCER schools and programs.</p>	<p>The Foundation has requested to join the Board Strategic Planning. This will allow the Foundation to align future fund development efforts toward the updated goals of the Board.</p>
<p><b>Goal Two (Facilities): Develop and maintain facilities to meet the TK-12 needs at both campuses.</b></p>	
<p>2.1 <u>Objective</u>: Complete NSLA TK-12 and Head Start campuses by August of 2021 and within budget.</p>	<p>The Head Start campus was delivered to San Bernardino County on July 7, 2021. We are expecting to have full sign off from the County in November following final punch list items to be complete and final. NSLA’s campus was completed and opened on time with great celebration. We are working on the final close out billing to verify where the project ended on the budget.</p>
<p>2.2 <u>Objective</u>: Be prepared to open NSLA on August 30, 2021.</p>	<p>NSLA opened on time with the first day of school September 7th. Staff was able to return on August 23rd to prepare the campus for students. LCER is in preparation to finance and construct a gymnasium on the NSLA campus with the expected completion date in August 2022 for the new school year.</p>
<p>2.3 <u>Objective</u>: LCER will create a deferred maintenance schedule after properly identifying and addressing needs of aging equipment, building and infrastructure. (AAE’s plan will be drafted by June 2021 and NSLA’s by June 2022.)</p>	<p>AAE’s deferred maintenance plan was submitted in June 2021 and will be continually monitored.</p> <p>NSLA’s plan is part of our new construction project and will be presented to the Board at the close of construction.</p>
<p>2. 4 <u>Objective</u>: Create a long-term plan for upcoming capital improvements at both campuses by June 2022.</p>	<p>Finance in coordination with the School Administration Teams and Facilities to identify necessary Capital Improvements at both campuses. With brand new construction for Norton, the current need is the completion of the plan to finance and build a Gym. We are actively planning to add an additional play structure for elementary grades with support from the Foundation and PTO. AAE is planning to remodel the music classrooms. Other major projects include moving school administration offices to B Bldg and redesigning special education and science classroom spaces.</p> <p>Additional facilities projects include the following:</p> <p>At NSLA, adding door stops, door mats &amp; cork boards to all the classrooms. Setting up services for pest control and Elevator PM.</p> <p>At AAE, working on upgrading and replacing all the thermostats to increase energy efficiency. The current thermostats have been discontinued. Getting quotes to replace all the main AC units for A&amp;C Bldgs. Getting pricing to tint the windows around the art room and the entrance of A-building.</p> <p>At AVCI, replacing the flooring in the science lab, removing the drop ceiling to accommodate the planetarium, and adding a walkway from the lower parking lot to the main entrance by the jet. The next projects that need to be completed are upgrades to the observatory including a larger telescope,</p>

	<p>paint and flooring. S.W. Roberts Construction has started building a pathway to the jet. The flooring in the science labs is getting postponed until after the holidays.</p>
	<p>To increase student and staff safety, detection devices for the discovery of hidden cameras, radio frequency signals, and listening devices have been purchased for both AAE and NSLA. Staff will regularly sweep locker rooms, restrooms, and other student common areas.</p>
<p><b>Goal 3 (Student Success): Strengthen the academic programs and enrichment opportunities at both schools resulting in increased student mastery while preparing every student for post-secondary success in the global society.</b></p>	
<p>3.1 <u>Objective</u>: Both schools will demonstrate continual increases in student mastery in the area of Mathematics as reported on the annual California School Dashboard.</p>	<p>AAE will begin Title I before- and after-school tutoring in October after Fall break. This will increase the number of teachers offering tutoring in all subjects including Math.</p> <p>The 2021 Revision of the Math Frameworks is scheduled to go before the State Board of Education for adoption in May of 2022. LEAs may follow the Frameworks at their discretion. AAE will continue to accelerate middle school math and follow the same high school pathway.</p> <p>NSLA continues to work closely with SWUN Math coaches onsite to support classroom instruction. The math coaches are focused on working with new teachers this trimester.</p>
<p>3.2 <u>Objective</u>: In order to demonstrate annual decreases in suspension rates on the California School Dashboard, both schools are implementing curricula at the elementary, middle and high school to support Social Emotional Learning (SEL). The collective outcomes of these strategies are to: enhance the ability of students to self-regulate, strengthen relationships amongst students and staff, and empower teachers to support SEL needs in the classroom.</p>	<p>The AAE counseling team, and members of the Executive Team and ATM teams, conducted meetings and classroom visits to address the current crisis affecting AAE. Parents, students and staff were engaged in conversations regarding stakeholders concerns and support needed. Improvements were made to LCER, AAE, and NSLA websites to facilitate requests for counseling and mental health support. Any member of the community (i.e. parents, staff, students, former students and parents) has access to resources offered through LCER websites. LCER will continue to make teams of counselors readily available to support stakeholders who may have been affected by current events.</p> <p>Climate surveys were distributed to parents, students and staff during the month of October. MTSS and ATM teams met and discussed issues with the distribution of surveys. Parents and staff were contacted after several complaints were received regarding the content of the surveys. MTSS and ATM teams resolved all concerns and complaints, and identified areas of improvement in terms of distribution of future climate or SEL surveys. Data obtained from climate surveys will be utilized to complete state level reports, and determine current and future SEL needs.</p> <p>Administrators met and discussed the LCER discipline continuum and current practices. Both schools are currently reviewing current practices in terms of handling discipline cases and referrals, documentation and behavior management. The goal is to streamline protocols and procedures. Reducing suspension rates and improving restorative practices are the primary goals of these teams.</p>

<p>3.3 <u>Objective:</u> Both schools will develop a more robust STEM strand that builds upon itself in grades TK-12.</p>	<p>The IT Department is working with both Computer Science teachers to create programs that are unique to the areas and communities they represent.</p> <p>\$20,000 worth of equipment for the eSports team at AAE has been ordered along with \$3,000 worth of robotics equipment. NSLA has begun purchasing parts for the robotics team along with 3D printers. Both instructors are working collaboratively to develop additional student opportunities.</p> <p>NSLA will host Noche de las Estrellas on November 13, 2021. One of the goals of this event is to increase the partnerships with local and global organizations who work to advance the sciences to educational communities. The Lewis Center plans to make this an annual event in partnership with the Mexican Space Agency and the UNAM (Universidad Nacional Autónoma de México). Confirmed vendors include: NASA Ames, Exquadrum, Girl Scouts, NASA/JPL, GAVRT booth and Mission Control, SpaceX, Carl Chang- Chinese cultural booth, NSLA PTO- STEM activity, NSLA Recruitment (Angela + students), NSLA ASB, Big Bear Astronomical Society/Byron Groves meteorites, HiDAS-telescopes, Mr. Brophy’s Robotics on 24’ Mars Map, Competitive Model Aeronautics (NSLA ASP), T-Mobile, Scentsy, Candied Apples, Options for Youth, SB Fire, SB Police dept., Parent Food Truck, International Dark-Sky Association, Color Street.</p> <p>NSLA Middle School Science students started a project researching a scientist during Hispanic/ Latino American Heritage Month. Students were asked to create “Trading Cards” which can be placed on an ofrenda (Day of the Dead celebration). If parents chose to opt out of Dia de los Muertos, students were also given choices of a secondary item to bring or make (science related).</p>
<p>3.4 <u>Objective:</u> Both schools will support the LCER mission of creating global citizens through academic and co-curricular offerings each school year.</p>	<p>AAE LOTE Enrollment:</p> <ul style="list-style-type: none"> <li>● Spanish I - 91</li> <li>● Spanish II - 98</li> <li>● Spanish III Honors - 29</li> <li>● AP Spanish - 10</li> </ul> <p>Total students enrolled in Spanish classes - 228  Seal of Biliteracy Class of 2021 - 17  Cultural Clubs - Spanish Club  The current LOTE Courses offered at NSLA are the following:  Spanish III – Native Speakers – 9<sup>th</sup> grade  14 students  Spanish II – Native Speakers – 9<sup>th</sup> grade  20 students  Mandarin I – Grades 6<sup>th</sup>-9<sup>th</sup>  93 Students  Spanish Language Arts - Grades 6<sup>th</sup>-9<sup>th</sup>  249 students  Spanish Social Studies - Grades 6<sup>th</sup>-9<sup>th</sup>  250 students</p>

