

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2019

NEW ISSUE

RATING: S&P “BB” (Stable Outlook)

In the opinion of Hodgson Russ LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, and is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the “Code”), except that (a) the Institution (as hereinafter defined) or another Person (as hereinafter defined), by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2019 Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, and (b) interest on the Series 2019 Bonds is included in the tax base for purposes of computing the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code, and (2) so long as interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2019 Bonds is exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). For a more complete discussion, including certain other tax considerations, see “TAX MATTERS” herein.

\$10,695,000*

City of Albany Capital Resource Corporation Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019

Dated: Date of Delivery

Due: June 1, as shown on the inside front cover

The above-referenced City of Albany Capital Resource Corporation Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019 (the “Series 2019 Bonds”) are special limited obligations of City of Albany Capital Resource Corporation (the “Issuer”) payable exclusively from the Trust Estate as described in this Official Statement. Undefined capitalized terms on this cover are defined in the text hereof or in APPENDIX D of this Official Statement.

The Series 2019 Bonds are special limited obligations of the Issuer, payable as to principal, Sinking Fund Payments, Redemption Price and interest, from and secured in part by (i) certain unconditional loan payments to be made by Albany Leadership Charter High School for Girls, a New York not-for-profit education corporation (the “Institution”) pursuant to the loan agreement dated as of July 1, 2019, between the Issuer and the Institution, (ii) a pledge of certain funds and accounts established under the trust indenture dated as of July 1, 2019 (the “Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”), (iii) a mortgage relating to the Project Facility (as defined below) and (iv) an assignment of lease and rents. Neither the State of New York (the “State”) nor any political subdivision thereof, including the City of Albany (the “City”), will be obligated to pay the principal or Redemption Price of, Sinking Fund Payments for, or the interest on, the Series 2019 Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the City, is pledged to the payment of the Series 2019 Bonds. The Series 2019 Bonds will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2019 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the City. No recourse will be had for the payment of the principal or Redemption Price of, Sinking Fund Payments for, or the interest on, the Series 2019 Bonds against any member, officer, director, employee or agent of the Issuer. The Issuer has no taxing power. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” in this Official Statement.

Proceeds derived from the sale of the Series 2019 Bonds will be used by the Institution for the purposes of funding the costs of a project (the “Project”) consisting of: (A) the acquisition of an approximately 51,400 square foot high school building (the “Facility”) located at 19 Hackett Boulevard, Albany, New York (the “Land”) (the Land and the Facility being hereinafter referred to as the “Project Facility”), all of the foregoing to be operated by the Institution as an educational facility and any other directly or indirectly related activities; and (B) paying a portion of the costs incidental to the issuance of the Series 2019 Bonds, including issuance costs and funding reserves with respect to the Series 2019 Bonds. See “THE PROJECT AND PLAN OF FINANCE” in this Official Statement.

The Series 2019 Bonds will be issued as fully registered bonds initially issued in the minimum authorized denomination of \$5,000 or any integral multiple thereof in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Series 2019 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive physical certificates. The Series 2019 Bonds are subject to optional and mandatory redemption as described in this Official Statement. Interest on the Series 2019 Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2019. See “THE SERIES 2019 BONDS” in this Official Statement. **An investment in the Series 2019 Bonds is subject to certain risks. See “RISK FACTORS” in this Official Statement. Investors must read the entire Official Statement, including the Appendices hereto.**

The Series 2019 Bonds are offered, subject to prior sale, when, as and if accepted by M&T Securities, Inc. and subject to an opinion as to the validity of the Series 2019 Bonds and the tax-exempt status of the Series 2019 Bonds by Hodgson Russ LLP, Albany, New York, Bond Counsel; the approval of certain legal matters for the Issuer by William G. Kelly, Jr., Esq., Corporation Counsel, for the Institution by its counsel, Goldman Attorneys PLLC, Albany, New York, for the Trustee by its counsel, Harris Beach PLLC, Pittsford, New York, and for the Underwriter by its counsel, Bousquet Holstein PLLC, New York, New York, and certain other conditions. It is expected that delivery of the Series 2019 Bonds will be made on or about July __, 2019 through the facilities of DTC.

M&T Securities, Inc.

DATED July __, 2019

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

\$10,695,000*

**City of Albany Capital Resource Corporation
Tax-Exempt Revenue Bonds
(Albany Leadership Charter High School for Girls Project),
Series 2019**

\$ _____ **Term Bond due June 1,** _____ **at** _____ **%; Price** _____ **%; CUSIP®** _____ ******

\$ _____ **Term Bond due June 1,** _____ **at** _____ **%; Price** _____ **%; CUSIP®** _____ ******

\$ _____ **Term Bond due June 1,** _____ **at** _____ **%; Price** _____ **%; CUSIP®** _____ ******

* Preliminary, subject to change.

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No person has been authorized by the Issuer, the Underwriter or the Institution to give any information regarding the Series 2019 Bonds, the Institution or the Project, the offering contained herein and related matters or to make any representations other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Official Statement has been furnished by or on behalf of the Issuer and the Institution and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Neither the Issuer nor any of its members, directors, officers, agents, employees or representatives has reviewed this Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, directors, officers, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. None of the members, directors, officers, agents, employees or representatives of the Issuer nor any other person executing the Series 2019 Bonds is subject to personal liability by reason of the issuance of the Series 2019 Bonds. Other than the information under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer" in this Official Statement, the Issuer assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2019 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

The Board of Trustees of the State University of New York and the State of New York Board of Regents (together the "Authorizer") have not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2019 Bonds. The Authorizer has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

References in this Official Statement to New York law, the Series 2019 Bonds, the Indenture, the Loan Agreement, the Custody Agreement, the Pledge and Assignment, the Guaranty, the Pledge and Security Agreement, the Mortgage, the Assignment of Mortgage, the Assignment of Leases and Rents, the Continuing Disclosure Agreement and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their respective provisions. Copies of such documents are on file with the Trustee.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE

TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2019 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2019 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2019 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

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

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\$10,695,000*
City of Albany Capital Resource Corporation
Tax-Exempt Revenue Bonds
(Albany Leadership Charter High School for Girls Project), Series 2019

Issuer

City of Albany Capital Resource Corporation

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Trustee, Custodian, Bond Registrar and Paying Agent

Manufacturers and Traders Trust Company
Buffalo, New York

Trustee's Counsel

Harris Beach PLLC
Pittsford, New York

* Preliminary, subject to change.

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SUMMARY INFORMATION

The following is a summary of certain information contained in this Official Statement. The summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Official Statement (including the Appendices hereto). This Official Statement speaks only as of the date shown herein, and the information herein is subject to change. Undefined capitalized terms used below are defined in APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE hereto or elsewhere in this Official Statement.

Issuer

City of Albany Capital Resource Corporation (the “Issuer”) is a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “Act”), and is authorized by the Act to issue the Series 2019 Bonds. See “THE ISSUER” in this Official Statement.

Institution

The Institution is a New York not-for profit education corporation organized under Article 56 of the New York Education Law, as amended (the “Charter Schools Act”), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). On June 23, 2009, the Board of Trustees (the “Trustees”) of the State University of New York (“SUNY”) and the Institution entered into a provisional charter agreement (the “Provisional Charter”) to establish and operate a high school for girls with grades 9 and 10. The Provisional Charter allowed for an additional grade to be added each subsequent year; until the Institution offered grades 9 through 12 which occurred in 2013. In 2014, the Institution received a one year renewal. In 2015, a three (3) year charter renewal was granted through July 31, 2018. On January 9, 2018, the Trustees voted to approve the Institution’s request for a second renewal of the charter through July 31, 2023. See “THE INSTITUTION” and “APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS” in this Official Statement.

Series 2019 Bonds

The Issuer is issuing its Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019, in the principal amount of \$10,695,000* (the “Series 2019 Bonds”), pursuant to a trust indenture dated as of July 1, 2019 (as amended or supplemented, the “Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). The Series 2019 Bonds will be issued in denominations \$5,000 or any integral multiple in excess thereof. See “THE SERIES 2019 BONDS” in this Official Statement.

Plan of Finance and Use of Proceeds

The Issuer will loan the proceeds derived from the sale of the Series 2019 Bonds to the Institution pursuant to the terms of a loan agreement dated as of July 1, 2019 (as amended or supplemented, the “Loan Agreement”), by and between the Issuer and the Institution. Proceeds of the Series 2019 Bonds will be used by the Institution for the purposes of funding the costs of a project (the “Project”) consisting of: (A) the acquisition of an approximately 51,400 square foot high school building (the “Facility”) located at 19 Hackett Boulevard, Albany, New York (the “Land”) (the Land and the Facility being

* Preliminary, subject to change.

hereinafter referred to as the “Project Facility”), all of the foregoing to be operated by the Institution as an educational facility and any other directly or indirectly related activities; and (B) paying a portion of the costs incidental to the issuance of the Series 2019 Bonds and funding reserves with respect to the Series 2019 Bonds. The Project Facility will be owned by the Institution for use as a charter high school for girls with grades 9 through 12. See “THE PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS” in this Official Statement.

Security for the Series 2019 Bonds

Pursuant to the Indenture, the Series 2019 Bonds will be secured by and payable from an assignment and pledge by the Issuer of (1) all money held in the Funds and Accounts established under the Indenture (but excluding funds in the Repair and Replacement Fund and in the Rebate Fund), (2) the right, title and interest of the Issuer in the Loan Agreement (except for the Issuer’s Unassigned Rights), and (3) Loan payments due from the Institution under the Loan Agreement.

The Series 2019 Bonds will also be secured (1) by mortgage lien on and security interest in the Institution’s fee title interest in the Facility pursuant to a mortgage dated as of July 1, 2019, from the Institution to the Issuer (as amended or supplemented, the “Mortgage”), as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage dated as of July 1, 2019 (the “Assignment of Mortgage”), and (2) by an assignment of leases and rents dated as of July 1, 2019, from the Institution to the Issuer (as amended or supplemented, the “Assignment of Lease and Rents”), which is to be assigned from the Issuer to the Trustee pursuant to the Assignment of Assignment of Lease and Rents. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” and “RISK FACTORS—Enforcement of Remedies and —Special Purpose Building” in this Official Statement.

Pursuant to a guaranty dated as of July 1, 2019 (as amended or supplemented, the “Guaranty”), the Institution will make certain covenants for the benefit of the Trustee for the benefit of the holders of the Series 2019 Bonds and any Additional Bonds under the Indenture. Pursuant to a pledge and security agreement dated as of July 1, 2019 (as amended or supplemented, the “Pledge and Security Agreement”), between the Institution and the Trustee, the Institution will pledge and grant to the Trustee a security interest in Gross Revenues as security for the payment and performance of obligations of the Institution under the Guaranty. Section 2853(3)(b) of the Charter Schools Act prohibits the Institution from pledging or assigning the portion of Education Aid constituting “charter school basic tuition” under the Charter Schools Act provided or to be provided to the Institution in connection with the purchase or construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” and “RISK FACTORS” in this Official Statement.

Custody Agreement

Simultaneously with the execution of the Loan Agreement, the Institution, Manufacturers and Traders Trust Company, as custodian (the “Custodian”) and the Trustee are entering into a custody agreement dated July 1, 2019 (as amended or supplemented, the “Custody Agreement”). The Institution will direct certain of the school districts in which students enrolled in the Institution reside (each a “School District”) to make payments of bi-monthly installments of Education Aid directly to the Custodian for deposit as directed by the Trustee under the Custody Agreement. Pursuant to the Custody Agreement, the Institution will cause the three School Districts from which the highest number of students are enrolled, to pay over and deliver on each bimonthly payment date, all Education Aid payable to the Institution on such date directly to the Custodian for payment to the Trustee, and if the top three School Districts account for less than 90% of the Education Aid received by the Institution, then the

Institution will direct additional School Districts to pay over and deliver Education Aid to the Custodian as shall be necessary for at least 90% of such Education Aid to be paid to the Custodian. The Albany City School District, in the 2018-19 fiscal year of the Institution, is expected to account for approximately 74% of the Education Aid received by the Institution. The Schenectady City School District and the Troy City School District in the 2018-2019 fiscal year of the Institution are expected to account for approximately 11% and 9% of the Education Aid received by the Institution, respectively. Upon receipt of such amounts and of a Custody Agreement Notice prepared by the Trustee (as described in the Custody Agreement), the Custodian will pay to the Trustee: (1) for the Education Aid Funding Periods commencing on September 1, 2019, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to the interest payable on the Bonds on December 1, 2019, one-fourth of the principal payable on the Bonds on June 1, 2020 and one-fourth of the Repair and Replacement Fund Requirement; (2) for the Education Aid Funding Periods commencing on November 1, 2019, January 1, 2020 and March 1, 2020, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to one-third of the interest payable on the Bonds on June 1, 2020, one-fourth of the principal payable on the Bonds on June 1, 2020, and one-fourth of the Repair and Replacement Fund Requirement; (3) for the Education Aid Funding Periods scheduled for each May 1, July 1 and September 1 of each calendar year during which any Bonds are outstanding commencing May 1, 2020, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to one-third of the interest payable on the Bonds on each December 1 and one-sixth of the principal payable on the Bonds on each June 1; (4) for the Education Aid Funding Periods scheduled for each November 1, January 1 and March 1 of each calendar year during which any Bonds are outstanding commencing November 1, 2020, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to one-third of the interest payable on the Bonds on each June 1 and one-sixth of the principal payable on the Bonds on each June 1; (5) for deposit to the Reserve Fund with respect to the first, second, third, fourth, fifth and each subsequent Education Aid Funding Period beginning after any transfer from the Reserve Fund which (x) results from a deficiency in the Bond Fund and (y) results in a deficiency in the Reserve Fund which remains upon completion of all applications and other transfers of funds under the Indenture on the date of such transfer the respective amounts necessary to cause the aggregate amount so deposited since the date of such transfer to equal, respectively, one-sixth (1/6), two-sixths (2/6), three-sixths (3/6), four-sixths (4/6), five-sixths (5/6) and six-sixths (6/6) of the amount of such Reserve Fund deficiency; (6) for deposit to the Repair and Replacement Fund, with respect to the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth and each subsequent Education Aid Funding Period beginning after any transfer from the Repair and Replacement Fund which results in a deficiency in the Repair and Replacement Fund, the respective amounts necessary to cause the aggregate amount so deposited since the date of such transfer to equal, respectively, one-sixth (1/6), two-sixths (2/6), three-sixths (3/6), four-sixths (4/6), five-sixths (5/6) and six-sixths (6/6) of the amount of such Repair and Replacement Fund deficiency; and (7) any remaining moneys shall be remitted to the Institution in accordance with the Custody Agreement. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" and "RISK FACTORS" in this Official Statement.

Cash on Hand Covenant

Pursuant to the terms of the Guaranty, the Institution covenants to maintain unrestricted Cash on Hand of at least sixty (60) Days' Cash on Hand, tested as of June 30 of each year, commencing June 30, 2020, until the Series 2019 Bonds are no longer outstanding (the "Cash on Hand Requirement"), subject to the qualification that if applicable State or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, will not permit the Institution to maintain the Cash on Hand Requirement,

then the Institution will, in conformity with the then prevailing laws, rules, or regulations, maintain its Cash on Hand equal to the maximum permissible level (the “Adjusted Cash on Hand”). The Institution will provide the Trustee with a written certification if the Adjusted Cash on Hand becomes applicable and the amount of such Adjusted Cash on Hand and the Trustee will be fully protected in relying on such written certification. No later than the earlier of the ensuing December 31 or four (4) weeks after completion of the Institution’s audit for the previous Fiscal Year, the Institution will provide to the Trustee a certificate of an Authorized Representative of the Institution stating whether as of June 30 of such previous Fiscal Year the Cash on Hand Requirement is satisfied and the amount of Cash on Hand having met the Cash on Hand Requirement.

If the Cash on Hand for any testing date is less than the Cash on Hand Requirement, then the Institution will retain on an annual basis 50% of the Excess Net Revenues until such time as the Institution is in compliance with the Cash on Hand Requirement. In the event that the Institution fails to satisfy the Cash on Hand Requirement and does not retain on an annual basis 50% of the Excess Net Revenues, then the Trustee will give notice thereof to the Bondholders, and upon the written direction of Holders of not less than 51% of the principal amount of Bonds then Outstanding, the Institution agrees to promptly employ a Management Consultant to review and analyze the operations and administration of the Institution, inspect the Project Facility, and submit to the Institution and the Trustee written reports, and make such recommendations as to the operation and administration of the Institution as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Institution’s compliance with any recommendations and the Trustee’s sole responsibility is to forward such recommendations to the Bondholders.

So long as the Institution is otherwise in full compliance with its obligations under the Loan Agreement and Guaranty, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it will not constitute an Event of Default under the Guaranty if the Institution fails to meet the Cash on Hand Requirement and retain on an annual basis 50% of the Excess Net Revenues.

Debt Service Coverage Covenant

Pursuant to the terms of the Guaranty, the Institution covenants to maintain during each Fiscal Year, Net Income Available for Debt Service with respect to the Fiscal Year then ended of at least 110% of the Principal and Interest Requirements (the “Debt Service Coverage Ratio”). No later than the earlier of the ensuing December 31 or four (4) weeks after completion of the Institution’s audit for the previous Fiscal Year, the Institution will provide to the Trustee a Certificate of an Authorized Representative of the Institution stating whether as of the last day of the previous Fiscal Year the Debt Service Coverage Ratio is satisfied and setting forth the calculations upon which the statement is based.

If the Institution does not comply with the Debt Service Coverage Ratio, then the Trustee will give notice thereof to the Bondholders, and upon the written direction of Holders of not less than 51% of the principal amount of Bonds then Outstanding, the Institution agrees to promptly employ a Management Consultant to review and analyze the operations and administration of the Institution, inspect the Project Facility, and submit to the Institution and the Trustee written reports, and make such recommendations as to the operation and administration of the Institution as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the

Institution's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders.

So long as the Institution is otherwise in full compliance with its obligations under the Loan Agreement and Guaranty, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it will not constitute an Event of Default under the Guaranty if the Institution fails to satisfy the Debt Service Coverage Ratio (as evidenced by Institution's audited financial statements for such Fiscal Year).

Regardless of whether Institution has retained a Management Consultant, if at the end of the Fiscal Year ending June 30, 2020 or any subsequent Fiscal Year, the Net Income Available for Debt Service as of the end of such Fiscal Year is less than 100% of the Principal and Interest Requirements of such Fiscal Year (as evidenced by Institution's audited financial statements for such Fiscal Year), then the Trustee will give notice thereof to the Bondholders, and Holders of not less than 51% of the principal amount of Bonds then Outstanding may (1) direct the Trustee to declare an Event of Default under the Indenture, the Guaranty or the Loan Agreement and (2) direct the Trustee to exercise one or more of the remedies permitted under the Indenture, the Guaranty or the Loan Agreement.

Financial and Operational Reporting

In addition to the reporting required under the Continuing Disclosure Agreement, pursuant to the terms of the Guaranty, the Institution covenants and agrees that it will have its books and records audited annually, commencing with the Fiscal Year ending June 30, 2019, by an Accountant as soon as practicable after the close of each Fiscal Year. The Institution agrees that it will furnish:

(A) to the Trustee and the Rating Agency, within 180 days after the end of each Fiscal Year, a copy of the audit report certified by the Accountant including the Accountant's statement as to the calculation of the Cash on Hand Requirement and the Debt Service Coverage Ratio;

(B) to the Trustee on or before 45 days after the end of each fiscal quarter, commencing with the quarter which ends on September 30, 2019, a "Quarterly Officer's Report" (1) unaudited financial statements of the Institution for each fiscal quarter reflecting revenues and expenses including a year-to-date income statement, a balance sheet, a statement of cash flows and a comparison of such calendar quarter to the budget of the Institution, (2) the actual enrollment for the Institution and the actual funded student count as last reported to New York State Education Department; (3) for the final quarter for each Fiscal Year, commencing with the final quarter which ends on June 30, 2019, (a) unaudited financial statements of the Institution for the final quarter reflecting revenues and expenses as submitted to its governing board, which will include a year-to-date income statement, a balance sheet, a statement of cash flows and a comparison of such calendar quarter to the budget of the Institution, (b) a copy of the Institution's annual budget, as amended or supplemented as of the reporting date, for the then current Fiscal Year and (c) a summary, prepared and certified by the Chief Financial Officer of the Institution, of the activities of the Institution during the prior Fiscal Year; and (4) a copy of any and all monthly reports received from the State indicating the amount of the Education Aid payable to the Institution; and

(C) to the Trustee, commencing December 30, 2019, an "Interim Officer's Report" setting forth the following information, within the time periods set forth below (1) individual and consolidated annual budgets of the Institution within 30 days of their adoption; (2) results of any federal or State testing within 45 days of receipt by the Institution; (3) within 14 days of receipt, notification or report of any potential or alleged violation of the charter by the Institution; (4) within 14 days of submission, any information that the Institution has provided to the Rating Agency, if any, as part of such

Rating Agency’s ongoing surveillance to the extent such information has not otherwise been filed or is being filed on the Electronic Municipal Market Access system (“EMMA”) of the Municipal Securities Rulemaking Board as part of the Continuing Disclosure Agreement; and (5) within 14 days of receipt, any notice or allegation of a violation of governmental approvals in connection with the operation of the Project Facility.

In the Guaranty, the Institution also covenants that it will at its sole cost and expense at all times while the Series 2019 Bonds are outstanding take all action reasonably necessary to maintain from one or more Rating Agency a rating on the Series 2019 Bonds.

Special Limited Obligations

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND PAYMENTS, REDEMPTION PRICE AND INTEREST SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE OF NEW YORK (THE “STATE”) NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF ALBANY, NEW YORK (THE “CITY”) WILL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND PAYMENTS FOR, OR INTEREST ON, THE SERIES 2019 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2019 BONDS. THE SERIES 2019 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2019 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND PAYMENTS FOR, OR INTEREST ON, THE SERIES 2019 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Risk Factors

Purchase of the Series 2019 Bonds involves a degree of risk. A prospective purchaser of the Series 2019 Bonds is advised to read this entire Official Statement including the Appendices attached hereto in their entirety, particularly the section entitled “RISK FACTORS” in this Official Statement, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2019 Bonds.

Optional and Mandatory Redemption

See “THE SERIES 2019 BONDS—Redemption of Series 2019 Bonds” in this Official Statement.

Payment

Interest accrues on the Series 2019 Bonds at the rates set forth on the inside front cover of this Official Statement from their date of issuance and is payable on June 1 and December 1 of each year, commencing December 1, 2019 (each an “Interest Payment Date”). The Series 2019 Bonds mature as set forth on the inside front cover of this Official Statement. Interest on and the principal of the Series 2019

Bonds is payable as described under the heading “THE SERIES 2019 BONDS” in this Official Statement.

Trustee, Bond Registrar and Paying Agent

Manufacturers and Traders Trust Company is acting as Trustee, Custodian, Bond Registrar and Paying Agent. See “THE TRUSTEE” in this Official Statement.

Form

The Series 2019 Bonds will be registered under a book-entry system in the name of the Depository Trust Company (“DTC”) or its nominees. See “THE SERIES 2019 BONDS” in this Official Statement.

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OFFICIAL STATEMENT

\$10,695,000*

**City of Albany Capital Resource Corporation
Tax-Exempt Revenue Bonds
(Albany Leadership Charter High School for Girls Project), Series 2019**

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Capitalized terms not defined herein have the meanings assigned in APPENDIX D or in any other document with respect to which the term is used. Definitions contained in the text hereof are for ease of reference only, and are qualified in their entirety by the definitions in APPENDIX D or the documents with respect to which such terms relate. The Appendices to this Official Statement are an integral part of this Official Statement and each potential investor should review the Appendices in their entirety.

General

City of Albany Capital Resource Corporation, a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “Issuer”), will issue its Tax-Exempt School Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019 in the principal amount of \$10,695,000* (the “Series 2019 Bonds”), pursuant to a resolution adopted by the Issuer on April 18, 2019 and a trust indenture dated as of July 1, 2019 (as amended or supplemented, the “Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). The Issuer will loan the proceeds of the Series 2019 Bonds (the “Loan”) to Albany Leadership Charter High School for Girls, a New York not-for-profit education corporation (the “Institution”) and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), pursuant to a loan agreement dated as of July 1, 2019 (as amended or supplemented, the “Loan Agreement”), between the Issuer and the Institution. See “APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE” in this Official Statement.

Proceeds of the Series 2019 Bonds will be used by the Institution for the purposes of funding the costs of a project (the “Project”) consisting of (1) the acquisition of land improved with an approximately 51,400 square-foot high school building located at 19 Hackett Boulevard, Albany, New York (the “Facility”) (the “Land” and the Facility, the “Project Facility”), all of the foregoing to be operated by the Institution as an educational facility and any other directly or indirectly related activities; and (2) payment of issuance costs of the Series 2019 Bonds and funding of reserves with respect to the Series 2019 Bonds. The Facility will be owned by the Institution for use as a charter high school for girls with grades 9 through 12. See “THE PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS” in this Official Statement.

* Preliminary, subject to change.

Loan of Series 2019 Bond Proceeds; Mortgage and Other Security; Custody Agreement

Proceeds of the Series 2019 Bonds will be loaned by the Issuer to the Institution pursuant to the Loan Agreement, and the Series 2019 Bonds will be payable primarily from and secured by a pledge of payments to be made by the Institution (the “Loan Payments”) under the Loan Agreement, which are required to be sufficient to pay when due the scheduled principal of, Sinking Fund Payments for, and interest on the Series 2019 Bonds and any Additional Bonds (collectively, the “Bonds”). The Series 2019 Bonds will also be secured by (1) mortgage lien on and security interest in the Institution’s fee title interest in the Facility pursuant to a mortgage dated as of July 1, 2019 (as amended or supplemented, the “Mortgage”), from the Institution to the Issuer, as assigned by the Issuer to the Trustee under the terms of an assignment of mortgage dated as of July 1, 2019 (the “Assignment of Mortgage”), and (2) the assignment of leases and rents dated as of July 1, 2019, (as amended or supplemented, the “Assignment of Leases and Rents”) from the Institution to the Issuer, as assigned from the Issuer to the Trustee pursuant to the assignment of leases and rents assignment dated as of July 1, 2019 (the “Assignment of Leases and Rents Assignment”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS”, “RISK FACTORS—Enforcement of Remedies and —Special Purpose Building” and “APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE” in this Official Statement.

Section 2853(3)(b) of the Charter Schools Act prohibits the Institution from pledging or assigning the portion of Education Aid constituting “charter school basic tuition” under the Charter Schools Act provided or to be provided by the New York State Education Department (the “SED”) in connection with the purchase or construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Simultaneously with the execution of the Loan Agreement, the Institution, Manufacturers and Traders Trust Company, as Custodian (the “Custodian”), and the Trustee are entering into the custody agreement dated as of July 1, 2019 (as amended or supplemented, the “Custody Agreement”). The Institution will direct certain of the school districts in which students enrolled in the Institution reside (the “School Districts”) to make payments of bi-monthly installments of Education Aid directly to the Custodian for deposit as directed by the Trustee under the Custody Agreement. Pursuant to the Custody Agreement, the Institution will cause certain School Districts to pay over and deliver on each bimonthly payment date, Education Aid to the Institution on such date directly to the Custodian for payment to the Trustee. Pursuant to the Custody Agreement, the Institution will cause the three School Districts from which the highest number of students are enrolled, to pay over and deliver on each bimonthly payment date, Education Aid payable to the Institution on such date directly to the Custodian for payment to the Trustee, and if the top three School Districts account for less than 90% of the Education Aid received by the Institution, then the Institution will direct additional School Districts to pay over and deliver Education Aid to the Custodian as shall be necessary for at least 90% of such Education Aid to be paid to the Custodian. The Albany City School District, in the 2018-19 fiscal year of the Institution, is expected to account for approximately 74% of the Education Aid received by the Institution. The Schenectady City School District and the Troy City School District in the 2018-2019 fiscal year of the Institution are expected to account for approximately 11% and 9% of the Education Aid received by the Institution, respectively. See “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK” in this Official Statement.

Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2019 Bonds, substantially all of its right, title and interest in and to the Loan Agreement and the amounts payable thereunder (other than the Issuer’s Unassigned Rights) to secure payment of the principal of, Sinking Fund Payments for, Redemption Price, and interest on the Series 2019 Bonds. The

obligation of the Institution to make Loan Payments under the Loan Agreement is an absolute and unconditional obligation of the Institution. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” in this Official Statement.

Continuing Disclosure

The Institution will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, certain periodic quarterly and annual financial reports and notices of certain other events with respect to the Series 2019 Bonds. See “CONTINUING DISCLOSURE” and “APPENDIX F—CONTINUING DISCLOSURE AGREEMENT” in this Official Statement.

Special Covenants of the Institution; Additional Indebtedness

Pursuant to a guaranty dated as of July 1, 2019 (as amended or supplemented, the “Guaranty”), from the Institution to the Trustee, the Institution makes certain covenants for the benefit of the Trustee for the benefit of the holders of the Series 2019 Bonds and any Additional Bonds issued under the Indenture.

Cash on Hand Covenant

Pursuant to the terms of the Guaranty, the Institution covenants to maintain unrestricted Cash on Hand of at least sixty (60) Days’ Cash on Hand, tested as of June 30 of each year, commencing June 30, 2020, until the Series 2019 Bonds are no longer outstanding (the “Cash on Hand Requirement”), subject to the qualification that if applicable State or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, will not permit the Institution to maintain the Cash on Hand Requirement, then the Institution will, in conformity with the then prevailing laws, rules, or regulations, maintain its Cash on Hand equal to the maximum permissible level (the “Adjusted Cash on Hand”). The Institution will provide the Trustee with a written certification if the Adjusted Cash on Hand becomes applicable and the amount of such Adjusted Cash on Hand and the Trustee will be fully protected in relying on such written certification. No later than the earlier of the ensuing December 31 or four (4) weeks after completion of the Institution’s audit for the previous Fiscal Year, the Institution will provide to the Trustee a certificate of an Authorized Representative of the Institution stating whether as of June 30 of such Fiscal Year the Cash on Hand Requirement is satisfied and the amount of Cash on Hand having met the Cash on Hand Requirement.

If the Cash on Hand for any testing date is less than the Cash on Hand Requirement, then the Institution will retain on an annual basis 50% of the Excess Net Revenues until such time as the Institution is in compliance with the Cash on Hand Requirement. In the event that the Institution fails to satisfy the Cash on Hand Requirement and does not retain on an annual basis 50% of the Excess Net Revenues, then the Trustee will give notice thereof to the Bondholders, and upon the written direction of Holders of not less than 51% of the principal amount of Bonds then Outstanding, the Institution agrees to promptly employ a Management Consultant to review and analyze the operations and administration of the Institution, inspect the Project Facility, and submit to the Institution and the Trustee written reports, and make such recommendations as to the operation and administration of the Institution as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Institution’s compliance with any

recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders.

So long as the Institution is otherwise in full compliance with its obligations under the Loan Agreement and Guaranty, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it will not constitute an Event of Default under the Guaranty if the Institution fails to meet the Cash on Hand Requirement and retain on an annual basis 50% of the Excess Net Revenues.

Debt Service Coverage Covenant

Pursuant to the terms of the Guaranty, the Institution covenants to maintain during each Fiscal Year, Net Income Available for Debt Service with respect to the Fiscal Year then ended of at least 110% of the Principal and Interest Requirements (the "Debt Service Coverage Ratio"). No later than the earlier of the ensuing December 31 or four (4) weeks after completion of the Institution's audit for the previous Fiscal Year, the Institution will provide to the Trustee a Certificate of an Authorized Representative of the Institution stating whether as of the last day of the previous Fiscal Year the Debt Service Coverage Ratio is satisfied and setting forth the calculations upon which the statement is based.

If the Institution does not comply with the Debt Service Coverage Ratio, then the Trustee will give notice thereof to the Bondholders, and upon the written direction of Holders of not less than 51% of the principal amount of Bonds then Outstanding, the Institution agrees to promptly employ a Management Consultant to review and analyze the operations and administration of the Institution, inspect the Project Facility, and submit to the Institution and the Trustee written reports, and make such recommendations as to the operation and administration of the Institution as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Institution's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders.

So long as the Institution is otherwise in full compliance with its obligations under the Loan Agreement and Guaranty, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it will not constitute an Event of Default under the Guaranty if the Institution fails to satisfy the Debt Service Coverage Ratio (as evidenced by Institution's audited financial statements for such Fiscal Year).

Regardless of whether Institution has retained a Management Consultant, if at the end of the Fiscal Year ending June 30, 2020 or any subsequent Fiscal Year, the Net Income Available for Debt Service as of the end of such Fiscal Year is less than 100% of the Principal and Interest Requirements of such Fiscal Year (as evidenced by Institution's audited financial statements for such Fiscal Year), then the Trustee will give notice thereof to the Bondholders, and Holders of not less than 51% of the principal amount of Bonds then Outstanding may (1) direct the Trustee to declare an Event of Default under the Indenture, the Guaranty or the Loan Agreement and (2) direct the Trustee to exercise one or more of the remedies permitted under the Indenture, the Guaranty or the Loan Agreement.

Additional Indebtedness

The Guaranty limits the Indebtedness that the Institution can incur.

The Institution may incur additional Long-Term Indebtedness, which may be evidenced by supplementing the Loan Agreement and the Indenture. Such additional Long-Term Indebtedness may be secured in whole or in part by Liens on the Institution's properties and a security interest in the Gross Revenues on a parity with amounts secured by the Lien of the Mortgage and the security interest in the Gross Revenues granted by the Pledge and Security Agreement if either: (1) the Net Income Available for Debt Service for the most recent Fiscal Year for which an audit has been completed is sufficient to pay an amount representing not less than 110% of the combined Maximum Annual Debt Service for outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred; or (2) a Management Consultant reports that the Net Income Available for Debt Service will equal not less than 120% of the combined Maximum Annual Debt Service payments for the outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred for three (3) consecutive Fiscal Years after the earlier of: (a) the date the new facility for which additional debt is being undertaken to finance is placed into service; or (b) the year in which provision for payment of debt service by capitalized interest has been made.

The Institution may incur Short-Term Indebtedness from time to time, provided that the principal amount of the Short-Term Indebtedness to be incurred, when added to the outstanding principal amount of all other Short-Term Indebtedness, does not exceed ten percent (10%) of the Gross Revenues.

The Institution may incur additional Indebtedness as permitted above which is secured by Liens on the Project Facility or Gross Revenues that are subordinate to the Lien of the Mortgage and the security interest in the Gross Revenues granted by the Pledge and Security Agreement.

Financial and Operational Reporting

In addition to the reporting required under the Continuing Disclosure Agreement, pursuant to the terms of the Guaranty, the Institution covenants and agrees that it will have its books and records audited annually, commencing with the Fiscal Year ending June 30, 2019, by an Accountant as soon as practicable after the close of each Fiscal Year. The Institution agrees that it will furnish

(A) to the Trustee and the Rating Agency, within 180 days after the end of each Fiscal Year to the Trustee and each Rating Agency, if any, a copy of the audit report certified by the Accountant including the Accountant's statement as to the calculation of the Cash on Hand Requirement and the Debt Service Coverage Ratio;

(B) to the Trustee on or before 45 days after the end of each fiscal quarter, commencing with the quarter which ends on September 30, 2019, a "Quarterly Officer's Report" (1) unaudited financial statements of the Institution for each fiscal quarter reflecting revenues and expenses including a year-to-date income statement, a balance sheet, a statement of cash flows and a comparison of such calendar quarter to the budget of the Institution, (2) the actual enrollment for the Institution and the actual funded student count as last reported to SED; (3) for the final quarter for each Fiscal Year, commencing with the final quarter which ends on June 30, 2019, (a) unaudited financial statements of the Institution for the final quarter reflecting revenues and expenses as submitted to its governing board, which will include a year-to-date income statement, a balance sheet, a statement of cash flows and a comparison of such calendar quarter to the budget of the Institution, (b) a copy of the Institution's annual budget, as

amended or supplemented as of the reporting date, for the then current Fiscal Year and (c) a summary, prepared and certified by the Chief Financial Officer of the Institution, of the activities of the Institution during the prior Fiscal Year; and (4) a copy of any and all monthly reports received from the State indicating the amount of the Education Aid payable to the Institution; and

(C) to the Trustee, commencing December 30, 2019, an “Interim Officer’s Report” setting forth the following information, within the time periods set forth below (1) individual and consolidated annual budgets of the Institution within 30 days of their adoption; (2) results of any federal or State testing within 45 days of receipt by the Institution; (3) within 14 days of receipt, notification or report of any potential or alleged violation of the charter by the Institution; (4) within 14 days of submission, any information that the Institution has provided to the Rating Agency, if any, as part of such Rating Agency’s ongoing surveillance to the extent such information has not otherwise been filed or is being filed on the Electronic Municipal Market Access system (“EMMA”) of the Municipal Securities Rulemaking Board as part of the Continuing Disclosure Agreement; and (5) within 14 days of receipt, any notice or allegation of a violation of governmental approvals in connection with the operation of the Project Facility.

In the Guaranty, the Institution also covenants that it will at its sole cost and expense at all times while the Series 2019 Bonds are outstanding take all action reasonably necessary to maintain from one or more Rating Agency a rating on the Series 2019 Bonds.

Pursuant to a pledge and security agreement dated as of July 1, 2019, (as amended or supplemented, the “Pledge and Security Agreement”), between the Institution and the Trustee, the Institution will pledge and grant to the Trustee a security interest in Gross Revenues as security for the payment and performance of obligations of the Institution under the Guaranty, subject to the statutory provision prohibiting any pledge or assignment of the portion of Education Aid constituting “charter school basic tuition” under the Charter Schools Act provided or to be provided to the Institution in connection with the purchase or construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS,” “RISK FACTORS” and “APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE” in this Official Statement.

Bondholders’ Risks

Certain risks associated with an investment in the Series 2019 Bonds are discussed under “RISK FACTORS” in this Official Statement. Other risks may exist which are not discussed within “RISK FACTORS”.

Miscellaneous

This Official Statement (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Pledge and Assignment, the Guaranty, the Pledge and Security Agreement, the Mortgage, the Assignment of Mortgage, the Assignment of Leases and Rents, the Assignment of Leases and Rents Assignment, the Custody Agreement, the Continuing Disclosure Agreement, the Issuer, the Facility, the Project, the Institution and the Series 2019 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to

documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE ISSUER

The Issuer, created April 13, 2010, is a not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “State”) at the direction of the Mayor of the City of Albany (the “City”). The Issuer is authorized by the Not-For-Profit Corporation Law of the State and the Issuer’s Certificate of Incorporation to promote community and economic development, and the creation of jobs in the non-profit and profit sectors for residents of the City by developing and providing programs for not-for-profit borrowers, manufacturing and industrial businesses and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects.

The sole member of the Issuer is the City of Albany, New York. The Issuer currently has seven (7) directors. The persons currently serving as directors of the Issuer are as follows:

Tracy Metzger, Chairperson
Susan Pedo, Vice Chair
Darius Shahinfar, Treasurer
Lee Eck, Secretary
Dominick Calsolaro
Jahkeen Hoke
Robert Schofield

The Issuer has offered and plans to offer other obligations from time to time to finance projects for other not-for-profit borrowers and, under certain circumstances, manufacturing and industrial businesses, with respect to facilities located in the City. Such obligations have been and will be issued pursuant to and secured by instruments separate and apart from the Indenture.

The Issuer has not prepared or assisted in the preparation of this Official Statement, except for statements under the sections captioned “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION—The Issuer” and, except as aforesaid, the Issuer is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Series 2019 Bonds, the Issuer has not otherwise assisted in the public offer, sale or distribution of the Series 2019 Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Series 2019 Bonds.

The Series 2019 Bonds are special limited obligations of the Issuer payable solely from the payments made by the Institution under the Loan Agreement from the Trust Estate as described in the Indenture. The Issuer has no taxing power. Neither the Issuer nor its members, directors, officers, agents, employees or representatives are personally liable with respect to the Series 2019 Bonds. Accordingly, no financial information with respect to the Issuer or its members, directors, officers, agents, employees or representatives has been included in this Official Statement.

THE INSTITUTION

The Institution is a not-for-profit education corporation incorporated under Article 56 of the State Education Law, as amended (the “Charter Schools Act”) and operates pursuant to a charter agreement with the Board of Trustees (the “Trustees”) of the State University of New York (“SUNY”). On June 23, 2009, the Trustees granted a provisional charter agreement (the “Provisional Charter”) to establish and operate a high school for girls with grades 9 and 10. The Provisional Charter allowed for an additional grade to be added in each subsequent year, until the Institution offered grades 9 through 12 which occurred in 2013. The Institution received a short term renewal from the Trustees pursuant to a 2010 amendment to the Charter Schools Act that required short term renewal of charters in order for charter schools to demonstrate good faith efforts to meet certain enrollment and retention targets for students with disabilities, English language learners and students who are eligible for the federal Free and Reduced Price Lunch program. In 2015, a three (3) year charter renewal was granted through July 31, 2018. On January 9, 2018, the Trustees voted to approve the Institution’s request for a charter renewal through July 31, 2023. The Trustees and the Institution entered into a renewal charter dated as of May 1, 2018 (the “Charter”).

The Institution is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and which is not a “private foundation” as defined in Section 509(a) of the Code. The Institution’s bylaws provide that the Institution is managed and controlled by a Board of Trustees (the “Board”). For more information with respect to the Institution and its history and operations, see “APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS” in this Official Statement.

THE PROJECT AND PLAN OF FINANCE

Use of Proceeds of the Series 2019 Bonds

Proceeds of the Series 2019 Bonds will be used by the Institution for the purposes of funding the costs of a project (the “Project”) consisting of: (1) acquisition of an approximately 51,400 square foot high school building (the “Facility”) located at 19 Hackett Boulevard, Albany, New York (the “Land”) (the Land and the Facility being hereinafter referred to as the “Project Facility”), all of the foregoing to be operated by the Institution as an educational facility and any other directly or indirectly related activities; and (2) paying issuance costs of the Series 2019 Bonds and funding reserves with respect to the Series 2019 Bonds. The Project Facility will be owned by the Institution for use as a charter high school for girls with grades 9 through 12.

Acquisition of the Facility

On March 8, 2019, the Institution entered into a Purchase and Sale Agreement, with Brighter Choice Foundation (the “Seller”) for the acquisition of the Project Facility, at a purchase price equal to \$10,000,000 which will be financed with proceeds of the Series 2019 Bonds. See “RISK FACTORS—Appraisal and —Special Purpose Building” in this Official Statement. The Institution currently leases from Seller the Project Facility for use as a charter high school for students in grades 9 through 12, pursuant to a lease agreement dated as of July 1, 2012.

SOURCES AND USES OF FUNDS

Following are the estimated sources and uses for funds (excluding investment income) associated with the Project and the issuance of the Series 2019 Bonds:

Sources of Funds

| | |
|-------------------------------|-----------------|
| Par Amount of Bonds | \$ _____ |
| Net Premium | \$ _____ |
| Equity Contribution | |
| Total Sources of Funds | \$ _____ |

Uses of Funds

| | |
|--------------------------------|-----------------|
| Deposit to Project Fund | \$ _____ |
| Deposit to Reserve Fund | \$ _____ |
| Costs of Issuance ¹ | \$ _____ |
| Total Uses of Funds | \$ _____ |

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¹ Includes Underwriter's compensation, legal fees and expenses, rating fees, printing, title insurance, Trustee fees, Issuer fees, accountant fees, real estate closing costs, contingency and other expenses associated with the issuance of the Series 2019 Bonds.

DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2019 Bonds, assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Funds and Accounts established under the Indenture. Interest on the Series 2019 Bonds will be paid on June 1 and December 1 of each year, commencing December 1, 2019. Principal of the Series 2019 Bonds will be paid on June 1 of each year, commencing June 1, _____ for the Series 2019 Bonds.

| Year End Ending (June 30) | <u>Series 2019 Bonds</u> | | Total Debt Service |
|--|------------------------------------|-----------------------------------|-------------------------------|
| | <u>Principal Amount</u> | <u>Interest Amount</u> | |
| 2020 | | | |
| 2021 | | | |
| 2022 | | | |
| 2023 | | | |
| 2024 | | | |
| 2025 | | | |
| 2026 | | | |
| 2027 | | | |
| 2028 | | | |
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| 2045 | | | |
| 2046 | | | |
| 2047 | | | |
| 2048 | | | |
| 2049 | | | |
| <hr/> | | | |
| TOTALS | | | |

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of New York’s current system for funding charter schools. Prospective purchasers of the Series 2019 Bonds should note that the overview contained below is provided for the convenience of prospective purchasers but is not and does not purport to be comprehensive. Potential purchasers should note that the law applicable to charter schools in New York has developed over time and is subject to further changes in the future. See “RISK FACTORS—Delay in or Termination or Reduction in Education Aid” in this Official Statement.

General

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

Charter School Basic Tuition

Charter School Basic Tuition is calculated according to a series of statutory formulas, which are detailed and complicated. By way of overview, a description of the Charter School Basic Tuition formula is provided in this section. Pursuant to Section 2856 of the Charter Schools Act, Charter School Basic Tuition is equal to the school district’s “Expense Per Pupil” for the year prior to the “Base Year” (i.e., the school year immediately preceding the current year) increased by the percentage change in the state total “Approved Operating Expense” from two years prior to the Base Year to the Base Year, with certain adjustments set forth for each school year. The calculation for Expense Per Pupil is a function of Approved Operating Expense for the year prior to the Base Year divided by the sum, computed using year prior to the Base Year pupil counts, of: (1) “Total Aidable Pupil Units” and (2) “Weighted Pupils With Disabilities.”

For this purpose, “Total Aidable Pupil Units” is the sum of: (1) the school district’s “Adjusted Average Daily Attendance” for the year prior to the Base Year multiplied by the “Enrollment Index” for the Base Year, plus (2) the “Additional Aidable Pupil Units” for the year prior to the Base Year.

Adjusted Average Daily Attendance

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

attendance of such pupils in one-half day kindergartens counted as one-half of such basic unit. The sum of all such units of attendance is the Adjusted Average Daily Attendance. Adjusted Average Daily Attendance is calculated by: (1) determining the number of religious holidays which fall on a school day within a school year according to regulations established by the New York State Commissioner of Education (the "Commissioner"); (2) deducting the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (3) deducting such religious holidays from the total number of days of session, by grade level; and (4) computing the adjusted average daily attendance for the school year.

Enrollment Index

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

Additional Aidable Pupil Units

Additional Aidable Pupil Units is the sum of: (1) the attendance of summer session pupils multiplied by 12%, and (2) the "Weighted Pupils With Special Educational Needs." Weighted Pupils With Special Educational Needs is calculated by multiplying pupils with special educational needs by 25%, with the result rounded up to the next whole number.

Weighted Pupils With Disabilities

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

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

(2) for placement for 20% or more of the school week in a resource room or special services or programs including related services required for 20% or more of the school week, or in the case of pupils in grades 7-12 or a multi-level middle school program or in the case of pupils in grades 4-6 in an elementary school operating on a period basis, the equivalent of five periods per week, but not less than the equivalent of 180 minutes in a resource room or in other special services or programs including

related services, or for at least two hours per week of direct or indirect consultant teacher services, the special services weighting is 90%.

The Charter School Basic Tuition is set annually in June. School districts are required to pay no later than the first business day of July, September, November, January, March and May the appropriate payment amounts as specified in the State Education Law relating to the Charter School Basic Tuition. The payments are adjusted for any supplemental payments due or overpayments to be recovered for the prior school year.

Federal and State Aid Attributable to a Student with a Disability

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

State aid attributable to a student with a disability attending a charter school is calculated as the sum of: (1) "Excess Cost Aid" payable to a public school district pursuant to the State Education Law based on the resident weighted enrollment in the charter school of pupils with disabilities receiving special services or programs provided directly or indirectly by the charter school in the current school year; and (2) any apportionment payable to such public school district pursuant to the State Education Law that is based on the cost of special services or programs provided directly or indirectly by the charter school to such pupil in the current school year. Excess Cost Aid is calculated as the product of: (1) excess cost aid per pupil calculated pursuant to the State Education Law; (2) the proportion of the weighting attributable to the student's level of service provided directly or indirectly by the charter school pursuant to the State Education Law; and (3) the student's enrollment in such charter school in the current school year.

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

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

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

Payments for federal or state aid attributable to a student with a disability to charter schools must be made by the school district in six substantially equal installments each year beginning on the first business day of July and every two months thereafter.

THE SERIES 2019 BONDS

Interest; Maturity; Payment

The Series 2019 Bonds will be issued in the principal amount of \$10,695,000¹. The Series 2019 Bonds will bear interest from their date, all as set forth on the inside front cover hereof. Interest on the Series 2019 Bonds will be payable semi-annually on June 1 and December 1 (each an “Interest Payment Date”) of each year, commencing on December 1, 2019. Interest on the Series 2019 Bonds will be calculated on the basis of a 360-day year with twelve months of thirty days.

The Series 2019 Bonds will be issued in the form of fully registered bonds without coupons in Authorized Denominations. The principal of, Sinking Fund Payments for, interest on, and Redemption Price of, the Series 2019 Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York (“DTC”), which will in turn remit such principal, Sinking Fund Payments, interest and Redemption Price to Participants, which Participants will in turn remit such principal, Sinking Fund Payments, interest and Redemption Price to the Beneficial Owners of the Series 2019 Bonds as described in this Official Statement. See “APPENDIX G—BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

In the event the Series 2019 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, Sinking Fund Payments for, and the Redemption Price of the Series 2019 Bonds will be payable by check or draft or wire transfer to the persons in whose names such Series 2019 Bonds are registered on the registration books maintained by the Trustee at the maturity or redemption thereof, or with respect to any payment in full of any Series 2019 Bond either at final maturity or upon redemption in whole, only at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 2019 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2019 Bond as shown on the bond registration books of the Trustee at the close of business on the regular Record Date for such interest, by check or draft mailed to such registered owner at his address as it appears on the bond registration books, or at the written request by any registered owner of Series 2019 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer, as described in the Indenture.

Interest on any Series 2019 Bond that is due and payable but not paid on the date due (“Defaulted Interest”) will cease to be payable to the owner of such Series 2019 Bond on the relevant regular Record Date and will be payable to the owner in whose name such Series 2019 Bond is registered at the close of business on a special record date (the “Special Record Date”) for the payment of such Defaulted Interest, which Special Record Date will be fixed as provided in the Indenture.

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¹ Preliminary, subject to change.

Redemption of Series 2019 Bonds

General Optional Redemption

The Series 2019 Bonds are subject to optional redemption prior to maturity, in whole or in part, on or after June 1, 20__, in integral multiples of \$5,000, at the option of the Issuer (which option will be exercised only upon the giving of notice by the Institution of its intention to prepay Loan Payments due under the Loan Agreement with respect to the Series 2019 Bonds), at the Redemption Price of 100% of principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest to the Redemption Date.

Mandatory Sinking Fund Installment Redemption

The Series 2019 Bonds maturing on June 1, 20__ are subject to scheduled mandatory sinking fund redemption, by lot in such manner as the Trustee will deem fair and appropriate, prior to maturity, on June 1 of each year, commencing June 1, 20__ by the application of Sinking Fund Payments at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof to be redeemed, plus accrued interest to the Redemption Date, without premium, in the principal amounts set forth opposite the respective dates set forth below:

| Sinking Fund Payment Date (June 1) | Sinking Fund Payment |
|---------------------------------------|----------------------|
|---------------------------------------|----------------------|

Mandatory Redemption

The Series 2019 Bonds are subject to redemption prior to maturity (1) as a whole, without premium, as provided in the Indenture, in the event of (a) a taking in Condemnation of, or failure of title to, all or substantially all of the Project Facility and election by the Institution to redeem the Series 2019 Bonds in accordance with the Loan Agreement, (b) damage to or destruction of part or all of the Project Facility and election by the Institution to redeem the Series 2019 Bonds in accordance with the Loan Agreement, or (c) a taking in Condemnation of part of the Project Facility and election by the Institution to redeem the Series 2019 Bonds in accordance with the Loan Agreement, or (2) as a whole, without premium, in the event that (a) the Loan Agreement will have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as a result of any change in the United States Constitution or legislative or administrative action (whether state or federal), or by final decree or judgment of any court or administrative body, or (b) the Authorized Representative of the Institution certifies that unreasonable burdens or excessive liabilities have been imposed on the Institution or its property, including, without limitation, taxes not being imposed on the date of the Loan Agreement, or (3) in part, without premium, (a) as provided in the Indenture, in the event that (i) excess moneys remain in the Insurance and Condemnation Fund following damage or condemnation of a portion of the Project Facility and completion of the repair, rebuilding or restoration of the Project Facility by the Institution, and (ii) such excess moneys are not paid to the Institution pursuant to the Indenture, (b) as provided in the Indenture, in the event that excess moneys remain in the related account in the Project Fund after the Completion Date, or (c) in the event that excess proceeds of recoveries from contractors are applied to redeem Series 2019 Bonds pursuant to the Loan Agreement, in each case to the extent of such excess. In any such event, the Series 2019 Bonds will be redeemed, as a whole or in part, as the case may

be, in the manner provided in the Indenture, on the earliest practicable date for which the Trustee can give notice of redemption pursuant to the Indenture, at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium

Notice of Redemption

Notice of the intended redemption of each Series 2019 Bond subject to redemption will be given by the Trustee one time by first class mail postage prepaid to the registered Owner of such Series 2019 Bond at the address of such Owner shown on the bond register maintained by the Trustee as Bond Registrar. All such redemption notices will be given not less than thirty (30) days prior nor more than sixty (60) days prior to the date fixed for redemption. A follow-up notice will be given by the Trustee by registered or certified mail to each registered Owner who has not submitted a Series 2019 Bond subject to redemption within ninety (90) to one hundred twenty (120) days following the Redemption Date. Each notice will specify the Redemption Price, the principal amount of the Series 2019 Bonds to be redeemed, the numbers of the Series 2019 Bonds to be redeemed if less than all of the Series 2019 Bonds are to be redeemed, the Redemption Date and the place or places where amounts due upon such redemption will be payable. Such notice will further state that payment of the applicable Redemption Price plus accrued interest to the Redemption Date will be made upon presentation and surrender of the Series 2019 Bonds or portions thereof to be redeemed; that upon presentation and surrender to the Trustee of any Bond being redeemed in part, a new Bond in the principal amount of the unredeemed portion of such Bond will be issued; and that the Series 2019 Bonds or portions thereof so called for redemption will be deemed redeemed and will cease to bear interest on the specified Redemption Date, provided that moneys for their redemption have been duly deposited in the Bond Fund; and, except for the purpose of payment, that such Series 2019 Bonds will no longer be protected by the Indenture. The failure to give any such notice, or any defect therein, will not affect the validity of any proceeding for the redemption of any Series 2019 Bond with respect to which no such failure to give notice, or defect therein, has occurred. Notwithstanding anything herein to the contrary, the Trustee will not give any notice under the Indenture in the case of an optional redemption pursuant to the Indenture requiring the payment of a premium upon such redemption unless the Institution will have complied with the provisions of the Indenture. Any notice of optional redemption may provide (and will provide if the Institution does not deposit with the Trustee moneys in an amount equal to the Redemption Price of the Series 2019 Bonds being redeemed at the time the Institution delivers to the Trustee its notice of its election to cause the redemption of such Series 2019 Bonds) that if, on the redemption date set forth in any such notice, there is on deposit with the Trustee and available therefor insufficient funds to pay the Redemption Price of all Series 2019 Bonds scheduled to be redeemed, such redemption may be rescinded (in which case the Trustee will promptly so notify the Holders of such Series 2019 Bonds in the same manner in which notice of redemption was given), and if such redemption is rescinded, the Series 2019 Bonds scheduled to be redeemed will remain Outstanding as if the notice of redemption had not been sent.

Notwithstanding any other provision of the Indenture, any notice of redemption given with respect to a Book Entry Bond will comply with the requirements for notice contained in the Depository Letter from the Issuer to the Depository relating to such Book Entry Bond.

If at the time of mailing of notice of any optional redemption in connection with a refunding of the Series 2019 Bonds the Institution will not have deposited with the Trustee moneys sufficient to redeem all the Series 2019 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the proceeds of refunding bonds or notes with the Trustee not later than the redemption date, and such notice and such optional redemption will be of no effect unless such moneys are so deposited.

Notice of any redemption hereunder with respect to Series 2019 Bonds held under a book entry system will be given by the Bond Registrar or the Trustee only to the Depository, or its nominee, as the Holder of such Bonds. Selection of book entry interests in the Series 2019 Bonds called for redemption is the responsibility of the Depository and any failure of any Direct Participant, Indirect Participant or Beneficial Owner to receive such notice and its contents or effect will not affect the validity of such notice or any proceedings for the redemption of such Bonds.

Payment of Redeemed Series 2019 Bonds

After notice will have been given in the manner provided in the Indenture, the Series 2019 Bonds or portions thereof called for redemption will become due and payable on the Redemption Date so designated. Upon presentation and surrender of such Series 2019 Bonds at the Office of the Trustee, such Series 2019 Bonds will be paid at the Redemption Price for such Series 2019 Bonds, plus accrued interest (if any) to the Redemption Date. If there will be selected for redemption less than all of a Bond, the Issuer will, upon the surrender of such Bond and with no charge to the Owner thereof, (1) pay the Redemption Price of the principal amount thereof called for redemption, and (2) cause the Trustee to authenticate and deliver for the unredeemed balance of the principal amount of such Bond so surrendered a fully registered Bond of like maturity in any of the Authorized Denominations.

If, on the Redemption Date, moneys for the redemption of all Series 2019 Bonds or portions thereof to be redeemed, in an amount equal to the principal of such Series 2019 Bonds or portions thereof to be redeemed, together with any premium due thereon and interest thereon to the Redemption Date, will be held by the Trustee so as to be available therefor on such date, the Series 2019 Bonds or portions thereof so called for redemption will cease to bear interest, and such Series 2019 Bonds or portions thereof will no longer be Outstanding under the Indenture or be secured by or be entitled to the benefits of the Indenture. If such moneys will not be so available on the Redemption Date, such Series 2019 Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and will remain Outstanding under the Indenture and will continue to be secured by and be entitled to the benefits of the Indenture until paid.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

Special Limited Obligations

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND PAYMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, WILL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND PAYMENTS FOR, OR INTEREST ON, THE SERIES 2019 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2019 BONDS. THE SERIES 2019 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2019 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND PAYMENTS FOR, OR INTEREST ON, THE SERIES 2019 BONDS AGAINST

ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR REPRESENTATIVE OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

General

Under the Loan Agreement, the Issuer agrees to issue the Series 2019 Bonds and to lend the proceeds thereof to the Institution to finance the Project, and the Institution is obligated unconditionally to repay the Loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, Sinking Fund Payments for, Redemption Price of, and interest on the Series 2019 Bonds when due (whether by maturity, mandatory sinking fund redemption, acceleration or otherwise) and to perform certain other obligations set forth therein. Among other things, the Institution will in the Guaranty covenant not to grant any liens (other than the lien effected by the Guaranty, the Mortgage and Permitted Encumbrances) on all or any portion of the Facility or its Gross Revenues except as permitted in the Guaranty. The obligation of the Institution to make Loan Payments under the Loan Agreement sufficient to pay Debt Service Payments on the Series 2019 Bonds is an absolute and unconditional obligation of the Institution. See “APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE” in this Official Statement.

Pursuant to the terms of the Mortgage, the Institution will grant to the Issuer and the Trustee a mortgage lien on and a security interest in the Facility, subject to Permitted Encumbrances, which Mortgage will be assigned by the Issuer to the Trustee pursuant to the terms of the Assignment of Mortgage. The liens and security interests created by the Indenture and the Mortgage are for the equal and ratable benefit of the owners of the Series 2019 Bonds. See “APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE” in this Official Statement. The Loan Agreement contains the general liability insurance and property insurance requirements for the Institution. See “RISK FACTORS” in this Official Statement for a discussion of certain limitations on the enforceability of the security for the Series 2019 Bonds.

Pursuant to the Guaranty, the Institution makes certain covenants for the benefit of the Trustee for the benefit of the holders of the Series 2019 Bonds. The Guaranty requires the Institution to comply with certain financial covenants and places certain restrictions on the incurrence of Indebtedness by the Institution. The Institution will pledge and grant to the Trustee a security interest in Gross Revenues (subject to the statutory provision in the Charter Schools Act that prohibits the Institution from pledging or assigning the portion of Education Aid constituting “charter school basic tuition” under the Charter Schools Act provided or to be provided to the Institution in connection with the purchase or construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility) to secure the Institution’s obligations under the Loan Agreement and the Guaranty.