	NSLA is celebrating Dia de los Muertos schoolwide, and AAE is celebrating in their Spanish classes. Students are participating in a number of activities.
<b>Goal 4 (Staffing): Recruit, develop and retain a highly qualified and diversified staff.</b>	
4.1 <u>Objective</u> : Evaluate ongoing and new recruitment efforts to ensure that all positions are filled with highly-qualified and diversified staff.	HR has continued to recruit and post positions through Edjoin, social media, job boards, etc. With the global staff shortage, classified positions continue to be a challenge to fill, and HR will continue searching for alternative platforms, other than Edjoin, to recruit applicants. In addition, HR is continuously assessing positions and restructuring as needed depending upon vacancies. Both schools continue to keep resident substitutes on staff daily to be readily available for daily and long term vacancies. In addition, regular staff are working supplemental hours filling in for others who are out ill, on quarantine, etc. With the vaccine mandates for both staff and students, it is predicted that there will be a worsening of the severe and prolonged labor shortage that could further exacerbate an exodus of school employees at all levels.
4.2 <u>Objective</u> : Develop a comprehensive succession plan for key positions.	This work is ongoing through the Board Task Force and Executive Team. The past few months have been spent planning for changes in educational law and health and safety protocols which took precedence. The executive team meets weekly to discuss staff vacancies and filling of positions due to staff shortage and quarantines, including executive team positions. The Board Task Force and Executive Team will resume succession planning in the coming months.
4.3 <u>Objective</u> : Invest in professional development for classified and certificated staff, administration, and board members to align with strategic plan and LCAP goals.	<p>We have held off on any non-essential professional development due to a lack of substitutes at both schools. Our coordinators have continued to provide training and support for certificated and classified staff on independent study. Facilitating short-term independent study for students on quarantines has proven to be most challenging. Current efforts are focused on streamlining all processes to reduce the burden of short-term independent study on staff.</p> <p>We are scheduling administrative training for administrators focused on the IEP process and dealing with challenges in the areas of special education.</p>
4.4 <u>Objective</u> : As measured annually, LCER will increase and/or maintain organizational staff retention rates.	Staff retention is low across all the state due to many pandemic stressors. We have recently spent a great deal of time evaluating the impacts of the mandated COVID-19 vaccines, on not only our staff, but students as well. The mandated vaccines are likely to only exacerbate the staff shortage. We continuously analyze ways to not only attract people to work for the Lewis Center, but to also retain them.
<b>Goal 5: The Lewis Center for Educational Research will operate as a unified organization sharing our common vision, mission, goals and objectives as stated in our strategic plan.</b>	
5.1 <u>Objective</u> : Board and Executive Team will actively communicate LCER's mission to the stakeholders and	There have been many opportunities for our students and programs to be represented throughout the community. Here are some highlights:



<p>communities that we serve.</p>	<p>AAE Girl's Volleyball team conquered the season and made it all the way to CIF Playoffs. Our students represented AAE with the best sportsmanship.</p> <p>Space Force Junior ROTC held their second DELTA Commander's call. Cadet Captain Chase Hanson announced the following awards: Activities, Recruitment and Service ribbons to cadets. The sophomore cadets performed their 30 count drill sequence to prepare for Colonel Young's unit evaluation on Jan 18, 2022.</p> <p>The GAVRT team hosted a James Webb STEM Night on October 27th at the Apple Valley Center for Innovation. Dr. Michael Tierney from the Northrup Grumman was the special presenter for the event and gave insight on the James Webb Telescope. There were over 25 people in attendance and our AVCI Explainers were there to guide them in STEM activities.</p> <p>The GAVRT/NSLA admin teams are actively planning the first-ever "Noche de las Estrellas" event hosted in the United States. Noche de las Estrellas, or "Night of the Stars", has been sponsored by the Mexican Space Agency and the Universidad Nacional Autonoma de México (UNAM) since 2009, bringing together more than 500,000 attendees throughout Mexico and Central America. The Lewis Center for Educational Research is excited to partner with NASA Ames Research Center, the Mexican Space Agency, and UNAM to bring this amazing opportunity to the Inland Empire. We will host this free, public event at our brand new Norton Science and Language Academy campus in San Bernardino. We hope to have as many of our Board and Foundation members present as possible.</p> <p style="text-align: center;"><b>Event Details</b>  <u>Time and Date:</u>  Saturday, November 13th  3:00 - 7:00pm  <u>Location:</u>  Norton Science and Language Academy  230 S. Waterman Ave  San Bernardino, CA</p> <p>Lisa Lamb led the organization for Victor Valley's High School 50th Reunion at the Apple Valley Center for Innovation. The Lewis Center's Ambassadors and AVCI's explainers participated in the event in preparation, planning, and helping throughout the event.</p> <p>Lisa Lamb, Jisela Corona, Pat Caldwell, and David Rib went to the High Desert Opportunity Summit. David Rib was generous enough to share a portion of Mitsubishi's booth so that the Lewis Center can put out some flyers and swag. Noche flyers and information was passed around and interested groups were encouraged to reach out to Jisela.</p> <p>Jisela Corona and Fausto Barragan attended the first in-person CCSA meeting in two years on October 27th. This event provided an opportunity to share more about our Noche de las Estrellas event and we received inquiries on how they can participate.</p>
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	<p>Jisela Corona shared Noche event information with the Greater High Desert Chamber of Commerce and San Bernardino Chamber of Commerce. Interested vendors/organizations were encouraged to reach out to Jisela for more information..</p>

<b>GRANT TRACKING SHEET</b>			
Grant	Amount	Due Date	Result
NOAA	\$5,000,000	04/02/2020	NO
Astronomy & Astrophysics Research	\$48,500,000	Ongoing	Not Applicable
Captain Planet Foundation	\$2,500	Ongoing	Awaiting New Cycle
Henry T. Nicholas III Foundation	NA	Ongoing	No Progress
NASA ROSES- Solar Patrol	\$80,000		Awarded
San Manuel Foundation	\$5,000	10/01/2020	NO
Equity Training	\$20,000	2020	Not Applicable
Lowe's Playground Grant	*\$50,000	???	Not Applicable
Snapdragon Book Foundation - AAE	\$11,000	02/14/2021	Completed
Snapdragon Book Foundation - NSLA	\$15,000	02/14/2021	Completed
San Manuel Foundation	\$5,000		Awaiting New Cycle
Roses Grant	\$80,000		Awarded
Amazon Grant	\$		Awarded

The High Desert Partnership in Academic Excellence Foundation, Inc.  
 Check/Voucher Register - Board Report - 10K  
 From 9/1/2021 Through 10/15/2021

Effective D...	Check Nu...	Vendor Name	Check Amount	Transaction Description
9/2/2021	45986	SYNCB/Amazon	10,407.11	Acct# XXXX-XXXX-XXX850 7
9/2/2021	45999	Carnegie Learning	25,154.64	PO# 2122-0059-NSLA
9/2/2021		Carnegie Learning	175,421.94	PO# 2122-0075-AAE
9/2/2021	46023	Cengage Learning	24,167.42	PO# 2122-0061-NSLA
9/2/2021	46026	Charter Communications	10,023.71	Acct# 8245 10 680 0001128
9/2/2021	46058	Infinite Campus	42,852.55	PO# 2122-0291-AAE
9/2/2021	46060	IXL Learning	19,895.00	PO# 2122-0085-AAE
9/2/2021	46061	JAMF Software	19,998.00	PO# 2122-0113-AAE
9/2/2021	46078	Preferred Meal System...	10,365.54	Cafeteria Food for AAE 8/2/21
9/2/2021	46083	Southern California Edi...	11,810.33	Acct# 700119778270
9/2/2021	46102	Virtual Graffiti	27,508.32	PO# 2122-0130-LCER
9/2/2021	46103	Vista Higher Learning	13,118.90	PO# 2122-0095-NSLA
9/3/2021	46111	CharterSAFE	52,276.00	Insurance premium pymt for August
9/3/2021	46114	SBCSS	16,958.94	NSAA PERS contributions for August
9/3/2021		SBCSS	75,342.42	LCER/AAE - PERS contributions for August
9/3/2021	46117	SBCSS	114,650.31	NSAA STRS contributions for August
9/3/2021		SBCSS	167,670.87	LCER/AAE - STRS contributions for August
9/9/2021	46123	CharterSAFE	14,129.43	Worker's Comp Audit
9/9/2021	46127	Near-Cal Corp	264,758.58	NSLA Charter School Install Steel Fence & Gate
9/14/2021	46144	Aries Building Systems...	15,123.24	CPX-06519 - Removal
9/14/2021	46145	SISC	241,379.25	Health Coverage for September 2021
9/15/2021	041		222,079.45	Group: Payroll; Pay Date: 9/15/2021
9/15/2021	042		271,972.51	Group: 11mo Payroll; Pay Date: 9/15/2021
9/20/2021	46169	Swun Math, LLC	21,229.34	PO# 2122-0058-NSLA
9/30/2021	044		223,703.42	Group: Payroll; Pay Date: 9/30/2021
9/30/2021	045		267,068.16	Group: 11mo Payroll; Pay Date: 9/30/2021
10/1/2021	46179	Apple Inc.	19,022.45	PO# 2122-0264-AAE
10/1/2021	46196	Culver Newlin	301,761.89	PO# 2122-0021-NSLA
10/1/2021	46199	Dean Howard Heat & A...	32,200.00	PO# 2122-0200-AAE
10/1/2021	46232	Preferred Meal System...	11,306.03	AAE Cafeteria Food 9/20/21
10/1/2021		Preferred Meal System...	12,151.07	AAE Cafeteria Food 9/13/21
10/1/2021		Preferred Meal System...	13,272.63	NSLA Cafeteria Food 9/13/21
10/1/2021		Preferred Meal System...	13,913.23	NSLA Cafeteria Food 9/3/21
10/1/2021	46240	Southern California Edi...	16,200.90	Acct# 700119778270
10/1/2021	46249	SWIVL	13,615.70	PO# 2122-0351-AAE
10/1/2021	46250	Swun Math, LLC	20,000.00	PO# 2122-0275-NSLA PD
10/1/2021	46256	SYNCB/Amazon	15,712.80	Acct# XXXXX-XXXX-XXX8507
10/1/2021	46258	SBCSS	29,579.57	NSAA PERS contributions for September
10/1/2021		SBCSS	85,590.22	LCER/AAE - PERS contributions for September
10/1/2021		SBCSS	105,169.15	NSAA STRS contributions for September
10/1/2021		SBCSS	161,238.52	LCER/AAE - STRS contributions for September
10/1/2021	46266	CharterSAFE	52,276.00	Insurance premium pymt for September
10/14/2021	46282	American Express	21,113.44	Acct# XXXX-XXXXX0-72009
10/15/2021	047		249,264.80	Group: Payroll; Pay Date: 10/15/2021
10/15/2021	048		263,863.11	Group: 11mo Payroll; Pay Date: 10/15/2021
Report Total			3,796,316.89	

**All Funds - Budget Comparison 2020/21 to 2021/22**

	2020-2021			
	Total Budget \$ - Revised	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	33,834,573	8,458,643	25,375,930	75.00%
Expense				
Certificated Salaries	10,367,719	2,360,473	8,007,246	77.23%
Classified Salaries	3,620,540	666,133	2,954,407	81.60%
Benefits	5,010,607	1,110,770	3,899,837	77.83%
Books and Supplies	3,625,619	1,218,620	2,406,999	66.39%
Services & Other	3,474,242	559,447	2,914,795	83.90%
Capital Outlay	125,500	9,162	116,338	92.70%
Other Outgo	0	7,239	(7,239)	N/A
Share of LCER	0	0	0	N/A
<b>Total Expense</b>	<b>26,224,227</b>	<b>5,931,844</b>	<b>20,292,383</b>	<b>77.38%</b>
Add (Subtract) to Reserves	7,610,346	2,526,799	5,083,547	
<b>Total Revenue</b>	<b>33,834,573</b>	<b>8,458,643</b>	<b>25,375,930</b>	<b>25.00%</b>
<b>Total Expense</b>	<b>26,224,227</b>	<b>5,931,844</b>	<b>20,292,383</b>	<b>22.62%</b>
Add (Subtract) to Reserves	7,610,346	2,526,799	5,083,547	