Covenants of the Institution; Additional Indebtedness

Cash on Hand Covenant

Pursuant to the terms of the Guaranty, the Institution covenants to maintain unrestricted Cash on Hand of at least sixty (60) Days’ Cash on Hand, tested as of June 30 of each year, commencing June 30, 2020, until the Series 2019 Bonds are no longer outstanding (the “Cash on Hand Requirement”), subject

to the qualification that if applicable State or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, will not permit the Institution to maintain the Cash on Hand Requirement, then the Institution will, in conformity with the then prevailing laws, rules, or regulations, maintain its Cash on Hand equal to the maximum permissible level (the "Adjusted Cash on Hand"). The Institution will provide the Trustee with a written certification if the Adjusted Cash on Hand becomes applicable and the amount of such Adjusted Cash on Hand and the Trustee will be fully protected in relying on such written certification. No later than the earlier of the ensuing December 31 or four (4) weeks after completion of the Institution's audit for the previous Fiscal Year, the Institution will provide to the Trustee a certificate of an Authorized Representative of the Institution stating whether as of June 30 of such Fiscal Year the Cash on Hand Requirement is satisfied and the amount of Cash on Hand having met the Cash on Hand Requirement.

If the Cash on Hand for any testing date is less than the Cash on Hand Requirement, then the Institution will retain on an annual basis 50% of the Excess Net Revenues until such time as the Institution is in compliance with the Cash on Hand Requirement. In the event that the Institution fails to satisfy the Cash on Hand Requirement and does not retain on an annual basis 50% of the Excess Net Revenues, then the Trustee will give notice thereof to the Bondholders, and upon the written direction of Holders of not less than 51% of the principal amount of Bonds then Outstanding, the Institution agrees to promptly employ a Management Consultant to review and analyze the operations and administration of the Institution, inspect the Project Facility, and submit to the Institution and the Trustee written reports, and make such recommendations as to the operation and administration of the Institution as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Institution's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders.

So long as the Institution is otherwise in full compliance with its obligations under the Loan Agreement and Guaranty, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it will not constitute an Event of Default under the Guaranty if the Institution fails to meet the Cash on Hand Requirement and retain on an annual basis 50% of the Excess Net Revenues.

Debt Service Coverage Covenant

Pursuant to the terms of the Guaranty, the Institution covenants to maintain during each Fiscal Year, Net Income Available for Debt Service with respect to the Fiscal Year then ended of at least 110% of the Principal and Interest Requirements (the "Debt Service Coverage Ratio"). No later than the earlier of the ensuing December 31 or four (4) weeks after completion of the Institution's audit for the previous Fiscal Year, the Institution will provide to the Trustee a Certificate of an Authorized Representative of the Institution stating whether as of the last day of the previous Fiscal Year the Debt Service Coverage Ratio is satisfied and setting forth the calculations upon which the statement is based.

If the Institution does not comply with the Debt Service Coverage Ratio, then the Trustee will give notice thereof to the Bondholders, and upon the written direction of Holders of not less than 51% of the principal amount of Bonds then Outstanding, the Institution agrees to promptly employ a Management Consultant to review and analyze the operations and administration of the Institution, inspect the Project Facility, and submit to the Institution and the Trustee written reports, and make such recommendations as

to the operation and administration of the Institution as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Institution's compliance with any recommendations and the Trustee's sole responsibility is to forward such recommendations to the Bondholders.

So long as the Institution is otherwise in full compliance with its obligations under the Loan Agreement and Guaranty, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it will not constitute an Event of Default under the Guaranty if the Institution fails to satisfy the Debt Service Coverage Ratio (as evidenced by Institution's audited financial statements for such Fiscal Year).

Regardless of whether Institution has retained a Management Consultant, if at the end of the Fiscal Year ending June 30, 2020 or any subsequent Fiscal Year, the Net Income Available for Debt Service as of the end of such Fiscal Year is less than 100% of the Principal and Interest Requirements of such Fiscal Year (as evidenced by Institution's audited financial statements for such Fiscal Year), then the Trustee will give notice thereof to the Bondholders, and Holders of not less than 51% of the principal amount of Bonds then Outstanding may (1) direct the Trustee to declare an Event of Default under the Indenture, the Guaranty or the Loan Agreement and (2) direct the Trustee to exercise one or more of the remedies permitted under the Indenture, the Guaranty or the Loan Agreement.

Additional Indebtedness

The Guaranty limits the Indebtedness that the Institution can incur.

The Institution may incur additional Long-Term Indebtedness, which may be evidenced by supplementing the Loan Agreement and the Indenture. Such additional Long-Term Indebtedness may be secured in whole or in part by Liens on the Institution's properties and a security interest in the Gross Revenues on a parity with amounts secured by the Lien of the Mortgage and the security interest in the Gross Revenues granted by the Pledge and Security Agreement if either: (1) the Net Income Available for Debt Service for the most recent Fiscal Year for which an audit has been completed is sufficient to pay an amount representing not less than 110% of the combined Maximum Annual Debt Service for outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred; or (2) a Management Consultant reports that the Net Income Available for Debt Service will equal not less than 120% of the combined Maximum Annual Debt Service payments for the outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred for three (3) consecutive Fiscal Years after the earlier of: (a) the date the new facility for which additional debt is being undertaken to finance is placed into service; or (b) the year in which provision for payment of debt service by capitalized interest has been made.

The Institution may incur Short-Term Indebtedness from time to time, provided that the principal amount of the Short-Term Indebtedness to be incurred, when added to the outstanding principal amount of all other Short-Term Indebtedness does not exceed ten percent (10%) of the Gross Revenues.

The Institution may incur additional Indebtedness as permitted above which is secured by Liens on the Project Facility or Gross Revenues that are subordinate to the Lien of the Mortgage and the security interest in the Gross Revenues granted by the Pledge and Security Agreement.

Financial and Operational Reporting

In addition to the reporting required under the Continuing Disclosure Agreement, pursuant to the terms of the Guaranty, the Institution covenants and agrees that it will have its books and records audited annually, commencing with the Fiscal Year ending June 30, 2019, by an Accountant as soon as practicable after the close of each Fiscal Year. The Institution agrees that it will furnish

(1) to the Trustee and the Rating Agency, within 180 days after the end of each Fiscal Year to the Trustee and each Rating Agency, if any, a copy of the audit report certified by the Accountant including the Accountant's statement as to the calculation of the Cash on Hand Requirement and the Debt Service Coverage Ratio;

(2) to the Trustee on or before 45 days after the end of each fiscal quarter, commencing with the quarter which ends on September 30, 2019, a "Quarterly Officer's Report" (a) unaudited financial statements of the Institution for each fiscal quarter reflecting revenues and expenses including a year-to-date income statement, a balance sheet, a statement of cash flows and a comparison of such calendar quarter to the budget of the Institution, (b) the actual enrollment for the Institution and the actual funded student count as last reported to SED; (c) for the final quarter for each Fiscal Year, commencing with the final quarter which ends on June 30, 2019, (i) unaudited financial statements of the Institution for the final quarter reflecting revenues and expenses as submitted to its governing board, which will include a year-to-date income statement, a balance sheet, a statement of cash flows and a comparison of such calendar quarter to the budget of the Institution, (ii) a copy of the Institution's annual budget, as amended or supplemented as of the reporting date, for the then current Fiscal Year and (iii) a summary, prepared and certified by the Chief Financial Officer of the Institution, of the activities of the Institution during the prior Fiscal Year; and (d) a copy of any and all monthly reports received from the State indicating the amount of the Education Aid payable to the Institution; and

(3) to the Trustee, commencing December 30, 2019, an "Interim Officer's Report" setting forth the following information, within the time periods set forth below (a) individual and consolidated annual budgets of the Institution within 30 days of their adoption; (b) results of any federal or State testing within 45 days of receipt by the Institution; (c) within 14 days of receipt, notification or report of any potential or alleged violation of the charter by the Institution; (d) within 14 days of submission, any information that the Institution has provided to the Rating Agency, if any, as part of such Rating Agency's ongoing surveillance to the extent such information has not otherwise been filed or is being filed on EMMA as part of the Continuing Disclosure Agreement; and (v) within 14 days of receipt, any notice or allegation of a violation of governmental approvals in connection with the operation of the Project Facility.

In the Guaranty, the Institution also covenants that it will at its sole cost and expense at all times while the Series 2019 Bonds are outstanding take all action reasonably necessary to maintain from one or more Rating Agency a rating on the Series 2019 Bonds.

Certain Defined Terms

See "APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE" for certain definitions used in this Official Statement relating to the Indenture, the Loan Agreement, the Custody Agreement and the Guaranty.

The Indenture

The Series 2019 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby. As security for the Series 2019 Bonds, the Issuer has pledged and assigned to the Trustee the Trust Estate, which includes: (1) all right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder (other than the Issuer's Unassigned Rights); and (2) all moneys and securities from time to time held by the Trustee under the Indenture (other than the Rebate Fund and the Repair and Replacement Fund). The Indenture provides that all Series 2019 Bonds issued thereunder will be special limited obligations of the Issuer, payable solely from and secured solely by the Trust Estate. Pursuant to the Mortgage, the Institution will grant a mortgage lien on and security interest in the Facility to the Trustee and the Issuer, and the Issuer will assign its interest in the Mortgage to the Trustee. In the Loan Agreement, the Institution will covenant not to further encumber the Facility other than for certain Permitted Encumbrances without the prior written consent of the Issuer and the Trustee. See "APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE" in this Official Statement.

Proceeds of the sale of the Series 2019 Bonds on deposit in the Series 2019 Project Account will be disbursed and applied by the Trustee to pay the Costs of the Project and certain Costs of Issuance (as defined in the Tax Regulatory Agreement) pursuant to the provisions of the Loan Agreement, the Indenture and the Tax Regulatory Agreement.

Under the Indenture, there will be deposited in the Bond Fund as and when received, all Loan Payments and other amounts required to be paid by the Institution to the Trustee.

Flow of Funds

Commencing on the first date on which payments are received by the Trustee from the Custodian pursuant to the Custody Agreement, or from the Institution pursuant to the Custody Agreement or the Loan Agreement, and on each date upon which any such payment is received thereafter, the Trustee will deposit such payments, immediately upon its receipt thereof, in the following Funds and Accounts, in the following order, in each case in the respective amounts, if any, necessary, along with any amounts then credited thereto, to cause the respective balances then deposited to the credit of the respective Fund or Account to equal the requirement, if any described in the then applicable Custody Agreement Notice with respect to such fund or account:

- (1) First, to the Bond Fund;
- (2) Second, to the Reserve Fund; and
- (3) Third, to the Repair and Replacement Fund.

The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee will, upon receipt thereof, be deposited into the Insurance and Condemnation Fund.

Acceleration

Upon (1) the occurrence of an Event of Default under the Indenture, the Trustee will, or (2) the occurrence of an Event of Default under the Indenture and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, the Trustee will, by notice in writing delivered to the Institution, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable. Upon any such declaration, the Trustee will immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement. Upon the occurrence of any declaration by the Trustee under the Indenture, the principal of the Bonds then Outstanding and the interest accrued thereon will thereupon become and be immediately due and payable, and interest will continue to accrue thereon until the date of payment. See "RISK FACTORS" and "APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE—Events of Default and — Remedies on Default" in this Official Statement.

Reserve Fund

On the Closing Date for the Series 2019 Bonds, the Trustee will deposit proceeds of the Series 2019 Bonds in an amount equal to the Reserve Fund Requirement applicable to the Series 2019 Bonds. Upon the issuance of any Additional Bonds, the Trustee will deposit an amount equal to the Reserve Fund Requirement relating to such Additional Bonds into the Reserve Fund.

If, on the Business Day preceding any Interest Payment Date, the amount on deposit in the Bond Fund, subsequent to the receipt of all payments pursuant to the Loan Agreement, the Custody Agreement and the Guaranty, is not sufficient to pay the Debt Service Payments due on such Interest Payment Date with respect to the Bonds then Outstanding, the Trustee will transfer from the Reserve Fund and deposit into the Bond Fund an amount of money sufficient, when added to the amounts then on deposit in the Bond Fund and available to make the Debt Service Payments coming due on the Bonds on such Interest Payment Date, to enable the Trustee to make all such Debt Service Payments coming due on the Bonds on such Interest Payment Date.

Repair and Replacement Fund

The Repair and Replacement Fund will be funded in amounts sufficient to cause the amount on deposit in the Repair and Replacement Fund to equal \$150,000 (the "Repair and Replacement Fund Requirement") by June 30, 2020 pursuant to the Custody Agreement. Thereafter, the Institution will pay or cause to be paid to the Trustee for deposit in the Repair and Replacement Fund moneys sufficient to restore any withdrawal from the Repair and Replacement Fund so that the amount on deposit in the Repair and Replacement Fund is not less than the Repair and Replacement Fund Requirement.

Moneys on deposit in the Repair and Replacement Fund may from time to time be withdrawn to be applied at the direction of the Institution to costs of the construction of additions, improvements or betterments to, or the reconstruction of, the Project Facility, emergency repairs of the Project Facility, and major or extraordinary repairs, renewals or replacements of the Project Facility, in each case as stated in a certificate of the Institution filed with the Trustee to be necessary (1) to restore or prevent physical

damage to the Project Facility or any part thereof, or (2) for the safe and efficient operation of the Project Facility.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Series 2019 Bonds, the Series 2019 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture, the Mortgage and the other Security Documents may be discharged prior to maturity or redemption of the Series 2019 Bonds. In that case, the Series 2019 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See “APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE - Defeasance” in this Official Statement.

Waivers of Default

The Trustee will waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the Holders of not less than 51% of the aggregate principal amount of all the Bonds then Outstanding; provided, however, that there will not be waived (1) any default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein, or upon proceedings for mandatory redemption, or (2) any default in the payment when due of the interest or premium on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the respective rates borne by the Bonds in respect of which such default will have occurred on overdue installments of interest or all arrears of payments of principal when due (whether at the stated maturity thereof or upon proceedings for redemption) as the case may be, will have been paid or provided for, and no such waiver or rescission will extend to any subsequent or other default, or impair any right consequent thereto. The Trustee will not grant any waiver or rescission hereunder unless all ordinary and extraordinary fees and expenses of the Trustee, including, but not limited to, reasonable attorneys’ fees, incurred in connection with said default have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default will have been discontinued or abandoned or determined adversely, then, and in every such case, the Issuer, the Trustee and the Bondholders, respectively, will be restored to their former positions and rights under the Indenture.

Custody Agreement

Simultaneously with the execution of the Loan Agreement, the Institution, the Custodian and the Trustee are entering into the Custody Agreement. The Institution will direct certain School Districts to make payments of bi-monthly installments of Education Aid directly to the Custodian for deposit as directed by the Trustee under the Custody Agreement. Pursuant to the Custody Agreement, the Institution will cause the three School Districts from which the highest number of students are enrolled, to pay over and deliver on each bimonthly payment date, Education Aid to the Institution on such date directly to the Custodian for payment to the Trustee, and if the top three School Districts account for less than 90% of the Education Aid received by the Institution, then the Institution will direct additional School Districts to pay over and deliver Education Aid to the Custodian as shall be necessary for at least 90% of such Education Aid to be paid to Custodian. The Albany City School District, in the 2018-19 fiscal year of the Institution, is expected to account for approximately 74% of the Education Aid received by the Institution. The Schenectady City School District and the Troy City School District in

the 2018-2019 fiscal year of the Institution are expected to account for approximately 11% and 9% of the Education Aid received by the Institution, respectively. Upon receipt of such amounts and of a Custody Agreement Notice prepared by the Trustee (as described in the Custody Agreement), the Custodian will pay to the Trustee: (1) for the Education Aid Funding Periods commencing on September 1, 2019, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to the interest payable on the Bonds on December 1, 2019, one-fourth of the principal payable on the Bonds on June 1, 2020 and one-fourth of the Repair and Replacement Fund Requirement; (2) for the Education Aid Funding Periods commencing on November 1, 2019, January 1, 2020 and March 1, 2020, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to one-third of the interest payable on the Bonds on June 1, 2020, one-fourth of the principal payable on the Bonds on June 1, 2020 and one-fourth of the Repair and Replacement Fund Requirement; (3) for the Education Aid Funding Periods scheduled for each May 1, July 1 and September 1 of each calendar year during which Bonds are outstanding commencing May 1, 2020, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to one-third of the interest payable on the Bonds on each December 1 and one-sixth of the principal payable on the Bonds on each June 1; (4) for the Education Aid Funding Periods scheduled for each November 1, January 1 and March 1 of each calendar year during which Bonds are outstanding commencing November 1, 2020, for deposit to the Bond Fund, on the date of the Custodian's receipt of Education Aid, but no later than the calendar day preceding each subsequent State Education Operating Aid Payment Date, an amount equal to one-third of the interest payable on the Bonds on each June 1 and one-sixth of the principal payable on the Bonds on each June 1; (5) for deposit to the Reserve Fund with respect to the first, second, third, fourth, fifth and each subsequent Education Aid Funding Period beginning after any transfer from the Reserve Fund which (x) results from a deficiency in the Bond Fund and (y) results in a deficiency in the Reserve Fund which remains upon completion of all applications and other transfers of funds under the Indenture on the date of such transfer the respective amounts necessary to cause the aggregate amount so deposited since the date of such transfer to equal, respectively, one-sixth (1/6), two-sixths (2/6), three-sixths (3/6), four-sixths (4/6), five-sixths (5/6) and six-sixths (6/6) of the amount of such Reserve Fund deficiency; (6) for deposit to the Repair and Replacement Fund, with respect to the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth and each subsequent Education Aid Funding Period beginning after any transfer from the Repair and Replacement Fund which results in a deficiency in the Repair and Replacement Fund, the respective amounts necessary to cause the aggregate amount so deposited since the date of such transfer to equal, respectively, one-sixth (1/6), two-sixths (2/6), three-sixths (3/6), four-sixths (4/6), five-sixths (5/6) and six-sixths (6/6) of the amount of such Repair and Replacement Fund deficiency; and (7) any remaining moneys shall be remitted to the Institution in accordance with the Custody Agreement. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Official Statement.

RISK FACTORS

No person should purchase any Series 2019 Bonds without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

Speculative Investment

The Series 2019 Bonds are speculative investments that have a high degree of risk. Any investor who, because of financial condition, is unable to bear the loss of an investment in the Series 2019 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 2019 Bonds, should not purchase the Series 2019 Bonds.

The Series 2019 Bonds may exhibit price fluctuations due to the changes in interest rate or bond yield levels. As a result, the value of the Series 2019 Bonds may fluctuate significantly in the short term. Further, such securities have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2019 Bonds quickly, or at all, in certain markets or market conditions. There can be no assurance that there will be a secondary market for the Series 2019 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2019 Bonds to maturity or prior redemption.

Nature of Limited Obligations

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND PAYMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, WILL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND PAYMENTS FOR, OR INTEREST ON, THE SERIES 2019 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2019 BONDS. THE SERIES 2019 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2019 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND PAYMENTS FOR, OR INTEREST ON, THE SERIES 2019 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR REPRESENTATIVE OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Dependence on the Institution's Ability to Pay Loan Payments

Payment of principal of, Sinking Fund Payments for, Redemption Price of, and interest on, the Series 2019 Bonds is intended to be made from Loan Payments made by the Institution under the Loan Agreement and the Guaranty, except to the extent payment is intended to be made from other amounts held under the Indenture such as investment earnings. The ability of the Institution to make Loan Payments will depend on the Institution's ability to generate revenues sufficient to pay the Loan Payments. See "APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS."

The Institution's general revenues are a combination of payments provided under several State and federal programs, including the Education Aid payments. See "APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS" in this Official Statement.

The amounts and the timing of future revenues of the Institution cannot be determined with assurance. Prior revenues and expenditures of the Institution are no guaranty as to future revenues and expenditures of the Institution. Any event that would cause a delay, reduction or elimination of Education Aid would have a material adverse effect on the ability of the Institution to pay the Loan Payments.

No Taxing Authority; Dependence on Education Aid Payments

The Institution does not possess any taxing authority (including the authority to levy real estate taxes). As a result, the Institution is completely dependent upon the State to continue to provide funding for charter schools. The obligation of the State under the Charter and State law to fund the Institution is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. In the event the State were to withhold the payment of money from the Institution for any reason, even a reason that is ultimately determined to be invalid or unlawful, it is likely that the Institution would be forced to cease operations which would result in the Institution losing its principal source of funding.

Failure of School Districts to Make Education Aid Payments

The regulations adopted by the New York State Commissioner of Education (the "Commissioner") provide that a charter school will notify the Commissioner in the event that a school district fails to make a required bi-monthly payment of Education Aid to a charter school such as the Institution. Such notice will be given subsequent to the date a bi-monthly payment is due, but in no event later than May 31 of the school year in which such payments are due. Upon receipt of such notice, the Commissioner must certify to the State Comptroller the amount of the unpaid obligation of the school district, which said amount will be deducted from any Education Aid payment due to such school district and instead will be paid directly by the State Comptroller to the Institution. There can be no assurance of the timing of receipt of any such amounts so paid by the State Comptroller.

Delay in or Termination or Reduction of Education Aid

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

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

Termination or Revocation of Charter

The Charter may be terminated by the Board of Regents for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated and revoked by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the

revocation procedure, and other information regarding the Charter and the Charter Schools Act, see “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK” and “APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS—INTRODUCTION—The Charter of the Institution” in this Official Statement.

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

No Pledge of Charter School Basic Tuition by the Institution

Under State law, the Institution may not legally assign or pledge any interest in the portion of Education Aid constituting “charter school basic tuition” under the Charters Schools Act provided or to be provided to the Institution pursuant to the Charter Schools Act to secure its obligations under the Loan Agreement or the Guaranty.

Factors Associated with Education

There are a number of factors affecting schools in general, including the Institution, that could have an adverse effect on the Institution’s financial position and its ability to make the Loan Payments required under the Loan Agreement. These factors include, but are not limited to (1) the ability to attract a sufficient number of students; (2) future legislation and regulations affecting charter schools and the educational system in general; (3) 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; (4) increased costs of attracting and retaining or a decreased availability of a sufficient number of teachers, including as related to any unionization of the Institution’s work force with consequent impact on wage scales and operating costs of the Institution; (5) cost and availability of insurance for charter schools in the State; and (6) changes in existing statutes pertaining to the powers of the Institution and legislation or regulations which may affect program funding. The Institution cannot assess or predict the ultimate effect of these factors on its operations or the financial results of operations.

Competition for Students

The Institution competes for students primarily within the geographic area of the City and other surrounding districts. There are currently two (2) charter schools serving high school grades within the Albany City School District. In the view of the Institution, these schools are representative of the schools with which the Institution competes for students. See “APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS—Service Area and —Competing Schools” in this Official Statement. No assurance can be given that the Institution will attract and retain the number of students that are needed to produce revenue necessary to pay the principal of and interest on the Series 2019 Bonds, or that additional schools will not be created in or near the Institution’s service area.

Foreclosure Delays and Deficiency

Should Loan Payments be insufficient to pay the principal of and interest on the Series 2019 Bonds, the Trustee may seek to foreclose the Mortgage and sell the Project Facility securing the Series 2019 Bonds. However, no assurance can be given that the value of the Project Facility at the time of such

foreclosure or sale would be sufficient to meet all remaining principal and interest payments on the Series 2019 Bonds. In addition, the time necessary to institute and complete such proceedings could substantially delay receipt of funds from a foreclosure or sale. There could also be delays in regaining possession of the Project Facility from the Institution in the event of any default under the Loan Agreement or the Guaranty.

Effect of Federal Bankruptcy Laws on Security for the Series 2019 Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders' rights in the property granted as security for the Series 2019 Bonds. Furthermore, if the security for the Series 2019 Bonds is inadequate for payment in full of the Series 2019 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the Institution, if any. See "RISK FACTORS—Enforcement of Remedies" in this Official Statement. Also, federal bankruptcy law permits adoption of a reorganization plan, even though it has not been accepted by Bondholders of not less than 51% of the principal amount of Bonds then Outstanding, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Bondholders have "adequate protection," it may (1) substitute other security subject to the lien of the Bondholders, and (2) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Institution after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Mortgage that make bankruptcy and related proceedings by the Institution an event of default thereunder.

Key Personnel

The Institution's creation, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve on the Institution's Board of Trustees and as the Institution's administrators (the "Key Personnel"). The loss of any Key Personnel could adversely affect the Institution's operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the Institution's Key Personnel, see "APPENDIX A—ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS—Governance and Administration" in this Official Statement.

Additional Indebtedness

In the Guaranty, the Institution will covenant that it will only incur Indebtedness in accordance with the restrictions imposed by the Guaranty. No assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Institution or that the Institution will not incur additional Indebtedness in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Covenants of the Institution; Additional Indebtedness" and "APPENDIX D—DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE" in this Official Statement.

Property Tax Exemption

Under present State law, property owned by a charter school is exempt from property taxes levied by political subdivisions of the State to the same extent as property owned by public schools. The Institution has made inquiry of the Assessor of the City of Albany who has indicated that a charter school

is exempt from taxation pursuant to Section 2853 of the Charter Schools Act. It is anticipated that from and after the date of acquisition of the Facility, the Institution will be exempt from property taxes with respect to the Facility. Nevertheless, such laws, regulations and rulings are subject to change, and no assurance can be given that any future change in exempt status would not have a material adverse effect on the Institution. If the Institution is required to pay property taxes with respect to the Facility in the future, it would have a substantial negative impact on the cash flow of the Institution.

Appraisal

The Institution engaged De L. Palmer Appraisal Co. to prepare an appraisal of the Facility (the “Appraiser”). The Appraiser determined that the fair market value of the Facility in its “as is condition” as of October 31, 2018 was \$9,700,000. The Seller also commissioned an appraisal of the Facility from Snowdon Valuation which determined that the fair market value of the Facility in its “as is condition” as of March 8, 2017 was \$10,245,000. No appraisal has been prepared in connection with the issuance of the Series 2019 Bonds. In the event of a foreclosure, there can be no assurance that the value of the Mortgaged Property or the amount received for the Mortgaged Property will be sufficient to pay the principal of and interest due on the Series 2019 Bonds.

Special Purpose Building

The Facility is a special purpose building that was constructed for use as a school building. Accordingly, in the event of a foreclosure, the market for the Facility is likely to be limited. Costs to change or retrofit the Facility to enhance its market appeal may be prohibitive.

Internal Revenue Service Compliance Program

The Internal Revenue Service (“IRS”) has an active program of conducting examinations of tax-exempt bonds through its Tax-Exempt and Government Entities Division. Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Series 2019 Bonds, as described under the caption “TAX MATTERS—Series 2019 Bonds” in this Official Statement. However, the Institution has not sought and is not expected to seek, a ruling from the IRS with respect to the tax-exempt status of interest on the Series 2019 Bonds. No assurance can be given that the IRS will not examine the Series 2019 Bonds. If the IRS examines the Series 2019 Bonds, such examination may have an adverse impact on the marketability and price of the Series 2019 Bonds. See “TAX MATTERS—Series 2019 Bonds” in this Official Statement.

Tax-Exempt Status of the Series 2019 Bonds

The tax-exempt status of the interest on the Series 2019 Bonds is conditioned upon the Institution, complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2019 Bonds. Failure of the Institution to comply with the terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Indenture, and other documents as described herein may result in the loss of the tax-exempt status of the interest on the Series 2019 Bonds retroactive to the date of issuance of the Series 2019 Bonds. If interest on the Series 2019 Bonds should become includable in gross income for purposes of federal income taxation, the market for and value of the Series 2019 Bonds would be adversely affected. See “TAX MATTERS—Series 2019 Bonds” in this Official Statement.

No Credit Enhancement Facility

There is no letter of credit, bond insurance policy, or other credit enhancement facility securing the Series 2019 Bonds, nor is there any provision for a credit enhancement facility to be provided to secure any of the Series 2019 Bonds.

Less Than Unanimous Consent Required to Amend Certain Provisions of the Indenture

The Indenture provides that with the consent of Holders of not less than 51% of the principal amount of Bonds then Outstanding, the Indenture may be modified, altered, or amended, and provisions may be amended or rescinded; provided, however, that nothing contained in the Indenture will permit or be construed as permitting (1) without the consent of the Holder of such Bond, (a) a reduction in the rate, or extension of the time of payment, of interest on any Bond, (b) a reduction of any premium payable on the redemption of any Bond, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bond, or an extension of time in which the principal amount of any Bond is payable, whether at the stated or declared maturity or redemption thereof, (2) the creation of any Lien prior to or on a parity with the Lien of the Indenture (other than that parity Lien created to secure the Additional Bonds), (3) a reduction in the aforesaid aggregate principal amount of Bonds, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (4) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (5) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

Resale of Series 2019 Bonds/Lack of Secondary Market

There is no guarantee that a secondary trading market will develop for the Series 2019 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2019 Bonds to maturity or prior redemption.

Changes in Law; Annual Appropriation; Inadequate Education Aid Payments

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the Institution and could adversely affect the security and sources of payment for the Series 2019 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter Schools Act in a manner which is adverse to the interests of the owners of the Series 2019 Bonds.

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

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

Damage or Destruction

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

Environmental Risks

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

North East Environmental Technologies, Ballston Spa, New York (“North East”) completed a Phase 1 Environmental Site Assessment dated May 10, 2019 for the Project Facility (the “Phase 1 Report”). North East stated in its Phase 1 Report that it did not identify evidence of recognized environmental conditions or controlled recognized environmental conditions in connection with the Project Facility during the course of its assessment. Additionally, the Phase 1 Report does not advocate for additional assessment measures given the conditions documented at the Project Facility and with the understanding of the continued use of the Project Facility for educational purposes. The Phase 1 Report notes the existence of a 1996 gasoline release (Spill No. 9610033) at property adjacent to the Project Facility and that any earthwork along the eastern portion of the Project Facility should be undertaken in a manner that recognizes the potential for undocumented legacy conditions which could complicate or add costs to future site development activities, if any, at the Project Facility.

Environmental Regulations and Permitting

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

Hazardous Materials

Hazardous materials laws, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, can and will impose joint and several liability, without regard to fault, for investigation and clean-up costs on persons who have disposed of or released

hazardous substances into the environment and on current and former owners and operators of real property (and to any beneficiary of a Mortgage on the Project Facility, particularly following any sale or foreclosure proceeding).

Even though the Phase I Report did not show any evidence of recognized environmental conditions in connection with the Project Facility, claims for material costs associated with hazardous materials may arise during the term of the Series 2019 Bonds and could adversely affect the Institution's financial condition and its ability to own and operate the Project Facility.

Enforcement of Remedies

The remedies available to the Trustee or the owners of the Series 2019 Bonds upon an Event of Default under the Indenture, the Loan Agreement or the Guaranty are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture, the Loan Agreement and the Guaranty may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Failure to Provide Ongoing Disclosure

The Institution will enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). The Institution has not previously been subject to a continuing disclosure undertaking under Rule 15c2-12. Failure by the Institution to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2019 Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE" and "APPENDIX F—FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

Private School Vouchers

Various proposals offering private school vouchers to families to assist with the cost of private schools have been considered by the State Legislature and will likely be introduced again in the future.

Redemption Prior to Maturity

The Series 2019 Bonds are subject to redemption at the option of the Institution and in the event of certain occurrences. See "THE SERIES 2019 BONDS—Redemption of Series 2019 Bonds" in this Official Statement.

Forward-Looking Statements

This Official Statement contains certain statements that are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Official Statement, including, without limitation, statements that use terminology such as "estimate," "plan," "budget," "expect," "intend," "anticipate," "believe," "may," "will," "continue," and similar expressions, are forward-looking statements. These forward-looking statements include, among other

things, the discussions related to the Institution's operations and expectations regarding student enrollment, future operations, revenues, capital resources, and expenditures for capital projects. Although the Institution believes that the assumptions upon which the forward-looking statements contained in this Official Statement are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Institution involve risks and uncertainties, many of which are outside the control of the Institution and any one of which, or a combination of which, could materially affect the results of the Institution's operations and whether the forward-looking statements ultimately prove to be correct. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions such as inflation and interest rates, both nationally and in New York where the Facility is located; the willingness of the State to fund charter school operations at present or increased levels; competitive conditions within the Institution's service area, including the acceptance of the education services offered by the Institution; lower enrollments than projected; unanticipated expenses; the capabilities of the Institution's management; changes in government regulation of the education industry; future claims for accidents at the Facility and the extent of insurance coverage for such claims; and other risks discussed in this Official Statement.

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

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2019 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement including the Appendices hereto.

AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION

The audited financial statements of the Institution as of and for the fiscal years ended June 30, 2017 (including June 30, 2016 comparative information) and June 30, 2018 (including June 30, 2017 comparative information) (the "Audited Financial Statements"), are included in APPENDIX B and APPENDIX C, respectively, to this Official Statement. The Audited Financial Statements were audited by EFPR Group, CPAs, PLLC independent auditors, as stated in their report thereon. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)" and "APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (INCLUDING JUNE 30, 2017 COMPARATIVE INFORMATION)" in this Official Statement.

The summarized comparative information for 2016 was derived from the Institution's 2016 audited financial statements, not included in this Official Statement.

TAX MATTERS

All quotations from and summaries and explanations of provisions of laws appearing under this caption do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Opinion of Bond Counsel

Series 2019 Bonds

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law and assuming compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2019 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (a) the Institution or another Person, by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2019 Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, and (b) interest on the Series 2019 Bonds is included in the tax base for purposes of computing the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code; and (2) so long as interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2019 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2019 Bonds.

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Series 2019 Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Code and the regulations thereunder (collectively, the “Tax Requirements”). In the opinion of Bond Counsel, the Tax Regulatory Agreement and the other Financing Documents establish requirements and procedures, compliance with which will satisfy the Tax Requirements. Bond Counsel will not independently verify the accuracy of the certifications and representations of the Issuer and the Institution or the continuing compliance with the covenants by the Issuer and the Institution.

Bond Counsel does note that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2019 Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the Institution. The Issuer and the Institution have each covenanted to take the actions required of it for the interest on the Series 2019 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2019 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of the interest paid or payable on the Series 2019 Bonds or the market value of the Series 2019 Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Series 2019 Bonds from gross income for federal income tax purposes, but is not a guaranty of that conclusion. The opinion is not binding upon the Internal Revenue Service (“IRS”) or any

court. Bond Counsel expresses no opinion about (1) the effect of future changes in the Code and the applicable regulations under the Code or (2) the interpretation and enforcement of the Code or such regulations by the IRS.

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE SERIES 2019 BONDS.

Tax Requirements

The Tax Requirements referred to above, which must be complied with in order that interest on the Series 2019 Bonds remain excluded from gross income for federal income tax purposes, include, but are not limited to:

(1) The requirement that (a) all property financed or refinanced with proceeds of the Series 2019 Bonds be owned by a 501(c)(3) organization or by a state or local governmental unit, and (b) no more than five percent (5%) of the proceeds of the Series 2019 Bonds be used for any private business use, treating as private business use (i) use (directly or indirectly) in a trade or business carried on by any entity other than (i) a state or local governmental unit or (ii) a Section 501(c)(3) organization in a trade or business related to such Section 501(c)(3) organization's exempt purposes and (c) possession of certain interests in the property financed or refinanced with proceeds of the Series 2019 Bonds by any entity other than (i) a state or local governmental unit or (ii) a Section 501(c)(3) organization. The Institution has indicated in the Tax Regulatory Agreement that (x) all property financed or refinanced with proceeds of the Series 2019 Bonds will be owned by a 501(c)(3) organization or by a state or local governmental unit, and (y) no more than five percent (5%) of the proceeds of the Series 2019 Bonds will be used for any private business use.

(2) The requirement that not more than two percent (2%) of the proceeds of the Series 2019 Bonds be utilized to finance the costs of the issuance of the Series 2019 Bonds. The Institution has indicated in the Tax Regulatory Agreement that not more than two percent (2%) of the proceeds of the Series 2019 Bonds will be utilized to finance the costs of issuance of the Series 2019 Bonds.

(3) The requirements contained in Section 148 of the Code relating to arbitrage bonds, including but not limited to the requirement that, unless the Institution satisfies one of the applicable exceptions provided by Section 148 of the Code, the excess of all amounts earned on the investment of the Gross Proceeds of the Series 2019 Bonds over that which would have been earned on such Gross Proceeds had such Gross Proceeds been invested at a Yield equal to that on the Series 2019 Bonds, and any investment income earned on such excess, be rebated to the United States. The Institution has agreed in the Tax Regulatory Agreement and in the Loan Agreement to comply with the requirements of Section 148 of the Code.

(4) The requirement that the Project Facility not be used for a purpose prohibited under Section 147(e) of the Code (relating to, among others, any airplane, skybox or other private luxury box, facility primarily used for gambling, or store, the principal business of which is the sale of alcoholic beverages for consumption off premises).

(5) The requirement contained in Section 149(b) of the Code that payment of principal or interest on the Series 2019 Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

Certain Collateral Federal Tax Consequences

Prospective purchasers should also be advised that the Series 2019 Bonds are subject to, among others, the following provisions contained in the Code:

(1) interest on the Series 2019 Bonds may also be subject to a branch profits tax imposed upon certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations;

(2) interest paid by certain financial institutions on debt allocable to the cost of acquiring and carrying the Series 2019 Bonds is not deductible from Federal income taxation; and

(3) a property and casualty insurance company's deduction for losses incurred is reduced by 15% on tax-exempt income received from the Series 2019 Bonds.

Prospective purchasers of the Series 2019 Bonds should also be aware that ownership of, accrual or receipt of interest on, or disposition of, the Series 2019 Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Series 2019 Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2019 Bonds. Bond Counsel will express no opinion regarding these consequences.

Information Reporting and Backup Withholding

Interest paid on the Series 2019 Bonds will be subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest on the Series 2019 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2019 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (1) are not "exempt recipients," and (2) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Future Legislation or Other Post-Issuance Events

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Bond Counsel's judgment as to the proper treatment of the Series 2019 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Current and future legislative proposals, if enacted into law, or administrative actions or court decisions, at either the federal or state level, may cause interest on the Series 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subjected to State or local income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2019 Bonds for federal or state income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the New York State Legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of the Series 2019 Bonds. There can be no assurance that legislation enacted or proposed or actions by a court after the date of issuance of the Series 2019 Bonds will not have an adverse effect on the tax status of the interest paid or payable on the Series 2019 Bonds or the market value or marketability of the Series 2019 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in benefit) of the exclusion of the interest on the Series 2019 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series 2019 Bonds.

No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the market value or the marketability of the Series 2019 Bonds or the tax consequences of ownership of the Series 2019 Bonds. Similarly, it is not possible to predict whether any other legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Series 2019 Bonds may occur.

Prospective purchasers of the Series 2019 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2019 Bonds at other than their original issuance at the respective prices set indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2019 Bonds ends with the issuance of the Series 2019 Bonds. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2019 Bonds may affect the tax status of interest paid or payable on the Series 2019 Bonds.

Unless separately engaged for such purpose, Bond Counsel is not obligated to defend the Issuer or the owners of the Series 2019 Bonds regarding the tax status of the interest thereon in the event of an audit examination by the IRS. If the IRS does audit the Series 2019 Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Series 2019 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Moreover, because

achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees may not be practicable. Any action by the IRS, including but not limited to the selection of the Series 2019 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may alter the market value for, or the marketability of, the Series 2019 Bonds, and may cause the Issuer, the Institution or the Bondholders to incur significant expense.

[Discount Series 2019 Bonds]

[The excess, if any, of the amount payable at maturity of any maturity of the Series 2019 Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2019 Bonds with original issue discount (the “Discount Series 2019 Bonds”) will be excluded from gross income for purposes of federal income taxation to the same extent as interest on such Series 2019 Bonds. In general, the issue price of a maturity of the Series 2019 Bonds is the first price at which a substantial amount of the Series 2019 Bonds of that maturity was sold to the public (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser’s adjusted basis in a Discount Series 2019 Bond is increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Series 2019 Bond for purposes of federal income taxation. In addition, original issue discount that accrues in each year to an owner of a Discount Series 2019 Bond will be included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Series 2019 Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Series 2019 Bond has not received cash attributable to such original issue discount in such year.]

[The accrual of original issue discount and its effect on the redemption, sale or other disposition of a Discount Series 2019 Bond that is subject to redemption prior to maturity or that is not purchased in the initial offering at the first price at which a substantial amount of such substantially identical Series 2019 Bonds is sold to the public may be determined according to rules that differ from those described above.]

[Prospective purchasers of Discount Series 2019 Bonds should consult their own tax advisors with respect to the determination for purposes of federal income taxation of the amount of original issue discount or interest properly accruable with respect to such Discount Series 2019 Bonds and with respect to state and local tax consequences of owning and disposing of Discount Series 2019 Bonds.]

[Premium Series 2019 Bonds]

[The excess, if any, of the tax adjusted basis of a maturity of any Series 2019 Bonds purchased as part of the initial public offering by a purchaser (other than a purchaser who holds such Series 2019 Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is “bond premium.” Owners of a maturity of the Series 2019 Bonds with bond premium (a “Premium Series 2019 Bond”) will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the

initial owner of a Premium Series 2019 Bond may realize taxable gain upon disposition of Premium Series 2019 Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring such Premium Series 2019 Bonds. In general, bond premium is amortized over the term of a Premium Series 2019 Bond for Federal income tax purposes in accordance with constant yield principles based on the owner's yield over the remaining term of such Premium Series 2019 Bond (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). The Owner of a Premium Series 2019 Bond is required to decrease such Owner's adjusted basis in such Premium Series 2019 Bond by the amount of amortizable bond premium attributable to each taxable year such Premium Series 2019 Bond is held. The amortizable bond premium on such Premium Series 2019 Bond attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Premium Series 2019 Bond.]

[Prospective purchasers of any Premium Series 2019 Bond should consult their tax advisors with respect to the determination for purposes of federal income taxation of the treatment of bond premium upon the sale or other disposition of such Premium Series 2019 Bond and with respect to the state and local tax consequences of acquiring, owning and disposing of such Premium Series 2019 Bond.]

New York State Taxes

Series 2019 Bonds

In the opinion of Bond Counsel, so long as interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2019 Bonds is exempt, under existing law, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Tax Risks - Loss of Federal Tax Exemption

As described above, interest on the Series 2019 Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2019 Bonds that violate the requirements and limitations prescribed by the Code. Although the Institution has agreed not to violate the requirements and limitations of the Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2019 Bonds may be deemed to be taxable from the date of issuance. The Series 2019 Bonds are not subject to mandatory redemption or to mandatory acceleration in the event of such an occurrence. No premium or additional interest will be paid to the Bondholders or former Bondholders to compensate the Bondholders for any losses they may incur as a result of the interest on the Series 2019 Bonds becoming subject to federal income taxation.

Form of Opinion of Bond Counsel

The form of the approving opinion of Bond Counsel with respect to the Series 2019 Bonds is attached hereto as Appendix E. See "APPENDIX E—FORM OF BOND COUNSEL OPINION" in this Official Statement.

LEGAL MATTERS

Certain legal matters incident to the issuance and sale of the Series 2019 Bonds and with regard to the tax-exempt status of interest on the Series 2019 Bonds under existing laws are subject to the legal opinion of Hodgson Russ LLP, Albany, New York, as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by William G. Kelly, Jr., Esq., Corporation Counsel, for the Institution, by its counsel, Goldman Attorneys PLLC, Albany, New York, and for the Trustee by its counsel Harris Beach PLLC, Pittsford, New York. Bousquet Holstein PLLC, New York, New York, represents the Underwriter in this transaction.

CONTINUING DISCLOSURE

The Rule imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to comply with the requirements of the Rule, the Institution has entered into a Continuing Disclosure Agreement dated the Closing Date, between the Institution and the Trustee, as dissemination agent. The Institution has not been subject to any prior continuing disclosure undertakings under the Rule. See "APPENDIX F—FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

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

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2019 Bonds, the Issuer, the Institution and the Underwriter are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS." In other transactions not related to the Series 2019 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Institution or the Underwriter or their affiliates, in capacities different from those described under "LEGAL MATTERS," and there will be no limitations imposed as a result of the issuance of the Series 2019 Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2019 Bonds should not assume that the Issuer, the Institution and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in or will not after the issuance of the Series 2019 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

ABSENCE OF MATERIAL LITIGATION

The Issuer

There is no pending litigation of which the Issuer has written notice restraining or enjoining the issuance or delivery of the Series 2019 Bonds or questioning or affecting the validity of the Series 2019 Bonds or the proceedings and authority under which the Series 2019 Bonds are to be issued or the validity or enforceability of the Indenture, the Loan Agreement, the Pledge and Assignment or the Bond Purchase Agreement. Neither the creation, organization nor existence of the Issuer, nor the title of the present directors or other officials of the Issuer to their respective offices, is, to the best knowledge of the Issuer, being contested.

The Institution

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

RATINGS

S&P Global Ratings has assigned the Series 2019 Bonds a rating of “BB” with a stable outlook. An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. Such rating reflects only the views of such rating agencies and are not recommendations to buy, sell or hold the Series 2019 Bond. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revisions or withdrawal of any ratings may have an adverse effect on the market price of the Series 2019 Bonds.

UNDERWRITING

The Series 2019 Bonds will be purchased for re-offering at a negotiated sale by M&T Securities, Inc. (the “Underwriter”) from the Issuer. The Underwriter will enter into a Bond Purchase Agreement with the Issuer and the Institution that provides that the Underwriter will purchase the Series 2019 Bonds at closing. The obligation of the Underwriter to accept delivery of the Series 2019 Bonds will be subject to various conditions contained in the Bond Purchase Agreement. Expenses associated with the issuance of the Series 2019 Bonds are being paid from proceeds of the Series 2019 Bonds. The right of the Underwriter to receive compensation in connection with the Series 2019 Bonds is contingent upon the actual sale and delivery of the Series 2019 Bonds. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2019 Bonds, if any Series 2019 Bonds are purchased.

The Underwriter intends to purchase the Series 2019 Bonds at an aggregate purchase price of \$ _____ (comprised of the par amount of the Series 2019 Bonds, plus Original Issue Premium of \$ _____), less an underwriter’s discount of \$ _____. The offering prices set forth on the inside cover of this Official Statement may be subsequently changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter will receive no fee (other than the underwriter’s discount described in the preceding sentence) from the Issuer or the Institution for underwriting the Series 2019 Bonds. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing Series 2019 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2019 Bonds will be deducted from the Underwriter’s underwriting discount.

THE TRUSTEE

The Issuer has appointed Manufacturers and Traders Trust Company to serve as Trustee, Custodian, Bond Registrar and Paying Agent. The Trustee is a banking corporation organized and existing under the laws of the State of New York, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture and the other Security Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Series 2019 Bonds (other than the Trustee's certificate of authentication), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2019 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2019 Bonds by the Institution. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2019 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2019 Bonds, or the investment quality of the Series 2019 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

The mailing address of the Trustee is 285 Delaware Avenue, 3rd Floor, Buffalo, New York 14202-1885, Attention: Corporate Trust Administration. Additional information about the Trustee may be found at its website at <https://www.wilmingtontrust.com/wtcom/index.jsp@section=Corp>. The Trustee's website is not incorporated into this Official Statement by such reference and is not a part hereof.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2019 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in New York, New York and thereafter at the principal corporate trust office of the Trustee. In addition to certain information provided herein, all information contained in APPENDICES A, B and C, has been provided by the Institution or been derived from information provided by the Institution. Neither the Issuer nor the Underwriter make any representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

No Registration of the Series 2019 Bonds

Registration or qualification of the offer and sale of the Series 2019 Bonds (as distinguished from registration of the ownership of the Series 2019 Bonds) is not required under the Securities Act. THE ISSUER ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2019 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2019 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Official Statement Certification

The Institution and the Issuer have authorized and approved the use and distribution of this Official Statement. The Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the caption “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION—The Issuer” in this Official Statement.

The preparation of this Official Statement and its distribution has been authorized by the Institution. This Official Statement is not to be construed as an agreement or contract between the Institution and any purchaser, owner or holder of any Series 2019 Bond.

ALBANY LEADERSHIP CHARTER
HIGH SCHOOL FOR GIRLS

By: _____
Name:
Title:

CITY OF ALBANY CAPITAL RESOURCE
CORPORATION

By: _____
Name:
Title:

APPENDIX A

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

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APPENDIX A

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

INTRODUCTION

Certain statements in this Appendix 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 indicating an estimate or expectation. The achievement of certain results or other expectations contained in such forward-looking statements involves 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. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement, including the Introduction to this Appendix A.

Capitalized terms used but not otherwise defined in this Appendix A shall have the meanings set forth in the Official Statement to which this Appendix A is appended.

General

Albany Leadership Charter High School for Girls (“Albany Leadership” or the “Institution”) is a charter school located within the boundaries of the Albany City School District in the State of New York (the “State”). Authorized in 2009 by the Board of Trustees (the “Trustees”) of the State University of New York (the “SUNY”) and approved by the Board of Regents (the “Board of Regents”), the Institution is organized pursuant to Article 56 of New York Education Law, as amended (the “Charter Schools Act”) as a public charter school and a not-for-profit education corporation. The Institution received a 501(c)(3) determination letter dated March 1, 2011 from the Internal Revenue Service. The Institution is the first female-only charter high school in the State. It began operations in 2010 initially serving girls in grades 9 and 10, adding grade 11 and grade 12 in the school years commencing 2011 and 2012, respectively. The Institution now offers grades 9 through 12 and has an enrollment of 354 students as of March 31, 2019. The Institution's current street and mailing address is 19 Hackett Boulevard, Albany, New York 12208. Its telephone number is (518) 694-5300.

Mission, Vision and Academic Program

Mission: The Institution prepares young women to graduate high school with academic and leadership skills necessary to succeed in college and the careers of their choosing.

Vision: The Institution will be a recognized leader in single-gender secondary education for young women. The Institution's goal is to foster a community of scholars dedicated to life-long learning and committed to improving their communities through their pursuit of post-secondary endeavors.

Academic Program: The Institution provides a significant educational benefit to the students attending the school by providing a high quality, college preparatory education in a safe, small-school setting with an extended school day and longer school year; extensive literacy instruction; and programs that emphasize leadership, environmental awareness and technological proficiency. The Institution adopted many elements from the Young Women’s Leadership School, a New York City Department of Education public school, including a shared set of core values, an all-girl education, a comprehensive college placement program, an advisory program and leadership development.

The Institution is committed to an academic program to support graduation with a Regents diploma after four years of study and the opportunity for students to earn an Advanced Regents diploma. In addition to a program which meets the requirements for graduation with a Regents Diploma, the Institution provides nine hours of English Language Arts and seven hours of math instruction per week.

The Institution allots three hours per week for academic support which is used for tutoring, homework and study hall and includes a leadership development period for 90 minutes per week consisting of internship, community services, or on-site instruction.

The Charter of the Institution

The Institution operates pursuant to a third renewal charter agreement dated as of May 1, 2018 (the “Charter Agreement”), between the Institution and the Trustees. On June 23, 2009, the Board of Trustees (the “Board”) of the Institution and the Trustees entered into a proposed charter agreement (the “Proposed Charter”) to establish and operate a high school. On June 23, 2009, the Trustees granted the Proposed Charter to the Institution and incorporated the Institution by issuing a certificate of incorporation (the “Charter”) known as a provisional charter, which was initially valid for a term of five years through July 31, 2014. The Institution received a short term renewal from the Trustees pursuant to a 2010 amendment to the Charter Schools Act that required short term renewal of charters in order for charter schools to demonstrate good faith efforts to meet certain enrollment and retention targets for students with disabilities, English language learners and students who are eligible for the federal Free and Reduced Price Lunch program. On January 9, 2018, the Trustees voted to approve the Institution’s request for second renewal of the Charter through July 31, 2023.

The Charter Agreement governs the Institution's authority to operate, student performance, financial management, governance and operations. Pursuant to the Charter Schools Act, the term of a charter cannot exceed five years, and therefore, the Institution's Charter must be renewed periodically while the Series 2019 Bonds are outstanding.

Enrollment Generally

The Institution is the first female-only charter high school in the State. It began operations in 2010 initially serving girls in grades 9 and 10. The Institution added grade 11 and grade 12 in the school years commencing 2011 and 2012, respectively. It now offers grades 9 through 12 and has an enrollment of 354 students as of March 31, 2019.

Philosophy

Three major advantages for girls who are educated in a single gender school include expanded educational opportunity, custom-tailored learning and instruction, and greater autonomy of thought and expression. Single gender schools help to foster an environment where their students think for themselves and take control of their own lives. By eliminating false gender stereotypes, all female schools can liberate and empower their girls to explore various subjects and pursue excellence in all disciplines. For these reasons, the Institution believes that the opportunity to experience a single-gender education should be offered freely to any and all girls who would choose it.

The Institution is a family with the highest of expectations for the young women enrolled in the Institution, particularly in regards to academic achievement. The goal of the Institution is to position its students so that their senior year can be focused on successfully transitioning to their post-secondary pursuits. The focus of the Institution is to set a high standard so that the students will rise to the challenge. The Institution emphasizes the importance of leadership through scholarship and service. “One

leader changes everything” is not just a slogan students hear at the Institution; it is a belief they are taught to manifest.

Parental and Community Involvement

The Institution functions with a mission to treat its students, parents and guardians like family. The Institution utilizes such terms as ‘daughters’ when referring to its students. As a result, the parents and guardians of students of the Institution are actively involved in the academic achievement of their daughters. Parents and guardians are encouraged to support and participate in regular parent/teacher conferences, the Committee on Special Education (“CSE”) meetings and the college application and financial aid process. The engagement and support of parents and guardians of the Institution’s students have grown since the Institution was granted its initial charter.

The parents and guardians of the Institution's students are actively involved in the school community with regard to academic achievement, college preparation, and emotional and social support of students. Parents and guardians participate in student academic success through their engagement at parent/teacher conferences and CSE meetings. Parental engagement with our college preparation process through participation in events such as Financial Aid Night establishes a connection among parents, guardians and students, and college representatives. The Institution hosts Financial Aid Night every year with guest speakers from local colleges. In addition to engagement in academic activities, parents and guardians engage in athletic games and seasonal events sponsored by the Institution including Family BBQ, Community Dinner, Poetry Cafe, and the Art Showcase.

In addition to setting academic expectations for students, the Institution encourages its students to be active leaders through volunteerism. The Institution has a service-learning program that serves to strengthen the relationship between the Institution and communities within the counties of Albany, Schenectady and Rensselaer (the "Capital District Region") while giving students an opportunity to volunteer and serve. The Institution's students have served over 20,000 volunteer hours in nonprofit organizations throughout the Capital District Region.

PLAN OF FINANCE AND THE PROJECT FACILITY

The Plan of Finance

City of Albany Capital Resource Corporation (the “Issuer”) will issue its Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019 (the “Series 2019 Bonds”), pursuant to the terms of an trust indenture dated as of July 1, 2019 (as amended or supplemented, the “Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). The Issuer will loan the proceeds of the Series 2019 Bonds to the Institution pursuant to a loan agreement dated as of July 1, 2019 (as amended or supplemented, the “Loan Agreement”), between the Issuer and the Institution. Proceeds of the Series 2019 Bonds will be used by the Institution for the purposes of funding the costs of acquisition of land improved with an approximately 51,400 square-foot building located at 19 Hackett Boulevard, Albany, New York (the “Project Facility”), paying issuance costs of the Series 2019 Bonds and funding reserves with respect to the Series 2019 Bonds. The Institution will pay from its own funds a portion of issuance costs of the Series 2019 Bonds.

The Existing Facilities

The Project Facility was constructed in 2010 for the Institution. The Institution currently leases the Project Facility from Brighter Choice Foundation (the “Landlord”) pursuant to triple-net lease dated

as of July 1, 2012 (the “Lease”). The term of the Lease expired on July 1, 2018, and the Institution currently occupies the Project Facility on a month to month basis at a monthly rent of \$58,425. On March 8, 2019, the Institution entered into a Purchase and Sale Agreement with the Landlord for the acquisition of the Project Facility, at a purchase price equal to \$10,000,000 which will be financed with proceeds of the Series 2019 Bonds.

Environmental Report

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

North East Environmental Technologies, Ballston Spa, New York (“North East”) completed a Phase 1 Environmental Site Assessment dated May 10, 2019 for the Project Facility (the “Phase 1 Report”). North East stated in its Phase 1 Report that it did not identify evidence of recognized environmental conditions or controlled recognized environmental conditions in connection with the Project Facility during the course of its assessment. Additionally, the Phase 1 Report does not advocate for additional assessment measures given the conditions documented at the Project Facility and with the understanding of the continued use of the Project Facility for educational purposes. The Phase 1 Report notes the existence of a 1996 gasoline release (Spill No. 9610033) at property adjacent to the Project Facility and that any earthwork along the eastern portion of the Project Facility should be undertaken in a manner that recognizes the potential for undocumented legacy conditions which could complicate or add costs to future site development activities, if any, at the Project Facility. See “RISK FACTORS—Environmental Risk,—Environmental Regulations and Permitting and—Hazardous Materials” in this Official Statement.

Appraisal

The Institution engaged De L. Palmer Appraisal Co. to prepare an appraisal of the Project Facility (the “Appraiser”). The Appraiser determined that the fair market value of the Project Facility in its “as is condition” as of October 31, 2018 was \$9,700,000. The Landlord also commissioned an appraisal of the Project Facility from Snowdon Valuation which determined that the fair market value of the Project Facility in its “as is condition” as of March 8, 2017 was \$10,245,000. See “RISK FACTORS—Appraisal” in this Official Statement.

GOVERNANCE AND ADMINISTRATION

Board of Trustees

The Institution is a not-for-profit education corporation and charter school and has no members. The Institution is managed by the Board. Members of the Board have no power as individuals and only act through Board action. Under the Institution's Bylaws, the Board consists of seven members divided in three classes with staggered terms of three years except that the term of any member who is a parent of a student enrolled in the Institution is one year. Members are eligible for reelection. Members-elect assume office subject to the approval of the Board of Regents. Currently, there are six trustees who are elected to three-year terms.

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

| Name | Position | Initial Start Date | Current Term Expiration |
|-----------------------|---------------------|---------------------------|--------------------------------|
| Elizabeth Robertson | Chair | 07/01/2011 | 6/30/2021 |
| Margaret Moree | Secretary/Treasurer | 07/01/2008 | 6/30/2020 |
| Eldon Harris | Member | 10/01/2018 | 6/30/2020 |
| James Celestine | Member | 11/01/2017 | 6/30/2020 |
| Etwin Bowman | Member | 06/01/2018 | 6/30/2019 |
| Sharon Cates-Williams | Member | 07/01/2017 | 6/30/2020 |

Below are biographies of the board members.

Elizabeth Robertson – Chair

Elizabeth Robertson serves as the Chair of the Board. Ms. Robertson is a member of the Finance Committee of the Board. Ms. Robertson has over 25 years in higher education and currently is the Associate Vice President for Admission at The Sage Colleges located in Albany and Troy, New York. She previously served as the Director of Undergraduate Admission at The Sage Colleges. Ms. Robertson obtained a Bachelor of Science in Business Management from Southern Vermont College in 1990 and a Master of Education with a concentration in higher education from Massachusetts College of Liberal Arts in 2001. Ms. Robertson is a member of the National Association for College Admission Counseling, New England Association for College Admission Counseling, College Board, New York State Associate for College Admission Counseling, New York State Association for College Admission College Counseling, National Association for Foreign Student Assistance, and the American Association of Collegiate Registrars and Admission Officers.

Margaret Moree – Secretary/Treasurer

Margaret Moree serves as the Secretary and Treasurer of the Board. Ms. Moree is Chair of the Finance Committee of the Board. Ms. Moree has been the Director of Government Affairs, New Jersey, New York and Northern New England for Aetna, Inc. since 2012. Ms. Moree is a graduate of New York University. Ms. Moree chairs the Village of Athens Planning Board and is a member of the Greene County Industrial Development Agency.

Eldon Harris – Member

Eldon Harris serves as a Member of the Board and is a member of the Finance Committee of the Board. Mr. Harris is a Chartered Retirement Planning Counselor Designee and has over 14 years of experience in the financial services industry. He is currently employed by SEFCU Wealth Management Services. He holds FINRA Series 7, 6, 63 and 66 licenses. Mr. Harris attended the College for Financial Planning, earned a Bachelor of Arts in Business Economics with a minor in Information Technology from State University of New York at Potsdam. He attends the State University of New York at Albany and is a Masters of Business Administration candidate of 2020.

James Celestine – Member

James Celestine serves as a Member of the Board. Mr. Celestine has been employed by the State Office of the State Comptroller in various capacities since 1995 and is currently the Director of Real Assets; New York State Office of the State Comptroller – New York State Common Retirement Fund-

Pension Investments and Cash Management – Real Assets Unit since 2013. Mr. Celestine received a B.S. in Economics from the State University of New York at Albany.