Note - Revenue Reported is % of Budgeted Revenue Earned

	2021-2022			
	Total Budget \$ - Original	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	30,680,494	11,406,738	19,273,756	62.82%
Expense				
Certificated Salaries	11,710,408	2,391,995	9,318,413	79.57%
Classified Salaries	4,318,225	787,570	3,530,655	81.76%
Benefits	6,102,945	1,185,359	4,917,586	80.58%
Books and Supplies	1,677,409	1,264,980	412,429	24.59%
Services & Other	5,421,351	1,093,647	4,327,704	79.83%
Capital Outlay	400,000	32,322	367,678	91.92%
Other Outgo	0	0	0	N/A
Share of LCER	0	0	0	N/A
<b>Total Expense</b>	<b>29,630,338</b>	<b>6,755,873</b>	<b>22,874,465</b>	<b>77.20%</b>
Add (Subtract) to Reserves	1,050,156	4,650,865	(3,600,709)	
<b>Total Revenue</b>	<b>30,680,494</b>	<b>11,406,738</b>	<b>19,273,756</b>	<b>37.18%</b>
<b>Total Expense</b>	<b>29,630,338</b>	<b>6,755,873</b>	<b>22,874,465</b>	<b>22.80%</b>
Add (Subtract) to Reserves	1,050,156	4,650,865	(3,600,709)	

**AAE - Budget Comparison 2020/21 to 2021/22**

	2020-2021			
	Total Budget \$ - Revised	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	18,665,577	4,610,839	14,054,738	75.30%
Expense				
Certificated Salaries	6,088,835	1,394,367	4,694,468	77.10%
Classified Salaries	1,408,907	230,263	1,178,644	83.66%
Benefits	2,635,795	589,772	2,046,023	77.62%
Books and Supplies	1,018,355	529,546	488,809	48.00%
Services & Other	1,627,643	326,135	1,301,508	79.96%
Capital Outlay	100,000	5,183	94,817	94.82%
Other Outgo	0	7,239	(7,239)	N/A
Share of LCER	1,633,758	408,440	1,225,319	75.00%
<b>Total Expense</b>	<b>14,513,293</b>	<b>3,490,945</b>	<b>11,022,349</b>	<b>75.95%</b>
Add (Subtract) to Reserves	4,152,284	1,119,895	3,032,390	
<b>Total Revenue</b>	<b>18,665,577</b>	<b>4,610,839</b>	<b>14,054,738</b>	<b>24.70%</b>
<b>Total Expense</b>	<b>14,513,293</b>	<b>3,490,945</b>	<b>11,022,349</b>	<b>24.05%</b>
Add (Subtract) to Reserves	4,152,284	1,119,895	3,032,390	

Note - Revenue Reported is % of Budgeted Revenue Earned

	2021-2022			
	Total Budget \$ - Original	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	15,998,325	7,079,780	8,918,545	55.75%
Expense				
Certificated Salaries	6,288,132	1,295,436	4,992,696	79.40%
Classified Salaries	1,691,914	315,144	1,376,770	81.37%
Benefits	2,939,327	570,496	2,368,831	80.59%
Books and Supplies	814,149	415,910	398,239	48.91%
Services & Other	1,502,899	374,965	1,127,934	75.05%
Capital Outlay	375,000	32,322	342,678	91.38%
Other Outgo	0	0	0	N/A
Share of LCER	1,767,117	441,779	1,325,338	75.00%
<b>Total Expense</b>	<b>15,378,538</b>	<b>3,446,052</b>	<b>11,932,486</b>	<b>77.59%</b>
Add (Subtract) to Reserves	619,787	3,633,728	(3,013,941)	
<b>Total Revenue</b>	<b>15,998,325</b>	<b>7,079,780</b>	<b>8,918,545</b>	<b>44.25%</b>
<b>Total Expense</b>	<b>15,378,538</b>	<b>3,446,052</b>	<b>11,932,486</b>	<b>22.41%</b>
Add (Subtract) to Reserves	619,787	3,633,728	(3,013,941)	

**NSLA - Budget Comparison 2020/21 to 2021/22**

	2020-2021			
	Total Budget \$ - Revised	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	12,763,322	3,117,274	9,646,048	75.58%
Expense				
Certificated Salaries	3,748,496	842,818	2,905,678	77.52%
Classified Salaries	936,039	132,061	803,978	85.89%
Benefits	1,576,808	332,841	1,243,967	78.89%
Books and Supplies	1,072,549	448,181	624,368	58.21%
Services & Other	1,504,967	156,881	1,348,086	89.58%
Capital Outlay	13,000	3,979	9,021	69.39%
Other Outgo	0	0	0	N/A
Share of LCER	1,046,037	261,509	784,528	75.00%
<b>Total Expense</b>	<b>9,897,896</b>	<b>2,178,270</b>	<b>7,719,626</b>	<b>77.99%</b>
Add (Subtract) to Reserves	2,865,426	939,004	1,926,422	
<b>Total Revenue</b>	<b>12,763,322</b>	<b>3,117,274</b>	<b>9,646,048</b>	<b>24.42%</b>
<b>Total Expense</b>	<b>9,897,896</b>	<b>2,178,270</b>	<b>7,719,626</b>	<b>22.01%</b>
Add (Subtract) to Reserves	2,865,426	939,004	1,926,422	

Note - Revenue Reported is % of Budgeted Revenue Earned

	2021-2022			
	Total Budget \$ - Original	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	14,244,668	4,240,446	10,004,222	70.23%
Expense				
Certificated Salaries	4,702,440	925,276	3,777,164	80.32%
Classified Salaries	1,252,553	130,380	1,122,173	89.59%
Benefits	2,191,993	366,811	1,825,182	83.27%
Books and Supplies	803,286	568,551	234,735	29.22%
Services & Other	3,490,951	602,223	2,888,728	82.75%
Capital Outlay	0	0	0	N/A
Other Outgo	0	0	0	N/A
Share of LCER	1,458,310	364,578	1,093,733	75.00%
<b>Total Expense</b>	<b>13,899,533</b>	<b>2,957,819</b>	<b>10,941,715</b>	<b>78.72%</b>
Add (Subtract) to Reserves	345,135	1,282,628	(937,493)	
<b>Total Revenue</b>	<b>14,244,668</b>	<b>4,240,446</b>	<b>10,004,222</b>	<b>29.77%</b>
<b>Total Expense</b>	<b>13,899,533</b>	<b>2,957,819</b>	<b>10,941,715</b>	<b>21.28%</b>
Add (Subtract) to Reserves	345,135	1,282,628	(937,493)	

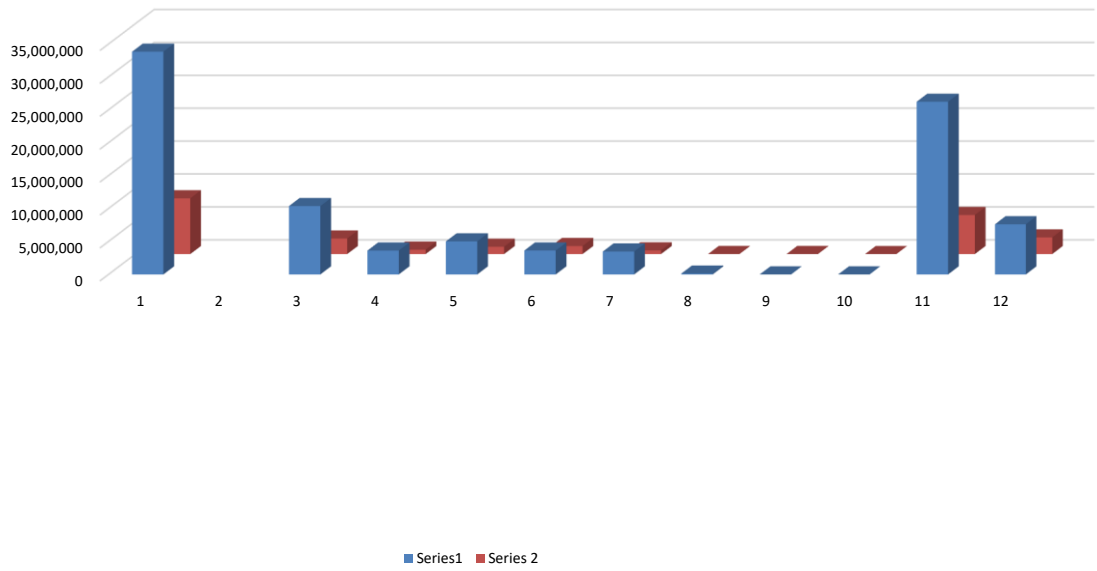
**LCER - Budget Comparison 2020/21 to 2021/22**

	2020-2021			
	Total Budget \$ - Revised	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	2,405,674	574,309	1,831,365	76.13%
Expense				
Certificated Salaries	530,388	123,288	407,100	76.76%
Classified Salaries	1,275,594	303,809	971,785	76.18%
Benefits	798,004	188,157	609,847	76.42%
Books and Supplies	1,534,715	240,893	1,293,822	84.30%
Services & Other	341,632	76,431	265,201	77.63%
Capital Outlay	12,500	0	12,500	100.00%
Other Outgo	0	0	0	N/A
Share of LCER	(2,679,795)	(669,949)	(2,009,846)	
<b>Total Expense</b>	<b>1,813,038</b>	<b>262,629</b>	<b>1,550,409</b>	<b>85.51%</b>
Add (Subtract) to Reserves	592,636	311,680	280,956	
<b>Total Revenue</b>	<b>2,405,674</b>	<b>574,309</b>	<b>1,831,365</b>	<b>23.87%</b>
<b>Total Expense</b>	<b>1,813,038</b>	<b>262,629</b>	<b>1,550,409</b>	<b>14.49%</b>
Add (Subtract) to Reserves	592,636	311,680	280,956	

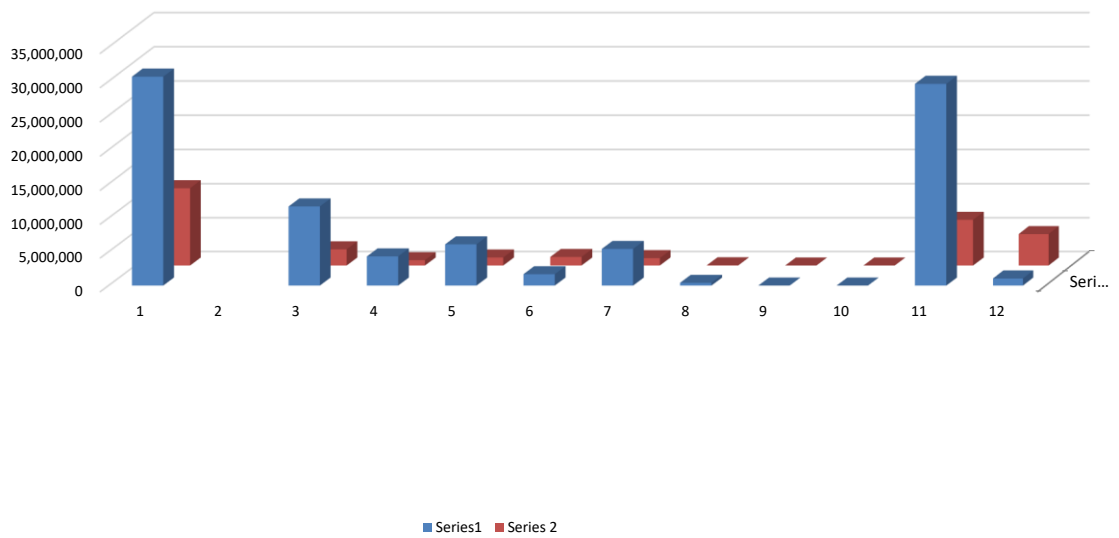
Note - Revenue Reported is % of Budgeted Revenue Earned

	2021-2022			
	Total Budget \$ - Original	Current Period Actual		Percent Remaining
		thru September	Remaining Budget	
Revenue		Annual Budgeted Revenue		
Revenue	437,501	86,512	350,989	80.23%
Expense				
Certificated Salaries	719,836	171,283	548,553	76.21%
Classified Salaries	1,373,758	342,046	1,031,712	75.10%
Benefits	971,625	248,052	723,573	74.47%
Books and Supplies	59,974	280,519	(220,545)	-367.73%
Services & Other	427,501	116,459	311,042	72.76%
Capital Outlay	25,000	0	25,000	100.00%
Other Outgo	0	0	0	N/A
Share of LCER	(3,225,427)	(806,357)	(2,419,070)	75.00%
<b>Total Expense</b>	<b>352,267</b>	<b>352,002</b>	<b>265</b>	<b>0.08%</b>
Add (Subtract) to Reserves	85,234	(265,490)	350,724	
<b>Total Revenue</b>	<b>437,501</b>	<b>86,512</b>	<b>350,989</b>	<b>19.77%</b>
<b>Total Expense</b>	<b>352,267</b>	<b>352,002</b>	<b>265</b>	<b>99.92%</b>
Add (Subtract) to Reserves	85,234	(265,490)	350,724	

2020-21



2020-21



**LEWIS CENTER FOUNDATION  
COMBINED BALANCE SHEET AND INCOME STATEMENT  
September 1 - September 30, 2021**

**CHECKING (LEWIS CENTER FOUNDATION)**

<b>Beginning Balance</b>		<b>\$73,865.58</b>
<b>Revenue</b>		
NSLA Capital Campaign	\$100.00	
Gala	\$21,929.42	
Interest	\$1.83	
<i>Total</i>	\$22,031.25	
<b>Expenditure</b>		
Reimburse LCER for \$30 for 30 Expenses	\$4,056.75	
Transfer to Savings - HDRO Golf Proceeds - Unrestricted	\$26,326.01	
Greater High Desert Chamber - HDRO Golf Proceeds	\$26,326.01	
Gala Expenses	\$4,807.38	
Lunch Bags for All Staff	\$1,125.08	
Petty Cash for Gala to be reimbursed	\$300.00	
<i>Total</i>	\$62,941.23	
<b>Ending Balance</b>	<i>Total</i>	<b>\$32,955.60</b>