Etwin Bowman – Member

Etwin Bowman serves as a Member of the Board and is a member of the Accountability Committee of the Board. Ms. Bowman was the Capital Region Liaison for the State Education Department Science for approximately 10 years and Technology Entry Program (STEP) Network and the Program Coordinator at the University of Albany, Science and Technology Entry Program for approximately 16 years. Ms. Bowman earned a Bachelor of Science in Business Management and Economics from Empire State College in 1998 and a Master of Science in Curriculum Development and Instructional Technology from the University at Albany State University of New York in 2002. Ms. Bowman is a board member of the Capital District of New York Caribbean Cultural Association, a member of Albany District Links Incorporated and is a member of the Statewide Science and Technology Entry Program Conference Planning Committee.

Sharon Cates-Williams – Member

Sharon Cates-Williams serves as a Member of the Board and is Chair of the Accountability Committee of the Board. Ms. Cates-Williams has been the Deputy Commissioner of Operations and Management Services for the New York State Education Department since 2008. Ms. Cates-Williams left the private sector after serving 17 years as Vice President in the Global Technology division at Lehman Brothers, Inc. in New York City. In 2003, Ms. Cates-Williams became the first African American Commissioner of the Department of Information Technology for the Town of North Hempstead, New York, orchestrating the implementation of Long Island’s first 311 non-emergency constituent response systems. Her selection in 2005 as Chief Information Officer for Suffolk County, New York distinguished her as the first Chief Information Officer in county history. She is the current Board Chair of the Capital District YMCA and serves as a member of the Board of Junior Achievement of Northeastern New York and is a member of the Delta Sigma Theta Sorority, Inc. Albany, New York Alumnae chapter where she holds several leadership positions. Ms. Cates-Williams received a Bachelor of Business Administration – International Marketing from the City University of New York – Bernard M. Baruch College.

Administration

The Institution employs the following key administrators: Principal, Director of Curriculum and Instruction, Director of Student Support Services, School Business Administrator and Director of Advancement. All operations of the Institution are the responsibility of Carina Cook (the “Principal”). The Principal is employed by the Institution and reports to the Board. Day to day operations of the Institution are carried out by the Principal and staff of the Institution. All instructional and non-instructional staff are employed by the Institution. The Principal and administrative staff are responsible for the recruitment, selection, training, evaluation and discipline of faculty and staff. The Institution handles the following systems: budget development, administration, payroll, human resources, purchasing and procurement, accounts payable, contract management, grants writing, building maintenance, food service and transportation. In addition, the Institution manages curriculum development, professional development, student testing and assessments, and student recruitment and enrollment. The Institution is responsible for reporting as required under the Charter Agreement and by State and federal governmental agencies.

The Institution contracts with the Landlord doing business as Albany Charter School Network (“ACSN”). Pursuant to a Services Agreement dated July 1, 2018, (the “Service Agreement”), ACSN provides support to the Institution in professional development for teacher training and instructional

improvement. ACSN's instructional coaches, in conjunction with and at the direction of the Principal, work directly with teachers and the leadership team to develop and implement strategies to improve instructional rigor and pacing.

The Service Agreement expires June 30, 2019. Under the Service Agreement, ACSN receives a fee of \$75,000, payable monthly and subject to adjustment if enrollment is 360 students based on BEDS Day. The "BEDS Day" is the "Basic Educational System" day which is typically the first Wednesday of October. The Institution expects to enter into a similar service agreement with ACSN or another service provider for the 2019-2020 academic year.

Below are biographies of the key administrators.

Carina Cook – Principal

Carina Cook was appointed Principal of the Institution in August, 2018 and previously held since 2016 the position of Director of Academics. Ms. Cook's prior experience includes serving as Assistant Principal/Director of Guidance 6-12/Summer School Principal at Hudson Falls High School, Hudson, New York from 2012-2015; Secondary Principal of the Capital Region BOCES Career and Technical School, Albany, New York from 2010 to 2012 and 7-12 Assistant Principal of Granville Junior/Senior High School, Granville, New York from 2008 to 2010. Prior to undertaking administrative positions, Ms. Cook had nine years of classroom teaching experience. Ms. Cook earned an Associate of Applied Science in Early Childhood Education from Maria College, Albany, New York in 1995 and a Bachelor of Science in Elementary Education and Spanish from Russell Sage College, Troy, New York in 1999. She received from the University of Albany a Master of Science in Curriculum Development and Instructional Technology and an Advanced Graduate Certificate in Educational Administration and Policy Studies in 2005 and 2009, respectively. Ms. Cook is a member of engageNY, the Association for Supervision and Curriculum Development, New York State Association for Computers and Technology in Education, New York Schools Data Analysis Technical Assistance Group and International Society for Technology in Education.

Olanike Audu, Ed.D. – Director of Curriculum and Instruction

Olanike Audu has served as the Director of Curriculum and Instruction of the Institution since 2018. Ms. Audu's prior experience includes serving as an Assistant Superintendent for Curriculum, Instruction and Assessment, Saugerties Central School District, New York from September, 2016 to January, 2018; Education Director/Supervisor – Principal of Highland Residential Center for Boys 6 – 12 and Advanced Skills Teacher at the Rochester Grammar School for Girls, England from 1993 – 2004. Ms. Audu earned a Bachelor of Arts in Fine Arts from the University of Ife (Nigeria); a Post Graduate Certification in Education in Art and Design Secondary from the University of London, Institute of Education (London, England); a Master of Education with a concentration in Educational Administration from Massachusetts College of Liberal Arts, North Adams, Massachusetts and a Doctor of Education in Educational Leadership from Sage Graduate School, Albany, New York. She is a member of Association for Supervision and Curriculum Development and School Administrator Association of New York State.

Jennie Evans – Director of Student Support Services

Jennie Evans has been employed by the Institution since 2015. She is currently as the Director of Student Support Services and was RTI Coordinator. Prior to undertaking administrative positions, Ms. Evans had two years of classroom teaching experience. Ms. Evans earned a Bachelor of Arts in Communications from The College of St. Rose, Albany, New York in 2004. She received from Sage Graduate School, Troy, New York a Master of Science in Childhood Education and Master of Science in

Special Education (birth-grade 6) and Literacy (birth-grade 6) in 2013 and 2018, respectively. She is a candidate for a Doctor of Education in Educational Leadership from Sage Graduate in Fall, 2020. Ms. Evans is also an Adjunct Professor at Sage Graduate School. She is a member of New York State Association for Computers and Technology in Education, International Literacy Association, and Albany City Area Reading Council.

Ryan Smith – School Business Administrator

Ryan Smith has served as the School Business Administrator of the Institution since July 2018. He was previously the Finance and Operations Associate since May 2012. Mr. Smith earned an Associate degree in Accounting from Hudson Valley Community College, Troy, New York in 2012 and a Bachelor of Science in Business, Management and Economics from Empire State College, Latham, New York in 2016.

Natalie Orcutt – Director of Advancement

Natalie Orcutt has served as the Director of Advancement of the Institution since March 2014. Ms. Orcutt's prior experience includes serving as a strategic partner of the Girl Scouts of Northeastern New York, Albany, New York from July 2012 to February 2014 and Site Manager of School's Out Inc. and Boys and Girls Club, Albany, New York from September 2010 to January 2012. Ms. Orcutt earned from the University of Albany a Bachelor of Arts in Rhetoric and Communication with minors in Business and Education and a Master of Arts in Interpersonal and Intercultural Communications in 2010 and 2011, respectively. She is a member of the Capital Region Chamber, New York State Network for Youth Success and the Make-a-Wish Foundation of Central New York.

Teachers and Staff

The Institution currently employs 33 full-time teachers, one part-time teacher, six full-time teacher aides/assistants, and 21 staff members (including operations and administration). The Institution also employs four administrative staff. Salaries range from \$43,709 to \$66,800 for teachers at the Institution. All of the Institution's teachers hold bachelor's degrees and approximately 75% hold master's degrees. The Institution Board, administrators and faculty maintain a strong and collaborative working relationship with the Trustees and the SUNY Charter School Institute.

Each class has a maximum of 27 students and the current student to teacher ratio for the 2018-2019 school year is approximately 11:1.

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The following table shows the numbers of teachers, teacher aides/assistants, administrators and other staff and the student teacher ratio for the four prior school years.

Faculty and Staff

| <u>Faculty and Staff</u> | <u>2014-2015</u> | <u>2015-2016</u> | <u>2016-2017</u> | <u>2017-2018</u> |
|---|------------------|------------------|------------------|------------------|
| Teachers | 36 | 34 | 34 | 37 |
| Counselors | 2 | 2 | 2 | 2 |
| Administrators | 7 | 8 | 8 | 9 |
| Support Staff | 6 | 9 | 11 | 12 |
| Food Service/Maintenance/ Transportation | 2 | 2 | 2 | 2 |
| Total | 53 | 55 | 57 | 62 |
| Student Enrollment | 381 | 369 | 346 | 358 |
| Student Teacher Ratio | 11:1 | 11:1 | 11:1 | 10:1 |

Source: The Institution

The following table shows the retention rate for the teachers who return to Albany Leadership the following year as compared to those who taught at Albany Leadership in June of the prior year for school years 2014-2015 through 2017-2018.

Historical Teacher Retention Rates

| <u>Year</u> | <u>Percent Retained</u> |
|-------------|-------------------------|
| 2017-2018 | 68% |
| 2016-2017 | 85% |
| 2015-2016 | 79% |
| 2014-2015 | 86% |

Source: The Institution

Professional Development

The Institution offers to all staff and teachers extensive professional development throughout the year including professional development for teachers to expand their knowledge of students’ emotional, academic and physical needs and to expose them to best practices for providing academic instruction and promoting a positive school culture.

Professional development sessions are designed to build comprehensive expertise across the Institution's teams in priority areas like the teaching framework, co-teaching, differentiation, and data-driven decision-making. Teachers receive extensive and multi-layered training through the Institution’s systems of professional development and instructional coaching. The Institution also incorporates task force work in order to develop a rigorous and intentional practice of action-planning, both collaboratively and over time. Teachers are expected to work with co-teaching partners to meet the needs of all students.

The Institution’s faculty has refined its coaching and professional development practices each year in order to meet developmental needs and to encourage faculty to undertake purposeful planning and

establish clear expectations for students. Instructional leaders include ACSN and the Principal. Instructional leaders regularly conduct targeted professional development sessions on using assessment results to meet the needs of all students. School leaders also use assessment results to develop professional development strategies and to evaluate teacher effectiveness. The Institution's instructional leadership team members regularly conduct classroom walkthroughs which provide an opportunity to review lesson plans and give feedback on lesson delivery. Leaders then analyze the aggregate data and use it to identify, develop, and facilitate professional development sessions.

The Institution's leadership consistently seeks to establish and maintain an environment of high expectations for teacher and student performance. The Institution's instructional leadership team supports the development of the teaching staff by sustained, systematic, and effective coaching and supervision to improve overall effectiveness.

Charter Schools Act

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

The Institution is an independent and autonomous charter school entitled to receive public education aid from School Districts in which its students are residents. It has all corporate powers necessary and desirable to carry out a charter school program in accordance with the Charter Schools Act, other applicable laws and regulations, and the terms of the Charter Agreement. The establishment and organization of the Institution is governed by the Charter Schools Act. The Board has the final authority for policy and operational decisions of the Institution. The Trustees oversee the Institution.

Charter schools provide competition for traditional public schools, are different from them in some respects and provide parents and students with choice for public education. Under the Charter Schools Act, charter schools are deemed to be non-public schools for certain purposes. They may not charge tuition or fees other than the payment of fees on the same basis as public schools. They may receive funding and other assistance from private Persons.

Under the Charter Schools Act, charter schools must be non-sectarian in their programs, admissions policies, employment practices and all other operations. They may not discriminate against any student, employee or other Person on the basis of ethnicity, national origin, gender, disability or any other ground that would be unlawful if done by a public school. Admission of students cannot be limited on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion or ancestry. However, a single gender charter school is permitted. Charter schools are required to enroll eligible students who submit a timely application, unless the number of applications exceeds the capacity of the grade level or the building, in which case students are required to be accepted from among applicants by a random selection process. However, preference is permitted to be given to students returning to the charter school in the second and subsequent year of

operation (unless expelled for cause), to students residing in the school district in which the charter school is located and to siblings of students already enrolled in the charter school.

Annual Reports: Under the Charter Agreement, the Institution is required to submit to the SUNY Charter School Institute annual accountability plan progress reports (each, an “Annual Report”) to ensure that the Institution is in compliance with the terms of its Charter Agreement. An Annual Report is to be submitted each August (and again on November 1, when updated data such as State test results become available). The Annual Report provides information about the Institution’s academic and fiscal standing, as well as operational information (i.e., student and teacher retention, percentage of students who are Economically Disadvantaged, are classified as Special Education, and/or are English Language Learners, testing etc.). This information is analyzed by representatives from the SUNY Charter School Institute. The Institution also submits financial and operating data to the New York State Education Department ("SED") pursuant to the Charter Agreement.

Charter Renewal: Under the terms of the Charter Schools Act, charters may be renewed, upon application for renewal, for a term of up to five years. In connection with charter renewal, the Charter Schools Act requires applicants such as the Institution to submit: (a) a report of progress in achieving the educational objectives set forth in the charter; (b) a detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private; (c) copies of each of the annual reports of the charter school required by the charter and the Charter Schools Act, including charter school report cards and certified financial statements; (d) indications of parent and student satisfaction; and (e) in the case of the Institution, the Charter also requires that a renewal application contain such other material and information as is required by the Trustees.

The Charter Schools Act requires that charter renewal applications be submitted to the charter entity, which in the case of the Institution is the Trustees, no later than six months prior to the expiration of a charter; provided, however, that the charter entity may waive the deadline for good cause shown. The Charter Agreement provides that no later than the first of August in the year prior to expiration of the Charter, the Institution may provide the Trustees with an application to renew the Charter in accordance with the Charter Schools Act. The Charter Agreement states that if the SUNY Board of Trustees does not approve a renewal application, the parties to the Charter Agreement shall fulfill their respective obligations through the full term of the Charter.

Charter Revocation: Under the Charter Schools Act, a charter may be terminated by the charter entity or the Board of Regents upon any of the following statutory grounds: (a) if the charter school’s outcome on student assessment measures adopted by the Board of Regents falls below the level that would allow the New York State Commissioner of Education to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three school years; (b) serious violations of law; (c) material and substantial violation of the charter, including fiscal mismanagement; (d) if the New York Public Employment Relations Board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of subdivision one of §209-A of the New York Civil Service Law involving interference with or discrimination against employee rights under Article 14 of the New York Civil Service Law; or (e) repeated failure to comply with the requirement to meet or exceed enrollment and retention targets of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program pursuant to targets established by the Board of Regents or the SUNY Board of Trustees, as applicable. Provided, however, if no grounds for terminating a charter are established pursuant to the Charter Schools Act other than pursuant to this paragraph, and the charter school demonstrates that it has made extensive efforts to recruit and retain such students, including outreach to parents and families in the surrounding communities, widely publicizing

the lottery for such school, and efforts to academically support such students in such charter school, then the charter entity or Board of Regents may retain such charter.

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

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

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

School Year and School Day Length

Breakfast is available at the Institution for all students from 7:15 a.m. until 7:45 a.m. each school day. The school day at the Institution starts at 8:00 a.m. and ends at 3:45 p.m. with the building being open for afterschool programs until 4:30 p.m. There are 184 instructional school days. The school year begins in late August and ends at the end of June.

Transportation

Transportation is provided by either the School District in which the student resides, or if the School District in which a student resides does not provide a form of transportation, the Institution provides students with prepaid bus cards for the regional public transportation system. The Institution does not own or directly provide bus service for students.

Curriculum

The Institution offers a comprehensive high school program intended to prepare graduates to meet the challenges of college and community life. The curriculum includes accelerated courses in math, science, foreign language, English, and social studies. The Institution also offers advanced placement courses in biology, calculus, language, literature, art, and U.S. history as well as college level courses in computer applications, Spanish, and English.

The Institution continually strives to identify and adopt proven, research-based methods of curriculum, instruction, assessment, and student support services in order to meet the needs of our students and ensure their success throughout their education at the Institution, and beyond. The Institution continues to formalize and systematize curriculum and assessment approaches and methods in order to improve outcomes for teachers and students.

During the previous three years, instructional leaders have made thoughtful changes to systematize the lesson planning process, align instruction to lesson plans and hold teachers accountable

for high quality instruction. The Institution has adopted a curriculum framework that provides a fixed, underlying structure and is aligned to State learning standards.

Teachers are also provided with supporting tools that enable them to know what to teach and when to teach it. Teachers develop a scope and sequence calendar for the entire year, which includes standards assessed, and all unit and lesson plans are electronically linked within the scope and sequence calendar. Teachers develop unit and lesson plans on a standard template that includes aligned State standards, learning targets, success criteria, the duration of the unit and a description of how the unit aligns to the previous and upcoming units.

Instructional leaders provide opportunities for teachers to plan curriculum and instruction within and across grade levels. The instructional leadership team continually works to build the capacity of instructional leaders to provide effective guidance in the planning process.

Service Learning

Integrated within the curriculum are service learning ("Service Learning") opportunities that the student body is required to participate in. Each student at the Institution is required to complete 100 hours of service learning before graduation.

Service Learning is a teaching methodology that integrates service projects with classroom learning. It offers students the unique opportunity to get involved in the community and connect what they learn in the classroom with real-life issues. By putting students in a setting where they work to meet the needs of the community, service learning promotes social responsibility, broadens the students' perspectives and also cultivates interpersonal and leadership skills.

The Institution works with students to facilitate completion of their Service Learning requirements. Students have the option of finding an organization on their own to complete service at, or the Institution will work with its community partners to place students at these community service organizations.

Extracurricular Activities

The Institution offers clubs and extracurricular activities during the school day that allow the majority of students to participate. The clubs and extracurricular activities include: Animation, Fashion, Games, Gardening and Outdoor, Freshman Class Counsel, Sophomore Class Counsel, Junior Class Counsel, Senior Class Counsel, Gay Straight Alliance, Muslim Student Association, National Honor Society, Performing Arts, Poetry, Student Government, Teen Corps, Yearbook and Yoga.

The Institution recognizes National Honor Society students every year with an induction ceremony.

The Institution offers junior varsity and varsity volleyball, basketball, indoor track and field, outdoor track and field and softball. The Institution recognizes their student athletes through an annual athletic banquet.

Enrollment

The following table shows actual Institution student enrollment numbers by grade level for the current and four prior school years.

Historical and Current Enrollment by Grade

| Grade | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-------|---------|---------|---------|---------|---------|
| 9 | 126 | 146 | 102 | 98 | 90 |
| 10 | 112 | 79 | 121 | 101 | 91 |
| 11 | 98 | 76 | 71 | 97 | 85 |
| 12 | 45 | 68 | 52 | 62 | 87 |

Source: The Institution.

Historical enrollment data shown on the above chart are from BEDS Day and represent FTE students for each respective year.

The following table shows projected Institution student enrollment numbers by grade level for the four upcoming school years.

Projected Enrollment by Grade

| Grade | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|-------|---------|---------|---------|---------|
| 9 | 115 | 115 | 115 | 115 |
| 10 | 95 | 95 | 95 | 95 |
| 11 | 80 | 80 | 80 | 80 |
| 12 | 60 | 60 | 60 | 60 |

Source: The Institution.

Projected enrollment data shown on the above chart are based on 98% FTE students as of June 30 of each respective year.

Student Mobility and Retention

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|--|---------|---------|---------|---------|
| # of students enrolled at the beginning of the school year | 381 | 369 | 346 | 358 |
| # of students who left during the school year | 70 | 64 | 64 | 62 |
| # of students who did not re-enroll and had not completed 12 th grade | 42 | 74 | 65 | 70 |
| % of students retained from the previous school year | 85% | 76% | 79% | 76% |

Source: The Institution.

Admission Process

Beginning on January 1st, the Institution will accept applications for the next school year. If applications exceed capacity at a grade level or in the Project Facility, a lottery will be held. In the event of the need for a lottery, admission preference shall be granted to applicants in the following manner:

- First preference will be given to returning students, who will automatically be assigned a space at the school and whose families will be formally contacted to confirm automatic admission of their child.
- Second preference will be given to sisters of students already enrolled in the Institution. The term “sisters” means two or more females that are related either by birth by means of the same father or mother or by legal adoption.
- Third preference for admission is for female students who reside in the Albany City School District.
- Any remaining slots shall be available to female applicants residing outside the Albany City School District.

In the event that a lottery process is necessary to determine enrollment, names will continue to be drawn after all available spaces have been filled in order to form a waiting list in accordance with each preference category for each grade level. This waiting list will be the only official document identifying the names of grade eligible students with applications to the Institution pending acceptance for the applicable school year, or when vacancies arise, based upon the order of random selection from the lottery following a recruitment period. The waiting list shall expire annually at the lottery drawing following the next year’s enrollment period. Students applying for admission after the enrollment period shall be admitted on a space-available basis or placed on the waiting list.

Demand above Enrollment

| Enrollment, Applications and Demand | | | |
|--|--|---|---|
| School Year | Enrollment as of June 30th current year | Total Applications with returning students | Demand above Enrollment (Total Applications w/ returning students less Enrollment) |
| 2016-2017 | 343 | 533 | 190 |
| 2017-2018 | 349 | 498 | 149 |
| 2018-2019 | 357 | 485 | 128 |
| 2019-2020 | 365 (est.) | 499 | 134 |

Source: The Institution

Waiting List

Listed below is the current school year waiting list, by grade as of April 30, 2019.

Current 2018-2019 Waiting list

| Grade | Waitlisted Students ¹ |
|-------|----------------------------------|
| 9 | -- |
| 10 | -- |
| 11 | -- |
| 12 | 2 |

Source: The Institution.

¹ Waiting list numbers change daily and the Institution continually recruits students throughout the year.

The Institution is enrolled slightly below its capacity for the 2018-19 school year, with 354 students enrolled as of March 31, 2019. Listed below is the 2014-15 through 2017-18 historical waiting list information:

Historical Waiting Lists

| School Year | Number of Applicants Waitlisted |
|-------------|---------------------------------|
| 2017/2018 | 6 |
| 2016/2017 | 8 |
| 2015/2016 | 33 |
| 2014/2015 | N/A |

Source: The Institution.

The Institution aims to have full enrollment throughout the school year. The Institution endeavors to achieve full enrollment by over enrolling the student body at the beginning of each school year to account for any anticipated attrition during the school year. The Charter Agreement allows over enrollment of up to 20%. The Institution has recognized that once a student is placed on the waiting list, the likelihood of that student actually enrolling drops. Due to this, the Institution has not had a waiting list every year. The Institution also recognizes that not every student who applies, attends. By over enrolling students, the Institution can account for the natural attrition which takes place throughout the school year and over the summer while continuing to be enrolled as close to the Charter limit of the Institution. Additionally, the Institution believes that the waiting list is less applicable in the high school setting than for lower grades because students matriculating towards a Regents diploma and college are far less likely to move to a new school after 10th grade. The Institution strives to ensure student retention by offering a diversity of course offerings, and by encouraging all employees to do their part to promote student retention. This approach to student enrollment looks at the entire continuum with an emphasis on the importance a single-gender education plays in offering students a competitive advantage to college or career.

Student Demographics

Student Enrollment by Ethnic Group 2017-2018 School Year

| <u>Racial/Ethnic Category</u> | <u>Albany Leadership</u> | <u>Albany City School District</u> | <u>Troy City School District</u> | <u>Schenectady City School District</u> | <u>Albany County</u> | <u>New York State</u> |
|---|--------------------------|------------------------------------|----------------------------------|---|----------------------|-----------------------|
| American Indian or Alaska Native | 3 | 32 | 10 | 21 | 71 | 18,105 |
| Black or African American | 245 | 4,208 | 1,229 | 2,837 | 8,039 | 448,499 |
| Hispanic or Latino | 48 | 1,610 | 659 | 1,897 | 3,495 | 708,319 |
| Asian or Native Hawaiian/Other Pacific Islander | 14 | 822 | 59 | 1,681 | 3,630 | 252,191 |
| White | 33 | 1,854 | 1,672 | 2,134 | 21,940 | 1,133,631 |
| Multiracial | 15 | 535 | 314 | 617 | 1,935 | 62,134 |

Source: The Institution based on information from New York State Education Department: data.nysed.gov.

These enrollment data are collected as part of SED's Student Information repository System ("SIRS"). These counts are as of BEDS Day which is typically the first Wednesday in October.

Student Enrollment by Special Population 2017-2018 School Year

| <u>Special Populations</u> | <u>Albany Leadership</u> | <u>Albany City School District</u> | <u>Troy City School District</u> | <u>Schenectady City School District</u> | <u>Albany County</u> | <u>New York State</u> |
|----------------------------------|--------------------------|------------------------------------|----------------------------------|---|----------------------|-----------------------|
| Students with Disabilities | 16 | 1,200 | 679 | 1,642 | 5,039 | 462,163 |
| Economically Disadvantaged | 317 | 6,327 | 2,927 | 7,659 | 17,174 | 1,513,633 |
| English Language Learners | 33 | 1,078 | 129 | 442 | 1,953 | 243,323 |
| Eligible for Free Lunch | 293 | 6,220 | 2,793 | 7,243 | N/A | 1,353,522 |
| Eligible for Reduced Price Lunch | 31 | 77 | 122 | 294 | N/A | 108,667 |

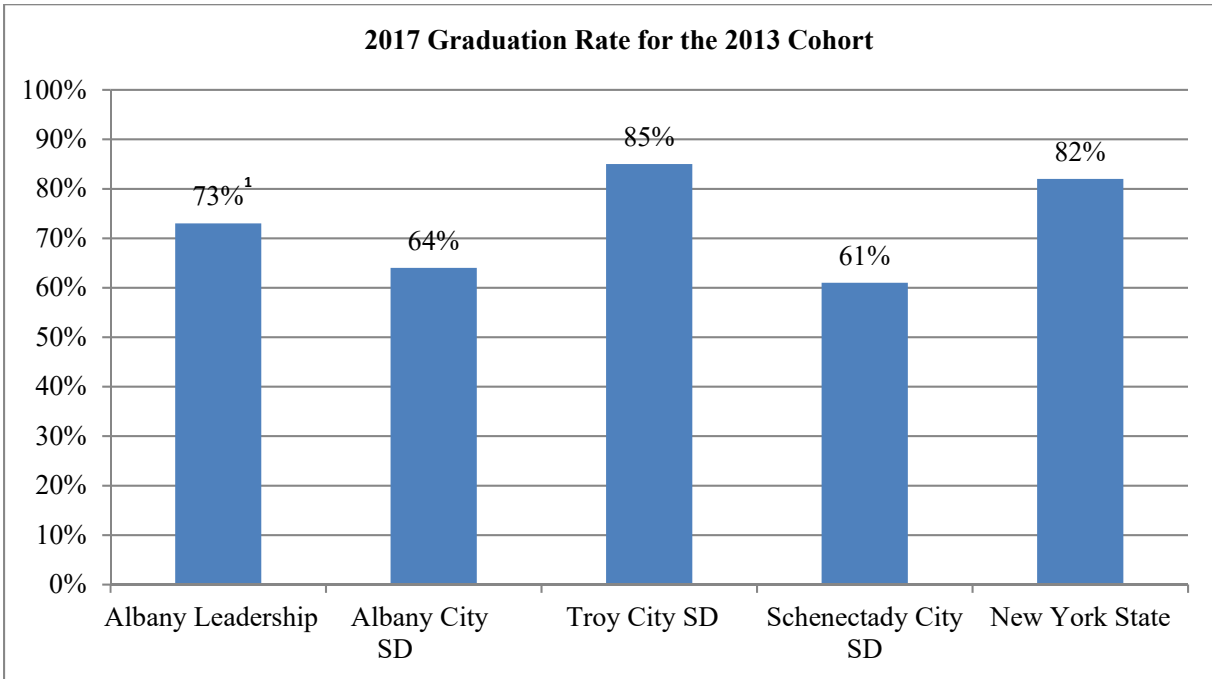
Source: The Institution based on information from New York State Education Department: data.nysed.gov.

These enrollment data are collected as part of SED's SIRS. These counts are as of BEDS Day.

Graduation Rates

The following table shows the Institution's 2017 graduation rate for the 2013 cohort as compared with graduation rates for the State and area school districts, including Albany City School District, Troy City School District and Schenectady City School District.

Graduation Rate Comparison



Source: The Institution based on information from New York State Education Department: data.nysed.gov.

¹Based on reported Total Cohort of 70. Current 2013 Total Cohort count of 65 results is Graduation Rate of 78%.

Academic Achievement Indicators

The Institution employs an assessment system that has three interval exams (benchmark assessments) administered to students throughout the school year and is the basis for continual improvement in instructional effectiveness. The use of data from interval exams informs the curriculum revision process and supports teachers' instructional planning. Teachers analyze interval assessment data and use a common template to create an action plan that identifies standards with less than 80% proficiency, addresses misunderstandings, and outlines supports for individual students. Instructional leaders then hold data dialogue meetings with teachers to review action plans. In addition, the Institution administers short standardized, computer-adaptive tests, known as STAR assessments in reading and mathematics three times per year for action plan development, as well as State Regents examinations. Data from the STAR assessments and historical data of the Institution's student performance on State Regents examinations are accessible to all instructional staff to be utilized in the data-driven decision-making process.

Students are given several assessments every academic school year. These include:

- (a) STAR assessment in reading and mathematics
- (b) Internally created internal assessment three times per year in all core subjects
- (c) State Regents Examinations

Service Area and Competing Schools

The Institution is located in City of Albany, Albany County. The Institution draws a majority of its students from the City of Albany. During the 2017-2018 school year, approximately 11% of the enrolled students lived in the Schenectady City School District, 9% of the enrolled students lived in the Troy City School District and 74% of the enrolled students lived in the Albany City School District.

**Student Enrollment by Zip Code
2017-2018 School Year**

| Zip Code | % of Albany Leadership Students | # of Albany Leadership Students |
|----------|------------------------------------|------------------------------------|
| 12009 | 0.28% | 1 |
| 12061 | 0.28% | 1 |
| 12143 | 0.28% | 1 |
| 12144 | 0.84% | 3 |
| 12180 | 8.66% | 31 |
| 12182 | 1.68% | 6 |
| 12183 | 0.28% | 1 |
| 12189 | 0.84% | 3 |
| 12196 | 0.28% | 1 |
| 12201 | 0.28% | 1 |
| 12202 | 12.29% | 44 |
| 12203 | 5.87% | 21 |
| 12204 | 5.03% | 18 |
| 12205 | 1.12% | 4 |
| 12206 | 21.51% | 77 |
| 12207 | 1.68% | 6 |
| 12208 | 6.15% | 22 |
| 12209 | 11.73% | 42 |
| 12210 | 10.34% | 37 |
| 12303 | 1.12% | 4 |
| 12304 | 4.47% | 16 |
| 12305 | 0.28% | 1 |
| 12306 | 0.56% | 2 |
| 12307 | 2.23% | 8 |
| 12308 | 1.40% | 5 |
| 12309 | 0.56% | 2 |

Source: The Institution.