**SAVINGS (LEWIS CENTER FOUNDATION)**

<b>Beginning Balance</b>		
Restricted Funds - AAE Capital Campaign		\$83,073.81
Restricted Funds- NSLA Capital Campaign		\$45,735.57
Restricted Funds - Davis Endowment		\$11,550.44
Restricted Funds - Global Exchange Programs		\$12,970.30
Restricted Funds - HiDAS Endowment		\$63,920.68
Restricted Funds - Scholarships		\$32,761.81
Unrestricted Funds		\$60,250.24
		<b>\$310,262.86</b>
<b>Revenue</b>		
Proceeds from HDRO Golf Tournament	\$26,326.01	
Unrestricted Donations	\$3,100.00	
Interest	\$81.74	
<b>Expenditure</b>		
<b>Ending Balance</b>		
Restricted Funds - AAE Capital Campaign		\$ 83,098.33
Restricted Funds - NSLA Capital Campaign		\$ 45,744.56
Restricted Funds - Davis Endowment		\$ 11,553.71
Restricted Funds - Global Exchange Programs		\$ 12,973.57
Restricted Funds - HiDAS Endowment		\$ 63,936.21
Restricted Funds - Scholarships		\$ 32,768.35
Unrestricted Funds		\$ 89,695.87
	<i>Total</i>	<b>\$ 339,770.61</b>
<b><i>Total Checking and Savings</i></b>		<b>\$372,726.21</b>

AAE 2021-22 School Year								
Grade Level	Capacity	Enrollment	Pending Enrollment	Available Seats	Waiting List	Upcoming Lottery (Sept. 16, 21)	Upcoming Lottery (Feb. 17, 22)	Upcoming Lottery (May 19, 22)
3yr. - TK	25	25	0	0	411	30	8	
K	100	98	0	2	147	14		
1	100	99	0	1	93	13	2	
2	100	99	0	1	217	5	5	
3	112	110	0	2	148	10		
4	112	111	0	1	180	3	1	
5	112	111	0	1	251	12	3	
6	125	122	0	3	108	10	3	
7	125	124	0	1	132	11	1	
8	125	120	0	5	120	7	2	
9	120	113	0	7	123	4		
10	120	112	0	8	55	7	3	
11	120	102	0	18	7	3	2	
12	120	97	0	23	3		1	
Total	1516	1443	0	73	1995	129	31	0



**NSLA 2021/2022 School Year Enrollment**

Grade Level	Capacity	Current Enrollment	SDC Enrollment	Available Seats	Pending Enrollment Packets	Anticipated Available Seats	Waiting List
TK	25	25		0	0	0	18
K	125	124		1	1	0	21
1	125	125		0	0	0	20
2	100	106		0	0	0	43
3	112	112	1	0	0	0	2
4	84	99	2	0	0	0	46
5	84	93	6	0	0	0	47
6	120	120	3	0	0	0	8
7	120	103	2	17	2	15	0
8	120	80	5	40	1	39	0
9	120	62	1	58	0	58	0
<b>Total</b>	<b>1135</b>	<b>1049</b>	<b>20</b>	<b>116</b>	<b>4</b>	<b>112</b>	<b>205</b>
<b>Updated as of 10/25/21- AR</b>							

**LCER Board Meetings  
Attendance Log 2021**

	<b>February Regular</b>	<b>March Regular</b>	<b>April Regular</b>	<b>May Regular</b>	<b>June Regular</b>	<b>August Regular</b>	<b>Sept. Regular</b>	<b>Oct Regular</b>	<b>Nov Regular</b>	<b>Dec Regular</b>	<b>TOTAL REGULAR</b>
Kevin Porter	Present	Present	Present	Present	Present	Present	Present	Present			100%
David Rib	Present	Present	Present	Present	Present	Present	Present	Present			100%
Torii Gray	Present	Present	Present	Present	Absent	Present	Present	Present			88%
Jim Morris	Present	Present	Present	Present	Absent	Present	Present	Present			88%
Jessica Rodriguez	Present	Present	Present	Present	Absent	Present	Present	Present			88%
Sharon Page	Present	Present	Absent	Present	Present	Present	Present	Present			88%
Pat Caldwell	Present	Present	Present	Present	Present	Absent	Present	Absent			75%
Rick Wolf	Present	Present	Absent	Present	Present	Present	Present	Absent			75%
Omari Onyango	Absent	Present	Present	Present	Absent	Present	Absent	Present			63%

	<b>3-Jun</b>	<b>26-Jul</b>					<b>TOTAL SPECIAL</b>

David Rib	Present	Present					100%
Jessica Rodriguez	Present	Present					100%
Pat Caldwell	Present	Present					100%
Omari Onyango	Present	Present					100%
Rick Wolf	Present	Present					100%
Torii Gray	Absent	Present					50%
Sharon Page	Absent	Present					50%
Kevin Porter	Present	Absent					50%
Jim Morris	Absent	Absent					0%



# Educator Effectiveness Block Grant 2021

Local Educational Agency (LEA) Name	Contact Name and Title	Email and Phone
Academy for Academic Excellence	Valli Andreasen Principal	vandreasen@lcer.org 760-946-5414

Total amount of funds received by the LEA:	Date of Public Meeting prior to adoption:	Date of adoption at public meeting:
279,242	11/8/2021	12/13/2021

[EC 41480](#)

(a)(2) A school district, county office of education, charter school, or state special school may expend the funds received pursuant to this subdivision from the 2021–22 fiscal year to the 2025–26 fiscal year, inclusive. School districts, county offices of education, charter schools, and state special schools **shall coordinate the use of any federal funds received under Title II of the federal Every Student Succeeds Act of 2015 (Public Law 114–95) to support teachers and administrators with the expenditure of funds received pursuant to this subdivision.**

(b) A school district, county office of education, charter school, or state special school shall expend funds apportioned pursuant to this section to provide professional learning for **teachers, administrators, paraprofessionals who work with pupils, and classified staff that interact with pupils**, with a focus on any of the following areas:

- (1) **Coaching and mentoring of staff serving in an instructional setting and beginning teacher or administrator induction, including, but not limited to, coaching and mentoring solutions that address a local need for teachers that can serve all pupil populations with a focus on retaining teachers, and offering structured feedback and coaching systems organized around social-emotional learning, including, but not limited to, promoting teacher self-awareness, self-management, social awareness, relationships, and responsible decision-making skills, improving teacher attitudes and beliefs about one’s self and others, and supporting learning communities for educators to engage in a meaningful classroom teaching experience.**

<b>Planned Activity</b>	<b>Budgeted 2021-22</b>	<b>Budgeted 2022-23</b>	<b>Budgeted 2023-24</b>	<b>Budgeted 2024-25</b>	<b>Budgeted 2025-26</b>	<b>Total Budgeted per Activity</b>
New teacher induction training		26,400	17,600	17,600	17,600	79,200.00
Classified staff training on SIS	2,000					2,000.00
<b>Subtotal</b>	<b>2,000.00</b>	<b>26,400.00</b>	<b>17,600.00</b>	<b>17,600.00</b>	<b>17,600.00</b>	<b>81,200.00</b>

- (2) **Programs that lead to effective, standards-aligned instruction and improve instruction in literacy across all subject areas, including English language arts, history-social science, science, technology, engineering, mathematics, and computer science.**