Competing Schools

Charter High School Comparison in Cities of Albany, Troy and Schenectady

| District | Distance (miles) from Albany Leadership | Grades Served | 2017-2018 Enrollment ¹ | 2017-2018 English Language Learners | 2017-2018 Federal free and reduced price lunch |
|----------------------------------|---|---------------|-----------------------------------|-------------------------------------|--|
| Albany Leadership | N/A | 9-12 | 358 | 33 | 324 |
| Albany City School District | 2.4 | 9-12 | 2,621 | 301 | 1,679 |
| Troy City School District | 11.9 | 9-12 | 1,276 | 28 | 872 |
| Schenectady City School District | 18.3 | 9-12 | 2,646 | 108 | 2,207 |

Source: The Institution based on information from New York State Education Department: data.nysed.gov.

¹Enrollment data are as of the 2017-2018 BEDS Day.

There are currently 2 charter schools serving high school grades 9-12 and no charter schools serving grades 6-12 within the District. There is no other charter school in Albany County that provides single-gender education for girls. In the view of the Institution, these charter schools are representative of the schools with which the Institution competes for students.

Local School Demographic Comparison

| Charter School Name | District | Distance (miles) from Albany Leadership | Years of Operation | Authorizer | Grades Served | 2017-2018 Enrollment |
|--------------------------------|-----------------------------|---|------------------------------------|------------------------|---------------|----------------------|
| True North Troy Prep | Troy City School District | 7.8 | First Year (9 th Grade) | SUNY Board of Trustees | 9 | 44 |
| Green Tech High Charter School | Albany City School District | 0.6 | 11 | SUNY Board of Trustees | 9-12 | 356 |

Source: The Institution based on information from New York State Education Department: data.nysed.gov.

Area/Economic Information

Albany is the oldest continuing settlement in the nation. The City of Albany still serves under its original charter, which dates back to July 22, 1686, and has been the capital of New York State since 1797. For the past two centuries, Albany County (the "County") has been within its current borders, bounded on the east by the Hudson River and on the north by the Mohawk River. The County is approximately 135 miles directly north of New York City and has an area of approximately 540 square miles.

The economy of the County is diversified, with significant activity in the various areas of business and government. In the County, there are numerous banks which provide complete banking services. Industrial establishments in the County are engaged in such diverse operations as paper making, printing, automobile accessories, chemical products, pharmaceuticals and machine tools. The County also includes many retail stores, wholesale establishments and many shopping centers and several regional shopping malls. As the State Capital, government is an especially important factor in the County, Federal, State and local governments provide employment for thousands of people. The State is the largest employer in the County.

Population

The County has a population of 304,204 as established by the U.S. Department of Commerce in the 2010 Census, of that total 97,856 live in the City of Albany, which is the County seat and the State Capital. The following table presents population trends of the County, the Albany Standard Metropolitan Statistical Area (the "MSA" consists of the five counties of Albany, Montgomery, Rensselaer, Saratoga and Schenectady), the State and the United States since 1980.

Population Trend

| | Albany County Population | Albany MSA Population | New York State Population | United States Population |
|------|-------------------------------------|----------------------------------|--------------------------------------|-------------------------------------|
| 1980 | 285,909 | 795,019 | 17,558,072 | 226,504,825 |
| 1990 | 292,793 | 861,623 | 17,990,778 | 248,709,873 |
| 2000 | 294,565 | 875,583 | 18,976,457 | 281,421,906 |
| 2010 | 304,204 | 888,186 | 19,378,102 | 308,745,538 |
| 2015 | 309,381 | 881,830 | 19,795,791 | 321,418,105 |
| 2016 | 308,846 | 881,839 | 19,745,289 | 323,127,513 |

Data for 1980, 1990, 2000 and 2010 are compiled by the U.S. Department of Commerce as of April 1 of each year based on the census for that year.

Source: United States Department of Commerce, Bureau of the Census; American Community Survey.

Median Age

According to the U.S. Census Bureau, 2012-16 American Community Survey, the estimated median age for the residents of Albany County was 37.8 years and for residents of the State was 38.2 years. (Source: U.S. Department of Commerce, Bureau of the Census, American Fact Finder.)

Income and Employment

A major portion of non-agricultural workers have historically been employed by Federal, State or local government. The following tables present certain economic and demographic information for the County and the Albany MSA.

Per Capita Personal Income

| | 2010 | 2015 | 2016 |
|---------------|----------|----------|----------|
| Albany County | \$46,596 | \$56,692 | \$60,904 |
| Albany MSA | \$44,582 | \$52,899 | \$53,727 |
| United States | \$30,011 | \$48,112 | \$49,246 |

Source: U.S. Bureau of Census and US Department of Commerce, Bureau of Economic Analysis

Median Family Income

| | 2010 | 2015 | 2016 |
|----------------|----------|----------|----------|
| Albany County | \$56,090 | \$59,887 | \$60,904 |
| New York State | \$54,148 | \$59,269 | \$60,741 |

Source: U.S. Department of Commerce, Bureau of the Census, American Fact Finder.

Selected Listing of Major Employers

| Name | Type | Approximate Number of Employees |
|----------------------------------|--------------------|---------------------------------|
| State of New York | Government | 51,409 |
| St. Peter's Health Care Services | Health Care | 12,207 |
| Albany Medical Center | Health Care | 9,311 |
| United States of America | Government | 8,092 |
| University at Albany | Education | 4,700 |
| Verizon | Telecommunications | 3,000 |
| Center for Disability Services | Health Care | 2,582 |
| County of Albany | Government | 2,284 |
| Albany School District | Education | 1,600 |
| Empire Blue Cross | Health Insurance | 1,500 |
| City of Albany | Government | 1,463 |

Sources: Capital District Business Review and the Capital District Regional Planning Group

Annual Average Unemployment Rate

| | Albany County | Albany MSA | New York State |
|------|---------------|------------|----------------|
| 2014 | 4.9 | 5.1 | 6.3 |
| 2015 | 4.3 | 4.5 | 5.3 |
| 2016 | 4.1 | 4.1 | 4.9 |
| 2017 | 4.2 | 4.3 | 4.7 |
| 2018 | 3.7 | 3.8 | 4.1 |

Source: New York State Department of Labor

Albany City School District

Approximately 74% of the Institution's total student enrollment are residents of the City of Albany and the Albany City School District. The Albany City School District has approximately 9,061 pre-K through 12 students at 17 facilities including one high school.

Troy City School District

Approximately 9% of the Institution's total student enrollment are residents of the City of Troy and the Troy City School District. The Troy City School District has approximately 3,943 pre-K through 12 students at seven facilities including one high school.

Schenectady City School District

Approximately 11% of the Institution's total student enrollment are residents of the City of Schenectady and the Schenectady City School District. The Schenectady City School District has approximately 9,187 pre-K through 12 students at 20 facilities including one high school.

FINANCIAL DATA FOR THE ALBANY LEADERSHIP CHARTER HIGH SCHOOL

Basic Tuition

Under the Charters Schools Act, New York charter schools such as the Institution may not charge tuition and have no taxing authority. The principal source of charter school funding in the State is "charter school basic tuition" that charter schools are paid by the school district of the residence of the students attending the charter school. The amount of charter school basic tuition received from each school district is based on a variety of factors including the operating expenses of the school district.

The following table provides information regarding the charter school basic tuition in the Albany City School District, the Schenectady City School District and the Troy City School District for the school years indicated.

Charter School Basic Tuition

| School District | 2017-2018 | 2018-2019 | 2019-2020 |
|----------------------------------|------------------|------------------|------------------|
| Albany City School District | \$15,072 | \$15,541 | \$15,861 |
| Troy City School District | \$16,486 | \$17,048 | \$16,883 |
| Schenectady City School District | \$12,515 | \$12,628 | \$12,802 |

Charter School Basic Tuition does not include supplemental aid which may have been available in any year.

Source: *The Institution*, from data made available from New York State Education Department www.stateaid.nysed.gov.

New York State's 2018-19 annual fiscal budget includes significant legislative change affecting all charter schools in the State.

The statutory formula for calculating charter per pupil funding had been frozen for several years at the 2010-11 funding level, delinking it effectively from changes in district school expenditures. In 2014, legislation was enacted that provided small supplemental increases to the per pupil funding (while

providing a reimbursement to school districts for those increases). These increases kept charter per pupil funding relatively flat, increasing just 3.7% through the 2016-17 school year.

Beginning in 2018-19, the State legislature changed the statutory formula for charter school basic tuition and it will once again be calculated using the existing statutory formula tied to direct expenditures, thus effectively making the charter school basic tuition once again a function of average per pupil operating expenses of the school district in which a student resides.

Budgeting of Funds and Reports

The Institution prepares and presents monthly financial reporting to the Board which includes a Statement of Financial Position and a Statement of Activities for the current period and year-to-date prepared as an actual versus budget on a GAAP basis. The Institution also prepares all required annual and quarterly financial reporting to the State. Required reporting to the State includes an annual budget presented as a breakdown between program and supporting services prepared on a GAAP basis, and an annual budget and expenditure reports for federal grants including Title IA and Title IIA.

On or before July 1st of each year, the Institution will adopt an annual budget for the following fiscal year. The budgeting process involves the administration personnel of the Institution.

The following table sets forth the budgeted financial data of the Institution as compared to the financials for the Fiscal Year ending June 30, 2018 and the data for the Fiscal Year ending June 30, 2019 through March 31, 2019.

| | 2017-18 Budget | 2017-18 Financials | 2018-19 Budget | 2018-19 Year to Date |
|----------|-----------------------|---------------------------|-----------------------|-----------------------------|
| Revenue | \$5,722,306 | \$5,880,283 | \$5,963,900 | \$4,471,712 |
| Expenses | \$5,797,194 | \$5,648,943 | \$5,844,259 | \$4,209,540 |

¹ Year to date unaudited financials through March 31, 2019.

² These amounts include facility funding and other revenue, which are classified as “revenue from state sources” on June 30, 2018 budget vs. actual.

Source: The Institution.

Annual Financial Audit

The Institution is required to have an annual audit conducted by an outside independent accounting firm. Financial audits are conducted in accordance with generally accepted auditing standards. Upon completion, audits are reviewed by EFPR Group, CPAs, PLLC before being submitted to the full Board for review. EFPR Group, CPAs, PLLC has been the Institution’s auditor since 2015.

The audited financial statements of the Institution for the fiscal years ended June 30, 2017 and June 30, 2018 are included in “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)” and “APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (INCLUDING JUNE 30, 2017 COMPARATIVE INFORMATION)”, respectively, in this Official Statement.

Historical Financial Data

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

Historical Balance Sheet

| | 2014-15 | 2015-16 | 2016-17 |
|----------------------------------|-------------|-------------|-------------|
| Assets | \$1,594,525 | \$1,784,319 | \$2,366,003 |
| Fixed Assets | \$324,125 | \$344,523 | \$274,440 |
| Liabilities | \$550,914 | \$517,990 | \$594,185 |
| Net Assets | \$1,367,737 | \$1,610,852 | \$2,046,258 |
| Total Liabilities and Net Assets | \$1,918,651 | \$2,128,842 | \$2,640,443 |

Source: The Institution.

Historical Income Statement

| | 2014-15 | 2015-16 | 2016-17 |
|---------------------|-------------|-------------|-------------|
| Revenue and Support | \$5,561,082 | \$5,480,413 | \$5,710,953 |
| Expenses | \$5,003,321 | \$5,237,297 | \$5,275,547 |

Source: The Institution.

Investment Policy

The Institution invests its excess cash in insured accounts at various financial institutions.

Employee Benefit Plan

The Institution currently offers employees a variety of benefits, some of which are dependent on employee classifications. Generally, the Institution offers eligible employees the ability to participate in a 401(k) Retirement plan, group health and life insurance plans, which include life insurance, accidental death and dismemberment insurance and medical, dental and vision coverage. Additionally, the Institution complies with State disability and workers' compensation laws.

Pension Obligations

The Institution does not offer a defined benefit pension plan and has no pension obligations.

Insurance

The Institution will maintain the insurance coverages required in the Loan Agreement.

No Litigation

No material action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the best of the knowledge of the Institution is overtly threatened against the Institution.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE FISCAL YEAR
ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)**

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ALBANY LEADERSHIP
CHARTER HIGH SCHOOL FOR GIRLS

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Albany Leadership Charter High School for Girls
Albany, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of Albany Leadership Charter High School for Girls (the School), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany Leadership Charter High School for Girls as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 5, 2017

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Financial Position
 June 30, 2017 and 2016

| <u>Assets</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------------|-------------------------|
| Current assets: | | |
| Cash and equivalents | \$ 1,894,057 | 1,431,012 |
| Grants and contracts receivable, net of allowance of \$82,729 in 2017 and \$78,400 in 2016 | 232,370 | 166,316 |
| Accounts receivable | 4,770 | 4,541 |
| Prepaid expenses | <u>159,612</u> | <u>107,315</u> |
| Total current assets | <u>2,290,809</u> | <u>1,709,184</u> |
| Property and equipment, at cost | 898,689 | 865,443 |
| Less accumulated depreciation and amortization | <u>(624,249)</u> | <u>(520,920)</u> |
| Net property and equipment | <u>274,440</u> | <u>344,523</u> |
| Other asset - cash - designated | <u>75,195</u> | <u>75,135</u> |
| Total assets | <u><u>\$ 2,640,444</u></u> | <u><u>2,128,842</u></u> |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | 200,057 | 183,896 |
| Accrued payroll and benefits | <u>394,129</u> | <u>334,094</u> |
| Total current liabilities | <u>594,186</u> | <u>517,990</u> |
| Net assets: | | |
| Unrestricted: | | |
| General operating | 1,971,063 | 1,535,717 |
| Board designated | <u>75,195</u> | <u>75,135</u> |
| Total unrestricted net assets | <u>2,046,258</u> | <u>1,610,852</u> |
| Total liabilities and net assets | <u><u>\$ 2,640,444</u></u> | <u><u>2,128,842</u></u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Activities
 Years ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|------------------|
| Revenue: | | |
| Public school districts: | | |
| Resident student enrollment | \$ 4,978,470 | 4,874,617 |
| Students with disabilities | 101,596 | 109,981 |
| Specially approved state revenue | 224,565 | - |
| Grants and contracts: | | |
| Federal | 152,072 | 171,365 |
| Food Service/Children Nutrition Program | 167,102 | 178,021 |
| State and Local | 42,299 | 84,134 |
| Total revenue | <u>5,666,104</u> | <u>5,418,118</u> |
| Expenses: | | |
| Program services: | | |
| Regular education | 3,778,840 | 3,715,687 |
| Special education | 370,636 | 297,729 |
| Other programs | 220,834 | 235,052 |
| Total program services | <u>4,370,310</u> | <u>4,248,468</u> |
| Management and general | <u>905,237</u> | <u>988,830</u> |
| Total expenses | <u>5,275,547</u> | <u>5,237,298</u> |
| Surplus from school operations | <u>390,557</u> | <u>180,820</u> |
| Support and other revenue: | | |
| Contributions | 4,320 | 5,533 |
| Fundraising, net | 1,590 | 2,900 |
| Miscellaneous income | 38,939 | 53,862 |
| Total support and other revenue | <u>44,849</u> | <u>62,295</u> |
| Increase in unrestricted net assets | 435,406 | 243,115 |
| Unrestricted net assets at beginning of year | <u>1,610,852</u> | <u>1,367,737</u> |
| Unrestricted net assets at end of year | <u>\$ 2,046,258</u> | <u>1,610,852</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
Statement of Functional Expenses
Year ended June 30, 2017
with comparative totals for 2016

| | Program Services | | | | | Supporting Services | Total | |
|---|-----------------------------|------------------------------|------------------------------|---------------------------|------------------|---------------------------------------|------------------|------------------|
| | <u>No. of positions</u> | <u>Regular education</u> | <u>Special education</u> | <u>Other programs</u> | <u>Total</u> | <u>Management and general</u> | <u>2017</u> | <u>2016</u> |
| Personnel services costs: | | | | | | | | |
| Instructional personnel | 40 | \$ 1,610,410 | 213,428 | - | 1,823,838 | - | 1,823,838 | 1,861,475 |
| Administrative personnel | 15 | 294,158 | 36,179 | - | 330,337 | 477,167 | 807,504 | 851,025 |
| Non-instructional personnel | <u>2</u> | <u>-</u> | <u>-</u> | <u>47,207</u> | <u>47,207</u> | <u>76,035</u> | <u>123,242</u> | <u>95,157</u> |
| Total salaries and staff | <u>57</u> | 1,904,568 | 249,607 | 47,207 | 2,201,382 | 553,202 | 2,754,584 | 2,807,657 |
| Fringe benefits and payroll taxes | | 388,607 | 50,930 | 9,632 | 449,169 | 112,875 | 562,044 | 510,748 |
| Retirement | | 46,081 | 6,039 | 1,142 | 53,262 | 13,384 | 66,646 | 50,069 |
| Legal services | | 4,438 | 582 | - | 5,020 | 1,261 | 6,281 | 7,194 |
| Accounting and audit services | | 6,924 | 908 | - | 7,832 | 1,968 | 9,800 | 9,500 |
| Other purchased, professional and consulting services | | 153,178 | 20,075 | 3,797 | 177,050 | 44,492 | 221,542 | 210,966 |
| Building and land lease | | 534,338 | 8,082 | 60,685 | 603,105 | 83,895 | 687,000 | 679,992 |
| Repairs and maintenance | | 155,960 | 2,359 | 17,713 | 176,032 | 24,487 | 200,519 | 211,356 |
| Insurance | | 46,847 | 709 | 5,320 | 52,876 | 7,355 | 60,231 | 57,972 |
| Utilities | | 33,645 | 509 | 3,821 | 37,975 | 5,282 | 43,257 | 54,596 |
| Supplies and materials | | 51,895 | 6,801 | - | 58,696 | - | 58,696 | 64,414 |
| Uniforms | | 19,395 | - | - | 19,395 | - | 19,395 | 19,014 |
| Equipment and furnishings | | 7,105 | 931 | - | 8,036 | 2,020 | 10,056 | 15,633 |
| Staff development | | 21,860 | 2,865 | - | 24,725 | - | 24,725 | 30,786 |
| Marketing and recruitment | | 21,158 | 2,773 | - | 23,931 | 6,014 | 29,945 | 24,673 |
| Technology | | 90,069 | 11,804 | - | 101,873 | 25,601 | 127,474 | 103,021 |
| Food services | | - | - | 71,517 | 71,517 | - | 71,517 | 72,928 |
| Student services | | 154,069 | - | - | 154,069 | - | 154,069 | 125,761 |
| Office expense | | 32,862 | 4,307 | - | 37,169 | 9,341 | 46,510 | 52,537 |
| Bad debt expense | | 6,123 | - | - | 6,123 | - | 6,123 | 29,034 |
| Depreciation and amortization | | <u>99,718</u> | <u>1,355</u> | <u>-</u> | <u>101,073</u> | <u>14,060</u> | <u>115,133</u> | <u>99,447</u> |
| Total expenses | | <u>\$ 3,778,840</u> | <u>370,636</u> | <u>220,834</u> | <u>4,370,310</u> | <u>905,237</u> | <u>5,275,547</u> | <u>5,237,298</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2016

| | <u>No. of positions</u> | <u>Program Services</u> | | | | <u>Supporting Services</u> | |
|---|-------------------------|--------------------------|--------------------------|-----------------------|------------------|-------------------------------|------------------|
| | | <u>Regular education</u> | <u>Special education</u> | <u>Other programs</u> | <u>Total</u> | <u>Management and general</u> | <u>Total</u> |
| Personnel services costs: | | | | | | | |
| Instructional personnel | 40 | \$ 1,683,766 | 177,709 | - | 1,861,475 | - | 1,861,475 |
| Administrative personnel | 14 | 234,960 | 31,212 | - | 266,172 | 584,853 | 851,025 |
| Non-instructional personnel | <u>2</u> | <u>-</u> | <u>-</u> | <u>47,618</u> | <u>47,618</u> | <u>47,539</u> | <u>95,157</u> |
| Total salaries and staff | <u>56</u> | <u>1,918,726</u> | <u>208,921</u> | <u>47,618</u> | <u>2,175,265</u> | <u>632,392</u> | <u>2,807,657</u> |
| Fringe benefits and payroll taxes | | 349,041 | 38,005 | 8,662 | 395,708 | 115,040 | 510,748 |
| Retirement | | 34,217 | 3,726 | 849 | 38,792 | 11,277 | 50,069 |
| Legal services | | 4,995 | 544 | - | 5,539 | 1,655 | 7,194 |
| Accounting and audit services | | 6,584 | 731 | - | 7,315 | 2,185 | 9,500 |
| Other purchased, professional and consulting services | | 138,931 | 8,172 | 16,345 | 163,448 | 47,518 | 210,966 |
| Building and land lease | | 528,887 | 8,000 | 60,066 | 596,953 | 83,039 | 679,992 |
| Repairs and maintenance | | 164,389 | 2,487 | 18,670 | 185,546 | 25,810 | 211,356 |
| Insurance | | 45,090 | 682 | 5,121 | 50,893 | 7,079 | 57,972 |
| Utilities | | 42,494 | 642 | 4,793 | 47,929 | 6,667 | 54,596 |
| Supplies and materials | | 57,973 | 6,441 | - | 64,414 | - | 64,414 |
| Uniforms | | 19,014 | - | - | 19,014 | - | 19,014 |
| Equipment and furnishings | | 10,901 | 1,211 | - | 12,112 | 3,521 | 15,633 |
| Staff development | | 27,707 | 3,079 | - | 30,786 | - | 30,786 |
| Marketing and recruitment | | 17,098 | 1,900 | - | 18,998 | 5,675 | 24,673 |
| Technology | | 71,836 | 7,980 | - | 79,816 | 23,205 | 103,021 |
| Food services | | - | - | 72,928 | 72,928 | - | 72,928 |
| Student services | | 125,761 | - | - | 125,761 | - | 125,761 |
| Office expense | | 36,633 | 4,070 | - | 40,703 | 11,834 | 52,537 |
| Bad debt expense | | 29,034 | - | - | 29,034 | - | 29,034 |
| Depreciation and amortization | | <u>86,376</u> | <u>1,138</u> | <u>-</u> | <u>87,514</u> | <u>11,933</u> | <u>99,447</u> |
| Total expenses | | <u>\$ 3,715,687</u> | <u>297,729</u> | <u>235,052</u> | <u>4,248,468</u> | <u>988,830</u> | <u>5,237,298</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Cash Flows
 Years ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|------------------|
| Cash flows from operating activities: | | |
| Increase in unrestricted net assets | \$ 435,406 | 243,115 |
| Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 115,133 | 99,447 |
| Change in allowance for doubtful accounts | 4,329 | (130,067) |
| Changes in: | | |
| Grants and contracts receivable | (70,383) | 395,372 |
| Accounts receivable | (229) | 1,485 |
| Prepaid expenses | (52,297) | (95,877) |
| Accounts payable and accrued expenses | 16,161 | 80,173 |
| Accrued payroll and benefits | 60,035 | (113,097) |
| Net cash provided by operating activities | <u>508,155</u> | <u>480,551</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (45,050) | (119,844) |
| Deposits to cash - designated | (60) | (60) |
| Net cash used in investing activities | <u>(45,110)</u> | <u>(119,904)</u> |
| Net increase in cash | 463,045 | 360,647 |
| Cash at beginning of year | <u>1,431,012</u> | <u>1,070,365</u> |
| Cash at end of year | <u>\$ 1,894,057</u> | <u>1,431,012</u> |
| Supplemental schedule of non-cash information - disposal of fully depreciated property and equipment | <u>\$ 11,804</u> | <u>-</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements

June 30, 2017 and 2016

(1) Organization and Purpose

Albany Leadership Charter High School for Girls' (the School) mission is to prepare young women to graduate from high school with the academic and leadership skills necessary to succeed in college and the career of their choosing.

A provisional charter, valid for five years, was granted to the School by the University of the State of New York pursuant to Article 56 of the Education Law of the State of New York in 2009. The School began providing educational services in the fall of 2010 for 9th and 10th grades. The provisional charter allowed for an additional grade to be added in each subsequent year until the School reached grades 9 through 12, which occurred in 2013. Since, the first year of the original charter was a planning year, a one year charter extension was granted in 2014 extending the School's operations through the 2014 - 2015 year. In 2015, a three year charter renewal was issued to the School through and including July 31, 2018. As of June 30, 2017, the School has annualized full-time enrollment of 350 students in 4 grades.

The School is governed by a Board of Trustees in accordance with the School's by-laws.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The School does not have any temporary or permanently restricted net assets. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the School's Board of Trustees.

(c) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Cash

For purposes of the statements of cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(e) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentration of credit risk consist principally of cash accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(f) Receivables

The School uses the allowance method to account for uncollectible receivables. The allowance for doubtful accounts amounted to \$82,729 and \$78,400 at June 30, 2017 and 2016, respectively.

(g) Capitalization, Depreciation and Amortization

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation or amortization. The resulting gains and losses are reflected in the statements of activities. Generally, property and equipment which has a cost in excess of \$1,000 at the date of acquisition and has an expected useful life of three years is capitalized.

(h) Public School District Revenue

The School receives per pupil aid passed through from each student's home public school district. The New York State Department of Education mandates the rate per pupil. The regular education per pupil rate from Albany Public School District, the district from which the School receives its largest pass through of district revenue, was \$14,572 and \$14,422 for the years ended June 30, 2017 and 2016, respectively.

(i) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Donated Equipment, Materials, Supplies and Personnel Services

Donated equipment, materials and supplies are reflected in the financial statements based on the fair market value at the time of donation.

Donated personnel services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the School.

(k) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the School. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(l) Expense Allocation

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

(m) Subsequent Events

The School has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(n) Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The School presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the School has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the School are subject to examination by taxing authorities.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(3) Grants, Contracts and Accounts Receivable

Grants, contracts and accounts receivable as of June 30, 2017 and 2016 are as follows:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|----------------|
| School district tuition, net of allowance | \$ 77,968 | 129,078 |
| U.S. Department of Agriculture | 7,927 | 8,410 |
| U.S. Department of Education | 146,475 | 28,828 |
| Other receivables | <u>4,770</u> | <u>4,541</u> |
| | <u>\$ 237,140</u> | <u>170,857</u> |

(4) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment at June 30, 2017 and 2016 is as follows:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|------------------|
| Equipment | \$ 308,351 | 275,105 |
| Furniture and fixtures | 212,393 | 212,393 |
| Leasehold improvements | <u>377,945</u> | <u>377,945</u> |
| | 898,689 | 865,443 |
| Less: accumulated depreciation and amortization | <u>(624,249)</u> | <u>(520,920)</u> |
| Net property and equipment | <u>\$ 274,440</u> | <u>344,523</u> |

(5) Escrow Account

As set forth in its charter, the School established an escrow account in the amount of \$75,000 to be used upon school closure as designated by the Board of Trustees. The balance in the escrow account was \$75,195 and \$75,135 as of June 30, 2017 and 2016, respectively. The balance in the escrow account is classified as board designated net assets on the statements of financial position.

(6) Lease Obligation

The School currently leases facilities from the Brighter Choice Foundation through June 30, 2018. Net occupancy costs for the years ended June 30, 2017 and 2016 were \$687,000 and \$679,992, respectively. The School and the Foundation renegotiated the lease as of July 1, 2012. The minimum future rental payment under the operating lease for the year ending June 30, 2018 is \$694,200.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(7) Retirement Plan

The School adopted a retirement plan under IRC 401(k) covering all eligible employees. Under the plan, employees are eligible to receive employer matching contributions after one year of service. The School provides a matching contribution to each eligible employee's plan at a rate determined annually by the Board of Trustees. For the year ended June 30, 2017 the matching contribution rate was 2%, 4% or 6% depending on the employee's years of service. For the year ended June 30, 2016 the matching contribution rate was 3%. The School's retirement plan expense for the years ended June 30, 2017 and 2016 was \$66,646 and \$50,069, respectively.

(8) Concentration of Risk

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 84% and 86% of total revenue and support for the years ended June 30, 2017 and 2016, respectively.

(9) Contingency

The School has received grants which are subject to audit by agencies of the state and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior years experience, the School's administration believes that disallowances, if any, will be immaterial.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Albany Leadership Charter High School for Girls
Albany, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Albany Leadership Charter High School for Girls (the School), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 5, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 5, 2017

APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE FISCAL YEAR
ENDED JUNE 30, 2018 (INCLUDING JUNE 30, 2017 COMPARATIVE INFORMATION)**

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ALBANY LEADERSHIP
CHARTER HIGH SCHOOL FOR GIRLS

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Albany Leadership Charter High School for Girls
Albany, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of Albany Leadership Charter High School for Girls (the School), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany Leadership Charter High School for Girls as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Albany Leadership Charter High School for Girls' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 26, 2018

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Financial Position
 June 30, 2018 and 2017

| | <u>Assets</u> | <u>2018</u> | <u>2017</u> |
|--|---------------|----------------------------|-------------------------|
| Current assets: | | | |
| Cash and equivalents | | \$ 1,789,818 | 1,894,057 |
| Grants and contracts receivable, net of allowance of \$82,729 in 2017 | | 466,623 | 232,370 |
| Accounts receivable | | 330 | 4,770 |
| Prepaid expenses | | <u>259,186</u> | <u>159,612</u> |
| Total current assets | | <u>2,515,957</u> | <u>2,290,809</u> |
| Property and equipment, at cost | | 904,198 | 898,689 |
| Less accumulated depreciation and amortization | | <u>(723,844)</u> | <u>(624,249)</u> |
| Net property and equipment | | <u>180,354</u> | <u>274,440</u> |
| Other asset - cash - designated | | <u>75,255</u> | <u>75,195</u> |
| Total assets | | <u><u>\$ 2,771,566</u></u> | <u><u>2,640,444</u></u> |
| <u>Liabilities and Net Assets</u> | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | | 81,391 | 200,057 |
| Accrued payroll and benefits | | <u>412,577</u> | <u>394,129</u> |
| Total current liabilities | | <u>493,968</u> | <u>594,186</u> |
| Net assets: | | | |
| Unrestricted: | | | |
| General operating | | 2,202,343 | 1,971,063 |
| Board designated | | <u>75,255</u> | <u>75,195</u> |
| Total unrestricted net assets | | <u>2,277,598</u> | <u>2,046,258</u> |
| Total liabilities and net assets | | <u><u>\$ 2,771,566</u></u> | <u><u>2,640,444</u></u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
 Statements of Activities
 Years ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|------------------|
| Revenue: | | |
| Public school districts: | | |
| Resident student enrollment | \$ 5,273,567 | 4,978,470 |
| Students with disabilities | 79,278 | 101,596 |
| Specially approved state revenue | - | 224,565 |
| Grants and contracts: | | |
| Federal | 226,563 | 152,072 |
| Food Service/Children Nutrition Program | 181,573 | 167,102 |
| State and Local | <u>54,741</u> | <u>42,299</u> |
| Total revenue | <u>5,815,722</u> | <u>5,666,104</u> |
| Expenses: | | |
| Program services: | | |
| Regular education | 3,859,764 | 3,778,840 |
| Special education | 533,951 | 370,636 |
| Other programs | <u>237,504</u> | <u>220,834</u> |
| Total program services | 4,631,219 | 4,370,310 |
| Management and general | <u>1,017,724</u> | <u>905,237</u> |
| Total expenses | <u>5,648,943</u> | <u>5,275,547</u> |
| Surplus from school operations | <u>166,779</u> | <u>390,557</u> |
| Support and other revenue: | | |
| Contributions | 9,406 | 4,320 |
| Fundraising, net | 6,795 | 1,590 |
| Miscellaneous income | <u>48,360</u> | <u>38,939</u> |
| Total support and other revenue | <u>64,561</u> | <u>44,849</u> |
| Increase in unrestricted net assets | 231,340 | 435,406 |
| Unrestricted net assets at beginning of year | <u>2,046,258</u> | <u>1,610,852</u> |
| Unrestricted net assets at end of year | <u>\$ 2,277,598</u> | <u>2,046,258</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Statement of Functional Expenses

Year ended June 30, 2018

with comparative totals for 2017

| | Program Services | | | | | Supporting Services | Total | |
|---|------------------|---------------------|-------------------|----------------|------------------|------------------------|------------------|------------------|
| | No. of positions | Regular education | Special education | Other programs | Total | Management and general | 2018 | 2017 |
| Personnel services costs: | | | | | | | | |
| Instructional personnel | 41 | \$ 1,671,016 | 300,864 | - | 1,971,880 | - | 1,971,880 | 1,823,838 |
| Administrative personnel | 17 | 294,158 | 64,303 | - | 358,461 | 555,062 | 913,523 | 807,504 |
| Non-instructional personnel | 2 | - | - | 50,722 | 50,722 | 77,634 | 128,356 | 123,242 |
| Total salaries and staff | <u>60</u> | 1,965,174 | 365,167 | 50,722 | 2,381,063 | 632,696 | 3,013,759 | 2,754,584 |
| Fringe benefits and payroll taxes | | 390,430 | 72,549 | 10,078 | 473,057 | 125,701 | 598,758 | 562,044 |
| Retirement | | 53,101 | 9,867 | 1,370 | 64,338 | 17,096 | 81,434 | 66,646 |
| Legal services | | 6,846 | 1,272 | - | 8,118 | 2,157 | 10,275 | 6,281 |
| Accounting and audit services | | 6,796 | 1,263 | - | 8,059 | 2,141 | 10,200 | 9,800 |
| Other purchased, professional and consulting services | | 170,383 | 31,660 | 4,398 | 206,441 | 54,856 | 261,297 | 221,542 |
| Building and land lease | | 539,938 | 8,167 | 61,321 | 609,426 | 84,774 | 694,200 | 687,000 |
| Repairs and maintenance | | 155,774 | 2,356 | 17,692 | 175,822 | 24,458 | 200,280 | 200,519 |
| Insurance | | 51,358 | 777 | 5,833 | 57,968 | 8,064 | 66,032 | 60,231 |
| Utilities | | 37,452 | 566 | 4,254 | 42,272 | 5,880 | 48,152 | 43,257 |
| Supplies and materials | | 44,730 | 8,312 | - | 53,042 | - | 53,042 | 58,696 |
| Uniforms | | 17,591 | - | - | 17,591 | - | 17,591 | 19,395 |
| Equipment and furnishings | | 3,842 | 714 | - | 4,556 | 1,211 | 5,767 | 10,056 |
| Staff development | | 14,372 | 2,671 | - | 17,043 | - | 17,043 | 24,725 |
| Marketing and recruitment | | 25,940 | 4,820 | - | 30,760 | 8,173 | 38,933 | 29,945 |
| Technology | | 88,707 | 16,483 | - | 105,190 | 27,951 | 133,141 | 127,474 |
| Food services | | - | - | 81,836 | 81,836 | - | 81,836 | 71,517 |
| Student services | | 168,048 | - | - | 168,048 | - | 168,048 | 154,069 |
| Office expense | | 33,021 | 6,135 | - | 39,156 | 10,404 | 49,560 | 46,510 |
| Bad debt expense | | - | - | - | - | - | - | 6,123 |
| Depreciation and amortization | | 86,261 | 1,172 | - | 87,433 | 12,162 | 99,595 | 115,133 |
| Total expenses | | <u>\$ 3,859,764</u> | <u>533,951</u> | <u>237,504</u> | <u>4,631,219</u> | <u>1,017,724</u> | <u>5,648,943</u> | <u>5,275,547</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
Statement of Functional Expenses
Year ended June 30, 2017

| | <u>Program Services</u> | | | | | <u>Supporting Services</u> | |
|---|-------------------------|--------------------------|--------------------------|-----------------------|------------------|-------------------------------|------------------|
| | <u>No. of positions</u> | <u>Regular education</u> | <u>Special education</u> | <u>Other programs</u> | <u>Total</u> | <u>Management and general</u> | <u>Total</u> |
| Personnel services costs: | | | | | | | |
| Instructional personnel | 40 | \$ 1,610,410 | 213,428 | - | 1,823,838 | - | 1,823,838 |
| Administrative personnel | 15 | 294,158 | 36,179 | - | 330,337 | 477,167 | 807,504 |
| Non-instructional personnel | <u>2</u> | <u>-</u> | <u>-</u> | <u>47,207</u> | <u>47,207</u> | <u>76,035</u> | <u>123,242</u> |
| Total salaries and staff | <u>57</u> | 1,904,568 | 249,607 | 47,207 | 2,201,382 | 553,202 | 2,754,584 |
| Fringe benefits and payroll taxes | | 388,607 | 50,930 | 9,632 | 449,169 | 112,875 | 562,044 |
| Retirement | | 46,081 | 6,039 | 1,142 | 53,262 | 13,384 | 66,646 |
| Legal services | | 4,438 | 582 | - | 5,020 | 1,261 | 6,281 |
| Accounting and audit services | | 6,924 | 908 | - | 7,832 | 1,968 | 9,800 |
| Other purchased, professional and consulting services | | 153,178 | 20,075 | 3,797 | 177,050 | 44,492 | 221,542 |
| Building and land lease | | 534,338 | 8,082 | 60,685 | 603,105 | 83,895 | 687,000 |
| Repairs and maintenance | | 155,960 | 2,359 | 17,713 | 176,032 | 24,487 | 200,519 |
| Insurance | | 46,847 | 709 | 5,320 | 52,876 | 7,355 | 60,231 |
| Utilities | | 33,645 | 509 | 3,821 | 37,975 | 5,282 | 43,257 |
| Supplies and materials | | 51,895 | 6,801 | - | 58,696 | - | 58,696 |
| Uniforms | | 19,395 | - | - | 19,395 | - | 19,395 |
| Equipment and furnishings | | 7,105 | 931 | - | 8,036 | 2,020 | 10,056 |
| Staff development | | 21,860 | 2,865 | - | 24,725 | - | 24,725 |
| Marketing and recruitment | | 21,158 | 2,773 | - | 23,931 | 6,014 | 29,945 |
| Technology | | 90,069 | 11,804 | - | 101,873 | 25,601 | 127,474 |
| Food services | | - | - | 71,517 | 71,517 | - | 71,517 |
| Student services | | 154,069 | - | - | 154,069 | - | 154,069 |
| Office expense | | 32,862 | 4,307 | - | 37,169 | 9,341 | 46,510 |
| Bad debt expense | | 6,123 | - | - | 6,123 | - | 6,123 |
| Depreciation and amortization | | <u>99,718</u> | <u>1,355</u> | <u>-</u> | <u>101,073</u> | <u>14,060</u> | <u>115,133</u> |
| Total expenses | | <u>\$ 3,778,840</u> | <u>370,636</u> | <u>220,834</u> | <u>4,370,310</u> | <u>905,237</u> | <u>5,275,547</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
Statements of Cash Flows
Years ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|------------------|
| Cash flows from operating activities: | | |
| Increase in unrestricted net assets | \$ 231,340 | 435,406 |
| Adjustments to reconcile increase in unrestricted net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 99,595 | 115,133 |
| Change in allowance for doubtful accounts | (82,729) | 4,329 |
| Changes in: | | |
| Grants and contracts receivable | (151,524) | (70,383) |
| Accounts receivable | 4,440 | (229) |
| Prepaid expenses | (99,574) | (52,297) |
| Accounts payable and accrued expenses | (118,666) | 16,161 |
| Accrued payroll and benefits | 18,448 | 60,035 |
| Net cash provided by (used in) operating activities | <u>(98,670)</u> | <u>508,155</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (5,509) | (45,050) |
| Deposits to cash - designated | (60) | (60) |
| Net cash used in investing activities | <u>(5,569)</u> | <u>(45,110)</u> |
| Net increase (decrease) in cash | (104,239) | 463,045 |
| Cash and equivalents at beginning of year | <u>1,894,057</u> | <u>1,431,012</u> |
| Cash and equivalents at end of year | <u>\$ 1,789,818</u> | <u>1,894,057</u> |
| Supplemental schedule of non-cash information - disposal of fully depreciated property and equipment | <u>\$ -</u> | <u>11,804</u> |

See accompanying notes to financial statements.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements

June 30, 2018 and 2017

(1) Organization and Purpose

Albany Leadership Charter High School for Girls' (the School) mission is to prepare young women to graduate from high school with the academic and leadership skills necessary to succeed in college and the career of their choosing.

A provisional charter, valid for five years, was granted to the School by the University of the State of New York pursuant to Article 56 of the Education Law of the State of New York in 2009. In 2018, a five year charter renewal was issued which will enable the School to operate through July 31, 2023. As of June 30, 2018, the School includes grades 9 through 12 and has annualized full-time enrollment of 355 students in 4 grades.

The School is governed by a Board of Trustees in accordance with the School's by-laws.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The School does not have any temporary or permanently restricted net assets. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the School's Board of Trustees.

(c) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash

For purposes of the statements of cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentration of credit risk consist principally of cash accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(f) Receivables

The School uses the allowance method to account for uncollectible receivables. The allowance for doubtful accounts amounted to \$82,729 at June 30, 2017. Management has determined that no allowance was deemed necessary at June 30, 2018.

(g) Capitalization, Depreciation and Amortization

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation or amortization. The resulting gains and losses are reflected in the statements of activities. Generally, property and equipment which has a cost in excess of \$1,000 at the date of acquisition and has an expected useful life of three years is capitalized.

(h) Public School District Revenue

The School receives per pupil aid passed through from each student's home public school district. The New York State Department of Education mandates the rate per pupil. The regular education per pupil rate from Albany Public School District, the district from which the School receives its largest pass through of district revenue, was \$15,072 and \$14,572 for the years ended June 30, 2018 and 2017, respectively.

(i) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Donated Equipment, Materials, Supplies and Personnel Services

Donated equipment, materials and supplies are reflected in the financial statements based on the fair market value at the time of donation.

Donated personnel services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the School.

(k) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the School. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(l) Expense Allocation

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

(m) Subsequent Events

The School has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(n) Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The School presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the School has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the School are subject to examination by taxing authorities.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS
Notes to Financial Statements, Continued

(3) Grants, Contracts and Accounts Receivable

Grants, contracts and accounts receivable as of June 30, 2018 and 2017 are as follows:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|----------------|
| School district tuition, net of allowance | \$ 318,237 | 77,968 |
| U.S. Department of Agriculture | 29,906 | 7,927 |
| U.S. Department of Education | <u>118,480</u> | <u>146,475</u> |
| | 466,623 | 232,370 |
| Other receivables | <u>330</u> | <u>4,770</u> |
| | <u>\$ 466,953</u> | <u>237,140</u> |

(4) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment at June 30, 2018 and 2017 is as follows:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|------------------|
| Equipment | \$ 313,860 | 308,351 |
| Furniture and fixtures | 212,393 | 212,393 |
| Leasehold improvements | <u>377,945</u> | <u>377,945</u> |
| | 904,198 | 898,689 |
| Less: accumulated depreciation and amortization | <u>(723,844)</u> | <u>(624,249)</u> |
| Net property and equipment | <u>\$ 180,354</u> | <u>274,440</u> |

(5) Escrow Account

As set forth in its charter, the School established an escrow account in the amount of \$75,000 to be used upon school closure as designated by the Board of Trustees. The balance in the escrow account was \$75,255 and \$75,195 as of June 30, 2018 and 2017, respectively. The balance in the escrow account is classified as board designated net assets on the statements of financial position.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS

Notes to Financial Statements, Continued

(6) Lease Obligation

The School currently leases facilities from the Brighter Choice Foundation through June 30, 2018. Net occupancy costs for the years ended June 30, 2018 and 2017 were \$694,200 and \$687,000, respectively. The School and the Foundation renegotiated the lease as of July 1, 2012. As of July 1, 2018, the School's lease with the Brighter Choice Foundation expired and they elected to remain on a month-to-month contract until an agreement for purchase of the leased space is reached and financing is obtained. Additionally, the School has an agreement for janitorial services with A.K. Cleaning Services through June 30, 2020. Future minimum payments under the agreement are as follows: 2019 - \$140,400 and 2020 - \$140,400.

(7) Retirement Plan

The School adopted a retirement plan under IRC 401(k) covering all eligible employees. Under the plan, employees are eligible to receive employer matching contributions after one year of service. The School provides a matching contribution to each eligible employee's plan at a rate determined annually by the Board of Trustees. Matching contribution rates are 2%, 4% or 6% depending on the employee's years of service. The School's retirement plan expense for the years ended June 30, 2018 and 2017 was \$81,434 and \$66,646, respectively.

(8) Concentration of Risk

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 86% and 84% of total revenue and support for the years ended June 30, 2018 and 2017, respectively.

(9) Contingency

The School has received grants which are subject to audit by agencies of the state and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior experience, the School's administration believes that disallowances, if any, will be immaterial.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Albany Leadership Charter High School for Girls
Albany, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Albany Leadership Charter High School for Girls (the School), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 26, 2018

APPENDIX D

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE

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APPENDIX D

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE, LOAN AGREEMENT, PLEDGE AND ASSIGNMENT, GUARANTY, PLEDGE AND SECURITY AGREEMENT, MORTGAGE AND ASSIGNMENT OF MORTGAGE

DEFINITIONS

The following terms have the meanings stated herein when used in this Appendix and the documents summarized below:

“Account” means, with respect to any Series of Bonds, an account created within any Fund designated and created pursuant to Section 401 of the Indenture.

“Accountant” means an independent certified public accountant or a firm of independent certified public accountants licensed to practice in the State (which may be the firm of accountants who regularly audit the books and accounts of the Institution) from time to time selected by the Institution.

“Act” means the Enabling Act.

“Additional Bonds” means any bonds issued by the Issuer pursuant to Section 214 of the Indenture.

“Additional Equipment” means, in connection with any Additional Project, any additional materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of a related Series of Additional Bonds, or intended to be acquired with any payment which the Institution incurred in anticipation of the issuance of such Series of Additional Bonds and for which the Institution will be reimbursed from the proceeds of such Series of Additional Bonds, and such substitutions and replacements therefor and additions thereto as may be made from time to time pursuant to the Loan Agreement.

“Additional Facility” means, in connection with any Additional Project, any buildings, improvements, structures, and other related facilities (A) located on the Land or the Additional Land, (B) financed or refinanced with the proceeds of the sale of a Series of Additional Bonds or any payment made by the Institution pursuant to Section 3.5 of the Loan Agreement or any payment which the Institution incurred in anticipation of the issuance of such Series of Additional Bonds and for which the Institution will be reimbursed from the proceeds of such Series of Additional Bonds, and (C) not constituting a part of the Additional Equipment, all as they may exist from time to time.

“Additional Land” means, with respect to any Series of Additional Bonds, any real estate which will be the site of an Additional Project Facility intended to be financed with the proceeds of such Series of Additional Bonds.

“Additional Project” means the purposes for which any Series of Additional Bonds may be issued.

“Additional Project Facility” means any Additional Land, Additional Facility or Additional Equipment acquired by the Issuer in connection with the issuance of any Series of Additional Bonds.

“Applicable Laws” means all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to or affect the Project Facility or any part thereof or the conduct of work on the Project Facility or any part thereof or to the operation, use, manner of use or condition of the Project Facility or any part thereof (the applicability of such statutes, codes, laws, acts, ordinances, orders, rules, regulations, directions and requirements to be determined both as if the Issuer were the owner of the Project Facility and as if the Institution and not the Issuer were the owner of the Project Facility), including but not limited to (1) applicable building, zoning, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authorities having jurisdiction over the Project Facility, (2) restrictions, conditions or other requirements applicable to any permits, licenses or other governmental authorizations issued with respect to the foregoing, and (3) judgments, decrees or injunctions issued by any court or other judicial or quasi-judicial Governmental Authority.

“Arbitrage Certificate” means (A) with respect to the Initial Bonds, the Initial Arbitrage Certificate and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the Issuer in connection with the issuance and sale of such Series of Additional Bonds.

“Assignment of Rents” means the assignment of rents and leases dated as of July 1, 2019 from the Institution to the Issuer, which, among other things, assigns to the Issuer (a) the rents, issues and profits of the Project Facility and (b) all leases, subleases, licenses or occupancy agreements affecting the Project Facility, as said assignment of rents and leases may be amended or supplemented from time to time.

“Assignment of Rents Assignment” means the assignment of assignment of rents and leases dated as of July 1, 2019 from the Issuer to the Trustee, which, among other things, assigns to the Trustee (a) the rents, issues and profits of the Project Facility and (b) all leases, subleases, licenses or occupancy agreements affecting the Project Facility, as said assignment of rents and leases may be amended or supplemented from time to time.

“Authorized Investments” means any of the following: (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, and CATS and TIGRS) or obligations the principal of and interest on which are 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 and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (1) U.S. Export-Import Bank (“Eximbank”), (2) Farmers Home Administration (“FmHA”), (3) Federal Financing Bank, (4) Federal Housing Administration Debentures (“FHA”), (5) General Services Administration, (6) Government National Mortgage Association (“GNMA” or “Ginnie Mae”), (7) U.S. Maritime Administration, and (8) U.S. Department of Housing and Urban Development (“HUD”); (C) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (1) Federal Home Loan Bank System, (2) Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”), (3) Federal National Mortgage Association (“FNMA” or “Fannie Mae”), (4) Student Loan Marketing Association (“SLMA” or “Sallie Mae”), (5) Resolution Funding Corp. (“REFCORP”) obligations, and (6) Farm Credit System; (D) 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 by Standard & Poor’s of “AAAm-G”, “AAA-m”; or “AA-m” and if rated by Moody’s

rated “Aaa”, “Aa1” or “Aa2”; (E) certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral; (F) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF; (G) investment agreements, including GIC’s, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to the Trustee; (H) commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1” or better by Standard & Poor’s; (I) bonds or notes issued by any state or municipality which are rated by Moody’s and Standard & Poor’s in one of the two highest rating categories assigned by such agencies; (J) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime - 1” or “A3” or better by Moody’s and “A-1” or “A” or better by Standard & Poor’s; and (K) repurchase agreements for 30 days or less must follow the following criteria. The criteria is described as follows: (1) Repos must be between the municipal entity and a dealer bank or securities firm (a) primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor’s Corporation and Moody’s Investor Services, or (b) banks rated “A” or above by Standard & Poor’s Corporation and Moody’s Investor Services; (2) the written repo contract must include the following: (a) securities which are acceptable for transfer are: (i) direct U.S. governments, or (ii) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC), (b) the term of the repo may be up to 30 days, (c) the collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities), (d) valuation of collateral - the securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%, and (3) legal opinion which must be delivered to the municipal entity: (a) repo meets guidelines under state law for legal investment of public funds.

“Authorized Representative” means the Person or Persons at the time designated to act on behalf of the Issuer or the Institution, as the case may be, by written certificate furnished to the Trustee containing the specimen signature of each such Person and signed on behalf of (A) the Issuer by its Chairman or Vice-Chairman, or such other person as may be authorized by resolution of the Issuer to act on behalf of the Issuer, (B) the Institution by its Chief Executive Officer or Chief Financial Officer, or such other person as may be authorized by the board of trustees of the Institution to act on behalf of the Institution and (C) the Trustee by any Vice President, Assistant Vice President or Trust Officer, or such other person as may be authorized by the board of directors of the Trustee to act on behalf of the Trustee.

“Available Moneys” means any moneys on deposit with the Trustee for the benefit of the Bondholders which are (A) proceeds of the Bonds, or of any bonds issued for the purpose of refunding the Bonds, (B) amounts on deposit for a period of 124 consecutive days during which no petition in bankruptcy under the Bankruptcy Code has been filed against the entity which paid such money, and no similar proceedings have been instituted under state insolvency or other laws affecting creditors' rights generally, or (C) any moneys with respect to which an unqualified opinion from nationally recognized counsel has been received stating that such payments to Bondholders would not constitute voidable preferences under Section 547 of the Bankruptcy Code, or similar state or federal laws with voidable preferences in the event of the filing of a petition for relief under the Bankruptcy Code, or similar state or federal laws with voidable preference provisions by or against the entity from which the money is received.

“Bankruptcy Code” means the United States Bankruptcy Code, constituting Title 11 of the United States Code, as amended from time to time, and any successor statute.

“Beneficial Owner” means, with respect to a Bond, a Person owning a Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“Beneficial Ownership Interest” means the beneficial right to receive payments and notices with respect to the Bonds which are held by the Depository under a Book Entry System.

“Bond” or “Bonds” means, collectively, (A) the Initial Bonds and (B) any Additional Bonds.

“Bond Counsel” means the law firm of Hodgson Russ LLP, Albany, New York or such other attorney or firm of attorneys located in the State whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and who are acceptable to the Issuer.

“Bond Fund” means the fund so designated established pursuant to Section 401(A)(3) of the Indenture.

“Bondholder” or “Holder” or “Owner of the Bonds” means the registered owner of any Bond, as indicated on the bond register maintained by the Bond Registrar, except that wherever appropriate the term “Owners” shall mean the owners of the Bonds for federal income tax purposes.

“Bond Payment Date” means each Interest Payment Date and each date on which principal or interest or premium, if any, or a Sinking Fund Payment, shall be payable on the Bonds according to their terms and the terms of the Indenture, including without limitation scheduled mandatory Redemption Dates, unscheduled mandatory Redemption Dates, dates of acceleration of the Bonds pursuant to Section 602 of the Indenture, optional Redemption Dates and Stated Maturity, so long as any Bonds shall be Outstanding.

“Bond Proceeds” means (A) with respect to the Initial Bonds, the proceeds of the sale of the Initial Bonds, including any accrued interest, paid to the Trustee on behalf of the Issuer by the Underwriter as the purchase price of the Initial Bonds, and (B) with respect to any Series of Additional Bonds, the proceeds of the sale of such Series of Additional Bonds, including any accrued interest, paid to the Trustee on behalf of the Issuer by the purchasers of such Series of Additional Bonds as the purchase price of such Series of Additional Bonds.

“Bond Purchase Agreement” means (A) with respect to the Initial Bonds, the Initial Bond Purchase Agreement, and (B) with respect to any Series of Additional Bonds, any similar document executed by the Issuer and/or the Institution in connection with the issuance and sale of such Series of Additional Bonds.

“Bond Rate” means, with respect to any Bond, the applicable rate of interest on such Bond, as set forth in such Bond.

“Bond Register” means the register maintained by the Bond Registrar in which, subject to such reasonable regulations as the Issuer, the Trustee or the Bond Registrar may prescribe, shall provide for the registration of the Bonds and for the registration of transfers of the Bonds.

“Bond Registrar” means the Trustee, acting in its capacity as bond registrar under the Indenture, and its successors and assigns as bond registrar under the Indenture.

“Bond Resolution” means (A) with respect to the Initial Bonds, the Initial Bond Resolution and (B) with respect to any Series of Additional Bonds, any resolution adopted by the members of the board of directors of the Issuer authorizing the issuance of such Series of Additional Bonds.

“Bond Year” (A) with respect to the Initial Bonds, means each one (1) year period ending on the anniversary of the Closing Date relating to the Initial Bonds, or such other bond year as the Institution and the Issuer may select from time to time in a manner complying with the Code, and (B) with respect to any Series of Additional Bonds issued as Tax-Exempt Bonds, shall have the meaning set forth in the supplemental indenture related to such Series of Additional Bonds.

“Book Entry Bonds” means Bonds held in Book Entry Form with respect to which the provisions of Section 213 of the Indenture shall apply.

“Book Entry Form” or “Book Entry System” means, with respect to the Bonds, a form or system, as applicable, under which (A) the Beneficial Ownership Interests may be transferred only through a book entry and (B) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Bond certificates “immobilized” in the custody of the Depository or a custodian on behalf of the Depository. The Book Entry System which is maintained by and the responsibility of the Depository (and which is not maintained by or the responsibility of the Issuer or the Trustee) is the record that identifies, and records the transfer of the interests of, the Owners of book entry interests in the Bonds.

“Business Day” means any day of the year other than (A) a Saturday or Sunday, (B) a day on which the New York Stock Exchange is closed or (C) a day on which commercial banks in New York, New York, or the city or cities in which the Office of the Trustee is located, are authorized or required by law, regulation or executive order to close.

“Certificate of Authentication” means the certificate of authentication in substantially the form attached to the form of the Initial Bonds attached as Schedule I to the Indenture.

“Charter Schools Act” means Article 56 of the Education Law of the State, as amended, and any regulations now or at any time promulgated thereunder.

“Closing Date” means (A) with respect to the Initial Bonds, the date on which authenticated Initial Bonds are delivered to or upon the order of the Underwriter and payment is received therefor by the Trustee on behalf of the Issuer, and (B) with respect to any Series of Additional Bonds, the date on which such Additional Bonds of such Series are authenticated and delivered to the purchaser thereof and payment therefor is received by the Trustee on behalf of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of said Code, and the applicable regulations (whether proposed, temporary or final) of the United States Treasury Department promulgated under said Code and the statutory predecessor of said Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“Completion Date” means (A) with respect to the Initial Project, the date of substantial completion of the undertaking of the Initial Project, as evidenced in the manner provided in Section 3.4 of the Loan Agreement and (B) with respect to any Additional Project, the date of substantial completion of

the undertaking of such Additional Project, as evidenced in the manner provided in Section 3.4 of the Loan Agreement.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority.

“Construction Period” means, with respect to the Initial Project or any Additional Project, as the case may be, the period (A) beginning on the earlier of the Inducement Date or the Official Action Date relating thereto and (B) ending on the Completion Date relating thereto.

“Continuing Disclosure Agreement” means (A) with respect to the Initial Bonds, the Initial Continuing Disclosure Agreement and (B) with respect to any Series of Additional Bonds, any similar document executed by the Institution in connection with the issuance of such Series of Additional Bonds.

“Cost of the Project” means (A) with respect to the Initial Project, all those costs and items of expense relating thereto enumerated in Section 3.3(A) of the Loan Agreement incurred subsequent to the Inducement Date, including costs which the Institution incurred prior to the Inducement Date with respect to the Initial Project in anticipation of the issuance of the Initial Bonds and for which the Institution may be reimbursed from proceeds of the Initial Bonds pursuant to the provisions of the Initial Tax Regulatory Agreement, and (B) with respect to any Additional Project, all those costs and items of expense relating thereto enumerated in Section 3.3 of the Loan Agreement, including costs which the Institution incurred with respect to such Additional Project in anticipation of the issuance of the related Series of Additional Bonds and for which the Institution will be reimbursed from proceeds of the related Series of Additional Bonds.

“Custodian” means Manufacturers and Traders Trust Company, a banking corporation organized and existing under the laws of the State, together with its successors and any corporation resulting from or surviving any consolidation or merger to which it may be a party and any successor custodian at the time serving as successor custodian under the Custody Agreement.

“Custody Agreement” means the custody agreement dated as of July 1, 2019 by and among the Institution, the Custodian and the Trustee, as said custody agreement may be amended or supplemented from time to time.

“Custody Agreement Notice” means the notice prepared by the Trustee in accordance with the provisions of Section 410 of the Indenture.

“Debt Service Payment” means, with respect to any Bond Payment Date, (A) the interest payable on the Bonds on such Bond Payment Date, plus (B) the principal, if any, payable on the Bonds on such Bond Payment Date, plus (C) the premium, if any, payable on the Bonds on such Bond Payment Date, plus (D) the Sinking Fund Payments, if any, payable on the Bonds on such Bond Payment Date.

“Default Interest Rate” means the rate of interest equal to nine percent (9%) per annum, or the maximum permitted by law, whichever is less.

“Defaulted Payment” shall have the meaning ascribed to such term in Section 207(C) of the Indenture.

“Defeasance Obligations” means (A) cash, or (B) direct obligations of the United States of America or of any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States, including, but not limited to, United States Treasury obligations.

“Depository” means, initially, The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other securities depository designated in any supplemental resolution of the Issuer to serve as securities depository for the Bonds that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Book Entry Bonds.

“Depository Letter” means (A) with respect to the Initial Bonds, the Initial Depository Letter, and (B) with respect to any Series of Additional Bonds issued as Book Entry Bonds, any letter of representations by and among the Issuer, the Trustee and the Depository relating to such Series of Additional Bonds, and any amendments or supplements thereto entered into with respect thereto.

“Direct Participant” means a Participant as defined in the Depository Letter.

“Education Aid” means, collectively, all New York State Education Department operating aid payments, state and federal disability aid payments and all other state and federal aid payments payable to the Institution pursuant to the New York State Education Law or federal law for the payment of operations of the Institution.

“Equipment” means, collectively, the Initial Equipment and any Additional Equipment.

“Enabling Act” means Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended.