<b>Planned Activity</b>	<b>Budgeted 2021-22</b>	<b>Budgeted 2022-23</b>	<b>Budgeted 2023-24</b>	<b>Budgeted 2024-25</b>	<b>Budgeted 2025-26</b>	<b>Total Budgeted per Activity</b>
Paraprofessional trainings for instruction	1,800	1,800	1,800	1,800	1,800	9,000.00
Orton Gillingham literacy training	1,275	2,550	2,550	2,550	2,550	11,475.00
STEM annual training	4,700	4,700	4,700	4,700	4,353	23,153.00
<b>Subtotal</b>	<b>7,775.00</b>	<b>9,050.00</b>	<b>9,050.00</b>	<b>9,050.00</b>	<b>8,703.00</b>	<b>43,628.00</b>

**(3) Practices and strategies that reengage pupils and lead to accelerated learning.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Advanced Placement training for AP Teachers		13,016	6,508	13,016	6,508	39,048.00
<b>Subtotal</b>	<b>0.00</b>	<b>13,016.00</b>	<b>6,508.00</b>	<b>13,016.00</b>	<b>6,508.00</b>	<b>39,048.00</b>

**(4) Strategies to implement social-emotional learning, trauma-informed practices, suicide prevention, access to mental health services, and other approaches that improve pupil well-being.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Trauma Informed training for all staff	5,000	5,000				10,000.00
<b>Subtotal</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,000.00</b>

**(5) Practices to create a positive school climate, including, but not limited to, restorative justice, training around implicit bias, providing positive behavioral supports, multitiered systems of support, transforming a schoolsite's culture to one that values diverse cultural and ethnic backgrounds, and preventing discrimination, harassment, bullying, and intimidation based on actual or perceived characteristics, including disability, gender, gender identity, gender expression, language, nationality, race or ethnicity, religion, or sexual orientation.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Capturing Kids Hearts training	3,556	20,000				23,556.00
Implicit Bias training		2,500	2,500	2,500	2,500	10,000.00
<b>Subtotal</b>	<b>3,556.00</b>	<b>22,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>33,556.00</b>

**(6) Strategies to improve inclusive practices, including, but not limited to, universal design for learning, best practices for early identification, and development of individualized education programs for individuals with exceptional needs.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Inclusive training to support all learners	2,000	2,000	2,000	2,000	2,000	10,000.00
Inclusive implementation planning time	2,400	2,400	2,400	2,400	2,400	12,000.00
<b>Subtotal</b>	<b>4,400.00</b>	<b>4,400.00</b>	<b>4,400.00</b>	<b>4,400.00</b>	<b>4,400.00</b>	<b>22,000.00</b>

**(7) Instruction and education to support implementing effective language acquisition programs for English learners, which may include integrated language development within and across content areas, and building and strengthening capacity to increase bilingual and biliterate proficiency.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Guided Language Acquisition Design (GLAD) training	4,000	4,000	4,000	4,000	4,000	20,000.00
CABE New Comer training		2,500				2,500.00
<b>Subtotal</b>	<b>4,000.00</b>	<b>6,500.00</b>	<b>4,000.00</b>	<b>4,000.00</b>	<b>4,000.00</b>	<b>22,500.00</b>

**(8) New professional learning networks for educators not already engaged in an education-related professional learning network to support the requirements of subdivision (c).**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Annual participation in professional learning networks provided through the County of San Bernardino	500	500	500	500	500	2,500.00
<b>Subtotal</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>2,500.00</b>

**(9) Instruction, education, and strategies to incorporate ethnic studies curricula adopted pursuant to Section 51226.7 into pupil instruction for grades 7 to 12, inclusive.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Ethnic Studies implementation training		10,000				10,000.00
<b>Subtotal</b>	<b>0.00</b>	<b>10,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,000.00</b>

**(10) Instruction, education, and strategies for certificated and classified educators in early childhood education, or childhood development.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
TK/Kinder California conference		7,405		7,405		14,810.00
<b>Subtotal</b>	<b>0.00</b>	<b>7,405.00</b>	<b>0.00</b>	<b>7,405.00</b>	<b>0.00</b>	<b>14,810.00</b>

**Summary of Expenditures**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
<b>Subtotal Section (1)</b>	2,000.00	26,400.00	17,600.00	17,600.00	17,600.00	81,200.00
<b>Subtotal Section (2)</b>	7,775.00	9,050.00	9,050.00	9,050.00	8,703.00	43,628.00
<b>Subtotal Section (3)</b>	0.00	13,016.00	6,508.00	13,016.00	6,508.00	39,048.00
<b>Subtotal Section (4)</b>	5,000.00	5,000.00	0.00	0.00	0.00	10,000.00
<b>Subtotal Section (5)</b>	3,556.00	22,500.00	2,500.00	2,500.00	2,500.00	33,556.00
<b>Subtotal Section (6)</b>	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	22,000.00
<b>Subtotal Section (7)</b>	4,000.00	6,500.00	4,000.00	4,000.00	4,000.00	22,500.00
<b>Subtotal Section (8)</b>	500.00	500.00	500.00	500.00	500.00	2,500.00
<b>Subtotal Section (9)</b>	0.00	10,000.00	0.00	0.00	0.00	10,000.00
<b>Subtotal Section (10)</b>	0.00	7,405.00	0.00	7,405.00	0.00	14,810.00
<b>Totals by year</b>	<b>27,231.00</b>	<b>104,771.00</b>	<b>44,558.00</b>	<b>58,471.00</b>	<b>44,211.00</b>	<b>279,242.00</b>

<b>Total planned expenditures by the LEA:</b>
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279,242.00
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**Note:**

Per EC 41480 (d)(2): On or before September 30, 2026, the LEA must report detailed expenditure information to the California Department of Education, including, but not limited to:

- specific purchases made;
- the number of the following educators who received professional development:
  - o Teachers;
  - o Administrators;
  - o Paraprofessional educators;
  - o Classified staff.





Creating Global Citizens

## Educator Effectiveness Block Grant 2021

Local Educational Agency (LEA) Name	Contact Name and Title	Email and Phone
Norton Science & Language Academy	Dr. Fausto Barragan Principal	fbarragan@lcer.org 909-386-2300
Total amount of funds received by the LEA:	Date of Public Meeting prior to adoption:	Date of adoption at public meeting:
176,136	11/8/2021	12/13/2021

[EC 41480](#)

(a)(2) A school district, county office of education, charter school, or state special school may expend the funds received pursuant to this subdivision from the 2021–22 fiscal year to the 2025–26 fiscal year, inclusive. School districts, county offices of education, charter schools, and state special schools **shall coordinate the use of any federal funds received under Title II of the federal Every Student Succeeds Act of 2015 (Public Law 114–95) to support teachers and administrators with the expenditure of funds received pursuant to this subdivision.**

(b) A school district, county office of education, charter school, or state special school shall expend funds apportioned pursuant to this section to provide professional learning for **teachers, administrators, paraprofessionals who work with pupils, and classified staff that interact with pupils**, with a focus on any of the following areas:

- (1) **Coaching and mentoring of staff serving in an instructional setting and beginning teacher or administrator induction, including, but not limited to, coaching and mentoring solutions that address a local need for teachers that can serve all pupil populations with a focus on retaining teachers, and offering structured feedback and coaching systems organized around social-emotional learning, including, but not limited to, promoting teacher self-awareness, self-management, social awareness, relationships, and responsible decision-making skills, improving teacher attitudes and beliefs about one’s self and others, and supporting learning communities for educators to engage in a meaningful classroom teaching experience.**

<b>Planned Activity</b>	<b>Budgeted 2021-22</b>	<b>Budgeted 2022-23</b>	<b>Budgeted 2023-24</b>	<b>Budgeted 2024-25</b>	<b>Budgeted 2025-26</b>	<b>Total Budgeted per Activity</b>
New teacher induction		22,000	17,600	17,600	17,600	74,800.00
Classified staff training on SIS	2,000					2,000.00
<b>Subtotal</b>	<b>2,000.00</b>	<b>22,000.00</b>	<b>17,600.00</b>	<b>17,600.00</b>	<b>17,600.00</b>	<b>76,800.00</b>

- (2) **Programs that lead to effective, standards-aligned instruction and improve instruction in literacy across all subject areas, including English language arts, history-social science, science, technology, engineering, mathematics, and computer science.**

<b>Planned Activity</b>	<b>Budgeted 2021-22</b>	<b>Budgeted 2022-23</b>	<b>Budgeted 2023-24</b>	<b>Budgeted 2024-25</b>	<b>Budgeted 2025-26</b>	<b>Total Budgeted per Activity</b>
Paraprofessional trainings for instruction	1,800	1,800	1,800	1,800	1,800	9,000.00
<b>Subtotal</b>	<b>1,800.00</b>	<b>1,800.00</b>	<b>1,800.00</b>	<b>1,800.00</b>	<b>1,800.00</b>	<b>9,000.00</b>

**(3) Practices and strategies that reengage pupils and lead to accelerated learning.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Advanced Placement training for AP teachers		1,627	4,881	9,762	4,881	21,151.00
<b>Subtotal</b>	<b>0.00</b>	<b>1,627.00</b>	<b>4,881.00</b>	<b>9,762.00</b>	<b>4,881.00</b>	<b>21,151.00</b>

**(4) Strategies to implement social-emotional learning, trauma-informed practices, suicide prevention, access to mental health services, and other approaches that improve pupil well-being.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Trauma Informed training for all staff	5,000	5,000				10,000.00
<b>Subtotal</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,000.00</b>

**(5) Practices to create a positive school climate, including, but not limited to, restorative justice, training around implicit bias, providing positive behavioral supports, multitiered systems of support, transforming a schoolsite's culture to one that values diverse cultural and ethnic backgrounds, and preventing discrimination, harassment, bullying, and intimidation based on actual or perceived characteristics, including disability, gender, gender identity, gender expression, language, nationality, race or ethnicity, religion, or sexual orientation.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Capturing Kids Hearts training	3,927	20,000				23,927.00
<b>Subtotal</b>	<b>3,927.00</b>	<b>20,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>23,927.00</b>

**(6) Strategies to improve inclusive practices, including, but not limited to, universal design for learning, best practices for early identification, and development of individualized education programs for individuals with exceptional needs.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Inclusive training to support all learners	2,000	2,000				4,000.00

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Subtotal	2,000.00	2,000.00	0.00	0.00	0.00	4,000.00

**(7) Instruction and education to support implementing effective language acquisition programs for English learners, which may include integrated language development within and across content areas, and building and strengthening capacity to increase bilingual and biliterate proficiency.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
CABE Paraeducator training for EL success		1,000				1,000.00
Subtotal	0.00	1,000.00	0.00	0.00	0.00	1,000.00

**(8) New professional learning networks for educators not already engaged in an education-related professional learning network to support the requirements of subdivision (c).**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Annual participation in professional learning networks provided through the County of San Bernardino	500	500	500	500	500	2,500.00
Subtotal	500.00	500.00	500.00	500.00	500.00	2,500.00

**(9) Instruction, education, and strategies to incorporate ethnic studies curricula adopted pursuant to Section 51226.7 into pupil instruction for grades 7 to 12, inclusive.**

Planned Activity	Budgeted 2021-22	Budgeted 2022-23	Budgeted 2023-24	Budgeted 2024-25	Budgeted 2025-26	Total Budgeted per Activity
Ethnic Studies implementation training		10,000				10,000.00
Subtotal	0.00	10,000.00	0.00	0.00	0.00	10,000.00

**(10) Instruction, education, and strategies for certificated and classified educators in early childhood education, or childhood development.**

<b>Planned Activity</b>	<b>Budgeted 2021-22</b>	<b>Budgeted 2022-23</b>	<b>Budgeted 2023-24</b>	<b>Budgeted 2024-25</b>	<b>Budgeted 2025-26</b>	<b>Total Budgeted per Activity</b>
TK/Kinder California conference		8,879		8,879		17,758.00
<b>Subtotal</b>	<b>0.00</b>	<b>8,879.00</b>	<b>0.00</b>	<b>8,879.00</b>	<b>0.00</b>	<b>17,758.00</b>

**Summary of Expenditures**

<b>Planned Activity</b>	<b>Budgeted 2021-22</b>	<b>Budgeted 2022-23</b>	<b>Budgeted 2023-24</b>	<b>Budgeted 2024-25</b>	<b>Budgeted 2025-26</b>	<b>Total Budgeted per Activity</b>
<b>Subtotal Section (1)</b>	2,000.00	22,000.00	17,600.00	17,600.00	17,600.00	76,800.00
<b>Subtotal Section (2)</b>	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	9,000.00
<b>Subtotal Section (3)</b>	0.00	1,627.00	4,881.00	9,762.00	4,881.00	21,151.00
<b>Subtotal Section (4)</b>	5,000.00	5,000.00	0.00	0.00	0.00	10,000.00
<b>Subtotal Section (5)</b>	3,927.00	20,000.00	0.00	0.00	0.00	23,927.00
<b>Subtotal Section (6)</b>	2,000.00	2,000.00	0.00	0.00	0.00	4,000.00
<b>Subtotal Section (7)</b>	0.00	1,000.00	0.00	0.00	0.00	1,000.00
<b>Subtotal Section (8)</b>	500.00	500.00	500.00	500.00	500.00	2,500.00
<b>Subtotal Section (9)</b>	0.00	10,000.00	0.00	0.00	0.00	10,000.00
<b>Subtotal Section (10)</b>	0.00	8,879.00	0.00	8,879.00	0.00	17,758.00
<b>Totals by year</b>	<b>15,227.00</b>	<b>72,806.00</b>	<b>24,781.00</b>	<b>38,541.00</b>	<b>24,781.00</b>	<b>176,136.00</b>

<b>Total planned expenditures by the LEA:</b>
176,136.00

**Note:**

Per EC 41480 (d)(2): On or before September 30, 2026, the LEA must report detailed expenditure information to the California Department of Education, including, but not limited to:

- specific purchases made;
- the number of the following educators who received professional development:
  - o Teachers;
  - o Administrators;
  - o Paraprofessional educators;
  - o Classified staff.