“Environmental Compliance Agreement” means the environmental compliance and indemnification agreement dated as of July 1, 2019 from the Institution to the Trustee, pursuant to which, among other things, the Institution indemnifies the Trustee against certain environmental liabilities reed to the Project Facility, as said environmental compliance and indemnification agreement may be amended or supplemented from time to time.

“Event of Default” means (A) with respect to the Indenture, any of those events defined as an Event of Default by the terms of Article VI of the Indenture, (B) with respect to the Loan Agreement, any of those events defined as an Event of Default by the terms of Article X of the Loan Agreement, and (C) with respect to any other Financing Document, any of those events defined as an Event of Default by the terms thereof.

“Event of Taxability” means, with respect to any Series of Tax-Exempt Bonds, (A) the enactment of a statute or promulgation of a regulation eliminating, in whole or in part, the applicable exemption, as such exists on the Closing Date, from gross income for federal income tax purposes for interest payable under such Series of Tax-Exempt Bonds, (B) a “final determination by decision or ruling by a duly constituted administrative authority” to the effect that such exemption for interest payable under such Series of Tax-Exempt Bonds is not available, is no longer available or is contrary to law, (C) the expiration of the right to further administrative review of any determination, decision or ruling to the effect that such exemption for interest payable under such Series of Tax-Exempt Bonds is not available, is no longer available or is contrary to law, or (D) receipt by the Trustee of a written opinion of Bond Counsel that there is no longer a basis for the Holders of such Series of Tax-Exempt Bonds (or any former Holder, other than a Holder who is or was a Substantial User of the Project Facility or a Related Person thereto) to claim that any interest paid and payable on such Series of Tax-Exempt Bonds is not excluded from gross income for federal income tax purposes. For the purposes of clause (B) above, a “final determination by decision or ruling by a duly constituted administrative authority” shall mean (1)

the issuance of a ruling (including, but not limited to, a revenue ruling or a letter ruling) by the IRS or any successor thereto, or (2) the issuance of a preliminary notice of proposed deficiency (“30-Day Letter”), a statutory notice of deficiency (“90-Day Letter”), or other written order or directive of similar force and effect by the IRS, or any other United States Governmental Authority having jurisdiction therein. Notwithstanding the foregoing, nothing in this definition of “Event of Taxability” shall be construed (x) to mean or include consideration of the interest payable on a Series of the Tax-Exempt Bonds for purposes of calculating the interest expense which may be deducted by a bank or other Financial Institution, or (y) to mean that the any Holder of such Series of the Tax-Exempt Bonds shall have any obligation to contest or appeal any assertion or decision that any interest payable under such Series of the Tax-Exempt Bonds is subject to taxation, or (z) to mean or include the imposition of an alternative minimum tax or preference tax or environmental tax or branch profits tax on any Holder of a Series of the Tax-Exempt Bonds, in the calculation of which is included the interest paid or payable under the Tax-Exempt Bonds.

“Extraordinary Services” and “Extraordinary Expenses” means all reasonable services rendered and all reasonable expenses incurred by the Trustee or any paying agent under the Indenture, other than Ordinary Services and Ordinary Expenses, including, but not limited to, reasonable attorneys fees and any services rendered and any expenses incurred with respect to an Event of Default or with respect to the occurrence of an event which upon the giving of notice or the passage of time would ripen into an Event of Default under any of the Financing Documents.

“Facility” means the Initial Facility and any Additional Facilities.

“Final Maturity” means, with respect to any particular Bond, the final Stated Maturity of the principal due on such Bond, unless such Bond is called for redemption in whole prior to such date, in which case any such term shall mean the Redemption Date relating to such Bond.

“Financing Documents” means (A) with respect to the Initial Bonds, the Initial Financing Documents and (B) with respect to any Series of Additional Bonds, any similar documents executed by the Institution and/or the Issuer in connection with the issuance of such Series of Additional Bonds.

“Financing Statements” means any and all financing statements (including continuation statements) or other instruments filed or recorded from time to time to perfect the security interests created in the Financing Documents.

“Fund” means any Fund designated and created pursuant to Section 401 of the Indenture.

“Government Obligations” means (A) cash, (B) direct obligations of the United States of America, (C) obligations unconditionally guaranteed by the United States of America and (D) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (B) or (C).

“Governmental Authority” means the United States of America, the State, any political subdivision thereof, any other state and any agency, department, commission, board, bureau or instrumentality of any of them.

“Gross Bond Proceeds” means “gross proceeds” as defined in Section 148(f)(6)(B) of the Code, presently including, without limitation, the original proceeds of the Bonds, investment proceeds, amounts held in a sinking fund, amounts invested in a reasonably required reserve or replacement fund, certain investment-type property pledged as security for the Bonds by the Institution or by the Issuer, amounts

received with respect to the Loan Agreement, any amounts used to pay Debt Service Payments on the Bonds, and any amounts received as a result of investing any of the foregoing.

“Gross Proceeds” means one hundred percent (100%) of the proceeds of the transaction with respect to which such term is used, including, but not limited to, the settlement of any insurance claim or Condemnation award.

“Gross Revenues” means, for any period of time for which calculated and regardless of the source, subject to the statutory provision prohibiting any pledge or assignment of Education Aid provided or to be provided to the Institution pursuant to Section 2853(3)(b) of the Charter Schools Act, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Institution, including accounts receivables or other rights to receive such revenues, determined in accordance with generally accepted accounting principles, consistently applied, including but not limited to Education Aid (subject to the statutory provision prohibiting any pledge or assignment of Education Aid provided or to be provided to the Institution pursuant to Section 2853(3)(b) of the Charter Schools Act) and other aid received by the Institution pursuant to federal or State law, requirements, grants or other programs, proceeds derived from insurance, condemnation proceeds, accounts, contract rights, including payment rights under chattel paper or an instrument, commercial tort claims, deposit accounts, investment property and other rights and assets, whether now or hereafter owned, held or possessed by the Institution; and all gifts, grants, bequests and contributions (including income and profits therefrom), all to the extent permitted by the terms thereof and by law, including but not limited to the statutory provision prohibiting any pledge or assignment of Education Aid provided or to be provided to the Institution pursuant to Section 2853(3)(b) of the Charter Schools Act.

“Guaranty” means the guaranty dated as of July 1, 2019 from the Institution to the Trustee, as said guaranty may be amended or supplemented from time to time.

“Holder” or “holder”, when used with respect to a Bond, means Bondholder.

“Immediate Notice” means notice transmitted through a time-sharing terminal, if operative as between any two parties, or if not operative, same-day notice by telephone, telecopy or telex, followed by prompt written confirmation sent by overnight delivery.

“Indebtedness” means (A) the payment of the Debt Service Payments on the Bonds according to their tenor and effect, (B) all other payments due from the Institution or the Issuer to the Trustee pursuant to any Financing Document, (C) the performance and observance by the Issuer and the Institution of all of the covenants, agreements, representations and warranties made for the benefit of the Trustee pursuant to any Financing Document, (D) the monetary obligations of the Institution to the Issuer and its members, directors, officers, agents, servants and employees under the Loan Agreement and the other Financing Documents, and (E) all interest, penalties and late charges accruing on any of the foregoing.

“Indemnified Parties” shall mean the Trustee, the Issuer, the Underwriter and the payee and holder of any Initial Bond.

“Indenture” means the trust indenture dated as of July 1, 2019 by and between the Issuer and the Trustee, as said trust indenture may be amended or supplemented from time to time.

“Independent Counsel” means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and not a full-time employee of the Institution or the Issuer.

“Indirect Participant” means a Person utilizing the Book Entry System of the Depository by, directly or indirectly, clearing through or maintaining a custodial relationship with a Direct Participant.

“Inducement Date” means (A) with respect to the Initial Project, the date which is sixty (60) days prior to the earlier of (1) March 21, 2019 or (2) the date on which the Institution declared its official intent to reimburse expenditures made with respect to the Initial Project with proceeds of borrowed money, and (B) with respect to any Additional Project, the date which is sixty (60) days prior to the earlier of (1) the date on which the Issuer adopts an inducement resolution with respect to such Additional Project or (2) the date on which the Institution declares its official intent to reimburse expenditures made with respect to such Additional Project with proceeds of borrowed money.

“Initial Arbitrage Certificate” means the certificate dated the Closing Date for the Initial Bonds executed by the Issuer and relating to certain requirements set forth in Section 148 of the Code applicable to the Initial Bonds and the Initial Project.

“Initial Bond Purchase Agreement” means the bond purchase agreement dated July __, 2019 by and among the Underwriter, the Issuer and the Institution relating to the purchase of the Initial Bonds by the Underwriter, as said bond purchase agreement may be amended or supplemented from time to time.

“Initial Bond Resolution” means the resolution of the members of the board of directors of the Issuer duly adopted on April 18, 2019 authorizing the Issuer to undertake the Initial Project, to issue and sell the Initial Bonds and to execute and deliver the Initial Financing Documents to which the Issuer is a party.

“Initial Bonds” means the Issuer’s Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019 in the aggregate principal amount of \$_____ issued pursuant to the Bond Resolution and Article II of the Indenture and sold by the Underwriter pursuant to the Bond Purchase Agreement, in substantially the form attached to the Indenture as Schedule I, and any Tax-Exempt Bonds issued in exchange or substitution therefor.

“Initial Continuing Disclosure Agreement” means the continuing disclosure agreement dated as of July __, 2019 by and between the Institution and the Trustee relating to the Initial Bonds, as said continuing disclosure agreement may be amended or supplemented from time to time.

“Initial Depository Letter” means any letter of representations by and among the Issuer and the Depository relating to the Initial Bonds, and any amendments or supplements thereto entered into with respect thereto.

“Initial Equipment” means all materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of the Initial Bonds, or acquired with any payment which the Institution incurred in anticipation of the issuance of the Initial Bonds and for which the Institution will be reimbursed from the proceeds of the Initial Bonds, and such substitutions and replacements therefor and additions thereto as may be made from time to time pursuant to the Loan Agreement, including, without limitation, all of the Property described in Exhibit B attached to the Loan Agreement.

“Initial Facility” means all buildings (or portions thereof), improvements, structures and other related facilities, and improvements thereto, (A) located on the Initial Land, (B) financed or refinanced with the proceeds of the sale of the Initial Bonds or any payment which the Institution incurred in anticipation of the issuance of the Initial Bonds and for which the Institution will be reimbursed from the proceeds of the Initial Bonds or any payment made by the Institution pursuant to Section 3.5 of the Loan

Agreement, and (C) not constituting a part of the Initial Equipment, all as they may exist from time to time.

“Initial Financing Documents” means the Initial Bonds, the Indenture, the Loan Agreement, the Pledge and Assignment, the Initial Tax Documents, the Initial Underwriter Documents and any other document now or hereafter executed by the Issuer or the Institution in favor of the Holders of the Initial Bonds or the Trustee which affects the rights of the Holders of the Initial Bonds or the Trustee in or to the Initial Project Facility, in whole or in part, or which secures or guarantees any sum due under the Initial Bonds or any other Initial Financing Document, each as amended from time to time, and all documents related thereto and executed in connection therewith.

“Initial Land” means the real estate described on Exhibit A attached to the Loan Agreement, which is the site of the Initial Project.

“Initial Official Statement” means the official statement delivered in connection with the sale of the Initial Bonds by the Underwriter.

“Initial Preliminary Official Statement” means the preliminary official statement delivered in connection with the sale of the Initial Bonds by the Underwriter.

“Initial Project” shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

“Initial Project Facility” means, collectively, the Initial Land, the Initial Facility and the Initial Equipment.

“Initial Tax Documents” means, collectively, the Initial Arbitrage Certificate and the Initial Tax Regulatory Agreement.

“Initial Tax Regulatory Agreement” means the tax regulatory agreement dated the Closing Date for the Initial Bonds executed by the Institution in favor of the Issuer and the Trustee regarding, among other things, the restrictions prescribed by the Code in order for interest on the Initial Bonds to be and remain excludable from the gross income of the Holders thereof for federal income tax purposes.

“Initial Underwriter Documents” means the Initial Bond Purchase Agreement, the Initial Continuing Disclosure Agreement, the Initial Preliminary Official Statement, the Initial Official Statement and any other document now or hereafter executed by the Issuer or the Institution in connection with the sale of the Initial Bonds by the Underwriter.

“Institution” means Albany Leadership Charter High School for Girls, an education corporation organized and existing under the laws of the State of New York, and its successors and assigns, to the extent permitted by Section 8.4 of the Loan Agreement.

“Insurance and Condemnation Fund” means the fund so designated established pursuant to Section 401(A)(3) of the Indenture.

“Interest Payment Date” means (A) with respect to the Initial Bonds, June 1 and December 1 of each year, commencing December 1, 2019, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of interest on such Additional Bonds, as set forth in the supplemental Indenture authorizing the issuance of such Series of Additional Bonds. In any case, the final Interest Payment Date of any Series of the Bonds shall be the Maturity Date relating thereto.

“Issuer” means (A) City of Albany Capital Resource Corporation and its successors and assigns, and (B) any public instrumentality or political subdivision resulting from or surviving any consolidation or merger to which City of Albany Capital Resource Corporation or its successors or assigns may be a party.

“Land” means the Initial Land and any Additional Land.

“Lien” means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, security agreement, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, projections, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics’, materialmen’s, warehousemen’s and carriers’ liens and other similar encumbrances affecting real property. For purposes of this definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Loan” means the loan by the Issuer of the proceeds received from the sale of the Bonds to the Institution pursuant to the provisions of the Loan Agreement.

“Loan Agreement” means the loan agreement dated as of July 1, 2019 by and between the Issuer and the Institution, as said loan agreement may be amended or supplemented from time to time.

“Loan Payments” means the amounts required to be paid by the Institution pursuant to the provisions of Section 5.1 of the Loan Agreement.

“Maturity Date” means, with respect to any Bond, the final Stated Maturity of the principal of such Bond.

“Maximum Annual Debt Service” means on any date, when used with respect to any Series of the Bonds, the greatest amount required in the then current or any future Bond Year to pay the sum of: (1) interest on such Series of the Bonds payable in such Bond Year, excluding accrued interest received upon the issuance of such Series of the Bonds and capitalized interest financed by the issuance of such Series of the Bonds; and (2) the principal and the Sinking Fund Payments due on such Series of the Bonds in such Bond Year.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, with the consent of the Institution.

“Mortgage” means the mortgage and security agreement dated as of July 1, 2019 from the Institution to the Issuer, which, among other things, (a) grants to the Issuer a first mortgage lien on, and a security interest in, among other things, the Project Facility and (b) assigns to the Issuer the rents, issues and profits of the Project Facility, as said mortgage and security agreement may be amended or supplemented from time to time.

“Mortgage Assignment” means the assignment of mortgage dated as of July 1, 2019 from the Issuer to the Trustee, pursuant to which the Issuer will assign the Mortgage to the Trustee, as said assignment of mortgage may be amended or supplemented from time to time.

“Mortgaged Property” means all Property which may from time to time be subject to the Lien of the Mortgage.

“Net Proceeds” means so much of the Gross Proceeds with respect to which that term is used as remain after payment of all fees for services, expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such Gross Proceeds.

“Nonexempt Entity” means any Person other than (A) a state or local governmental entity or (B) a Person described in Section 501(c)(3) of the Code which has been recognized in writing by the Internal Revenue Service as being exempt from taxation under Sections 501(a) and Section 501(c)(3) of the Code.

“Office of the Trustee” means the corporate trust office of the Trustee specified in Section 1103 of the Indenture, or such other address as the Trustee shall designate pursuant to Section 1103 of the Indenture.

“Official Statement” means (A) with respect to the Initial Bonds, the Initial Official Statement, and (B) with respect to any Series of Additional Bonds, any similar document approved by the Issuer and the Institution in connection with the sale by the Underwriter of the related Series of Additional Bonds.

“Optional Redemption Premium” means the premium payable upon an optional redemption of the Bonds, as determined pursuant to Section 301(B) of the Indenture.

“Ordinary Services” and “Ordinary Expenses” means those reasonable services normally rendered with those reasonable expenses, including reasonable attorneys’ fees, normally incurred by a trustee or a paying agent, as the case may be, under instruments similar to the Indenture.

“Other Education Aid” means any education aid payments payable to the Institution and not included in the definition of Education Aid.

“Outstanding” means, when used with reference to the Bonds as of any date, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

(A) Bonds theretofore cancelled or deemed cancelled by the Trustee or theretofore delivered to the Trustee for cancellation;

(B) Bonds for the payment or redemption of which moneys or Defeasance Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or Redemption Date of any such Bonds) in accordance with the Indenture (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 and substance to the Trustee shall have been filed with the Trustee; and

(C) Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered under the Indenture.

In determining whether the Owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Financing Documents, Bonds which are held by or on behalf of the Institution (unless all of the outstanding Bonds are then owned by the Institution) shall be disregarded for the purpose of any such determination. If the Indenture shall be discharged pursuant to Article X of the Indenture, no Bonds shall be deemed to be Outstanding within the meaning of this definition.

“Owner” or “owner”, when used with respect to a Bond, means the Registered Owner of such Bond, except that wherever appropriate the term “Owner” shall mean the owner of such Bond for federal income tax purposes.

“Participant” shall have the meaning assigned to such term in Section 213(B) of the Indenture.

“Paying Agent” means the Trustee, acting as such, and any additional paying agent for the Bonds appointed pursuant to Article VII of the Indenture, their respective successors and any other corporation that may at any time be substituted in their respective places pursuant to the Indenture.

“Permitted Encumbrances” means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar Liens, (C) Liens for taxes, assessments and utility charges (1) to the extent permitted by Section 6.2(B) of the Loan Agreement, or (2) at the time not delinquent, (D) any Lien on the Project Facility obtained through any Financing Document, (E) any Lien on the Project Facility in favor of the Trustee, (F) the Conveyance Documents, and (G) any Lien on the Project Facility approved or granted by the Institution.

“Person” means an individual, partnership, corporation, limited liability company, trust, unincorporated organization or Governmental Authority.

“Plans and Specifications” means: (A) with respect to the Initial Project, the description of the Initial Project Facility appearing in the fourth recital clause to the Indenture and the Loan Agreement; and (B) with respect to any Additional Project, (1) as to the Issuer, the description of such Additional Project appearing in the Issuer’s preliminary inducement resolution relating thereto, and (2) as to the Trustee, the plans and specifications for such Additional Project prepared by the Institution, and all amendments and modifications thereof made by approved change orders; and, if an item for the construction of the Additional Facility is not specifically detailed in the aforementioned plans and specifications, but rather is described by way of manufacturer’s or supplier’s or contractor’s shop drawings, catalog references or similar descriptions, the term also includes such shop drawings, catalog references and descriptions.

“Pledge and Assignment” means the pledge and assignment dated as of July 1, 2019 from the Issuer to the Trustee, and acknowledged by the Institution, pursuant to which the Issuer has assigned to the Trustee its rights under the Loan Agreement (except the Unassigned Rights), as said pledge and assignment may be amended or supplemented from time to time.

“Pledge and Security Agreement” means the pledge and security agreement dated as of July 1, 2019 from the Institution to the Trustee, as said pledge and security agreement may be amended from time to time.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition,

any Bond authenticated and delivered under Section 205 of the Indenture in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

“Preliminary Official Statement” means (A) with respect to the Initial Bonds, the Initial Preliminary Official Statement, and (B) with respect to any Series of Additional Bonds, any similar document approved by the Issuer and the Institution for use in connection with the issuance of the related Series of Additional Bonds.

“Principal Payment Date” means (A) with respect to the Initial Bonds, each Interest Payment Date on which a Sinking Fund Payment is due on the Bonds, and the Maturity Date of each of the Initial Bonds, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of principal due on such Additional Bonds.

“Project” means (A) with respect to the Initial Bonds, the Initial Project, and (B) with respect to any Series of Additional Bonds, the Additional Project with respect to which such Series of Additional Bonds were issued.

“Project Costs” means Costs of the Project.

“Project Facility” means, collectively, the Initial Project Facility and all Additional Project Facilities.

“Project Fund” means the fund so designated established pursuant to Section 401(A)(1) of the Indenture.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Rating Agency” means Moody’s, if the Bonds are rated by Moody’s at the time, and Standard & Poor’s, if the Bonds are rated by Standard & Poor’s at the time, and their successors and assigns.

“Rebate Amount” shall have the meaning assigned to such term in the Tax Documents.

“Rebate Fund” means the fund so designated established pursuant to Section 401(A)(5) of the Indenture.

“Rebate Fund Earnings Account” means the special account so designated within the Rebate Fund established pursuant to Section 401(A)(5)(b) of the Indenture.

“Rebate Fund Principal Account” means the account so designated within the Rebate Fund established pursuant to Section 401(A)(5)(a) of the Indenture.

“Record Date” means either a Regular Record Date or a Special Record Date.

“Redemption Date” means, when used with respect to a Bond, the date upon which a Bond is scheduled to be redeemed pursuant to the Indenture.

“Redemption Price” means, when used with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable upon the prior redemption thereof pursuant to the provisions of the Indenture and such Bond.

“Regular Record Date” means, with respect to the interest and any Sinking Fund Payment or principal payment due on the Bonds on or prior to maturity payable on any Bond on any Interest Payment Date, the fifteenth (15th) day (whether or not a Business Day) of the calendar month preceding the calendar month in which such Interest Payment Date occurs.

“Repair and Replacement Fund” means the fund so designated established pursuant to Section 401(A)(5) of the Indenture.

“Repair and Replacement Fund Requirement” means \$150,000.

“Request for Disbursement” means a request from the Institution, as agent of the Issuer, signed by an Authorized Representative of the Institution, stating the amount of the disbursement sought and containing the statements, representations and other items required by Article IV of the Indenture and by Section 3.3 of the Loan Agreement, which Request for Disbursement shall be in substantially the form of Exhibit A attached to the Indenture.

“Requirement” or “Local Requirement” means any law, ordinance, order, rule or regulation of a Governmental Authority.

“Reserve Fund” means the fund so designated established pursuant to Section 401(A)(4) of the Indenture.

“Reserve Fund Requirement” means, (A) with respect to any series of Tax-Exempt Bonds, including the Series 2019 Bonds, the lesser of (a) ten percent (10%) of the original principal amount of such series of the Outstanding Tax-Exempt Bonds, or (b) one hundred percent (100%) of the Maximum Annual Debt Service on such series of the Tax-Exempt Bonds in the then current or any future Bond Year, or (c) one hundred twenty-five percent (125%) of the average annual debt service on such series of the Outstanding Tax-Exempt Bonds, or (d) the maximum amount that may, in the opinion of Bond Counsel, be held in the Reserve Fund with respect to such series of the Tax-Exempt Bonds, and (B) with respect to any Taxable Bonds, an amount equal to one hundred percent (100%) of the Maximum Annual Debt Service on such series of the Taxable Bonds.

“School Districts” means, collectively, at any time, the City of Albany School District, the Troy City School District, the Schenectady City School District and any other public school district which has students residing in such school district then attending the Project Facility.

“Securities Laws” means the Securities Act of 1933, as amended, and all other securities laws of the United States of America or the State to the extent that such laws may now or hereafter be applicable to or affect the issuance, sale and delivery of the Bonds and any transfer or resale thereof.

“Security Documents” shall have the meaning assigned to such term in Section 4.1 of the loan Agreement.

“Series” or “Series of Bonds” means all of the Bonds of a single series authenticated and delivered pursuant to the Indenture.

“SEQRA” means Article 8 of the Environmental Conservation Law of the State and the statewide and local regulations thereunder.

“Series 2019 Project Account” means the account so designated within the Project Fund established pursuant to Section 401(A)(1)(a) of the Indenture.

“Sinking Fund Payments” means (A) with respect to the Initial Bonds, the sinking fund redemption payments due on the Initial Bonds pursuant to Section 301(B) of the Indenture and (B) with respect to any Additional Bonds, the sinking fund redemption payments (if any) required pursuant to the supplemental Indenture authorizing issuance of such Additional Bonds.

“Special Record Date” means a date for the payment of any Defaulted Payment on the Bonds fixed by the Trustee pursuant to Section 207(C) of the Indenture.

“Standard & Poor’s” means S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC and its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, with the consent of the Institution.

“State” means the State of New York.

“State Education Operating Aid Payment Dates” means each July 1, September 1, November 1, January 1, March 1 and May 1, or such other dates as may in the future be established as the payment dates for Education Aid.

“Stated Maturity” means, when used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest on such Bond is due and payable.

“Substantial User” means any Person constituting a “substantial user” within the meaning ascribed to such term in Section 147(a) of the Code.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture executed by the Issuer in accordance with Article VIII of the Indenture.

“Taxable Bonds” means any Additional Bonds not constituting Tax-Exempt Bonds.

“Tax Documents” means, collectively, (A) with respect to the Initial Bonds, the Initial Tax Documents and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar documents executed by the Issuer and/or the Institution in connection with the issuance of such Series of Additional Bonds.

“Tax-Exempt Bond” means any Bond issued as an obligation of the Issuer, the interest on which is intended to be excluded from the gross income of the Holder thereof for federal income tax purposes pursuant to Section 103 and Section 145 of the Code, including but not limited to the Initial Bonds.

“Tax Regulatory Agreement” means (A) with respect to the Initial Bonds, the Initial Tax Regulatory Agreement and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the Institution in connection with the issuance and sale of such Series of Additional Bonds.

“Term Bonds” means Bonds having a single stated maturity for which Sinking Fund Installments are specified in Section 301(B) of the Indenture (or, if such Bonds are Additional Bonds, in the supplemental indenture authorizing the issuance of such Bonds).

“Termination of Loan Agreement” means a termination of Loan Agreement by and between the Institution, as borrower, and the Issuer, as lender, intended to evidence the termination of the Loan Agreement, substantially in the form attached as Exhibit C to the Loan Agreement.

“Trust Estate” means all Property which may from time to time be subject to a Lien in favor of the Trustee created by the Indenture or any other Financing Document.

“Trust Revenues” means (A) all payments of loan payments made or to be made by or on behalf of the Institution under the Loan Agreement (except payments made with respect to the Unassigned Rights), (B) all other amounts pledged to the Trustee by the Issuer or the Institution to secure the Bonds or performance of their respective obligations under the Loan Agreement and the Indenture, (C) the Net Proceeds (except proceeds with respect to the Unassigned Rights) of insurance settlements and Condemnation awards with respect to the Project Facility, (D) all payments received by the Trustee under the Guaranty, (E) all payments received or otherwise realized by the Trustee under the Custody Agreement, the Pledge and Security Agreement, the Mortgage and the Assignment of Rents; (F) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (1) moneys and investments held in the Rebate Fund, (2) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, (3) unclaimed funds held under Section 411 of the Indenture, and (4) as specifically otherwise provided, and (G) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture. Notwithstanding anything to the contrary, amounts held in the Rebate Fund shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and amounts held therein shall not secure any amount payable on the Bonds.

“Trustee” means Manufacturers and Traders Trust Company, a banking corporation organized and existing under the laws of the State of New York, or any successor trustee or co-trustee acting as trustee under the Indenture.

“Unassigned Rights” means (A) the rights of the Issuer granted pursuant to Sections 2.2, 3.1, 3.2, 3.3, 3.8, 4.4, 5.1(B)(2), 5.1(C), 6.1, 6.2, 6.3, 6.4, 6.5, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.11, 8.14, 8.16, 8.17, 8.18, 9.1, 9.2, 11.1, 11.4, 11.8 and 11.10 of the Loan Agreement, (B) the moneys due and to become due to the Issuer for its own account or the members, directors, officers, agents (other than the Institution), servants and employees of the Issuer for their own account pursuant to Sections 2.2, 5.1(B)(2), 5.1(C), 6.4(B), 8.2, 10.2 and 10.4 of the Loan Agreement, and (C) the right to enforce the foregoing pursuant to Article X of the Loan Agreement. Notwithstanding the preceding sentence, to the extent the obligations of the Institution under the Sections of the Loan Agreement listed in (A), (B) and (C) above do not relate to the payment of moneys to the Issuer for its own account or to the members, officers, directors, agents (other than the Institution), servants and employees of the Issuer for their own account, such obligations, upon assignment of the Loan Agreement by the Issuer to the Trustee pursuant to the Pledge and Assignment, shall be deemed to and shall constitute obligations of the Institution to the Issuer and the Trustee, jointly and severally, and either the Issuer or the Trustee may commence an action to enforce the Institution’s obligations under the Loan Agreement.

“Underwriter” means (A) with respect to the Initial Bonds, M&T Securities, Inc., as original purchaser of the Initial Bonds on the Closing Date relating thereto, and (B) with respect to any Series of Additional Bonds, the original purchaser of such Series of Additional Bonds on the Closing Date relating thereto.

“Underwriter Documents” means, collectively, (A) with respect to the Initial Bonds, the Initial Underwriter Documents and (B) with respect to any Additional Bonds, any similar documents executed by the Issuer and/or the Institution in connection with the issuance of such Additional Bonds.

“Yield”, when used with respect to the Initial Bonds, shall have the meaning assigned to such term in the Initial Tax Regulatory Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Indenture to which reference is made for the detailed provisions thereof. Certain provisions of the Indenture are also described in the Official Statement under the captions “INTRODUCTION”, “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” and “THE SERIES 2019 BONDS”.

The Bonds will be issued under and secured by the Indenture. Reference is made to the Indenture for complete details of the terms thereof. The following is a brief summary of certain provisions of the Indenture and should not be considered a full statement thereof.

Restriction on Issuance of Bonds (Section 201)

Except for substitute Bonds and Additional Bonds issued pursuant to the Indenture, the total aggregate principal amount of Bonds that may be issued under the Indenture is expressly limited to \$ _____.

Limited Obligations (Section 202)

The Bonds, together with the premium, if any, and interest thereon, will be limited obligations of the Issuer payable, with respect to the Issuer, solely from the Trust Revenues, which Trust Revenues are pledged and assigned for the equal and ratable payment of all sums due under the Bonds, and will be used for no other purpose than to pay the principal of, premium, if any, on and interest on the Bonds, except as may be otherwise expressly provided in the Indenture.

THE BONDS ARE NOT AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF ALBANY, NEW YORK AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF ALBANY, NEW YORK SHALL BE LIABLE THEREON. THE BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE OF NEW YORK OR THE CITY OF ALBANY, NEW YORK.

No recourse shall be had for the payment of the principal of, or the premium, if any, or interest on, any Bond or for any claim based thereon or on the Indenture against any past, present or future member, officer, employee or agent (other than the Institution), as such, of the Issuer or of any predecessor or successor corporation, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

Delivery of Initial Bonds (Section 210)

Upon the execution and delivery of the Indenture, the Issuer will execute and deliver the Initial Bonds (including a reasonable number of additional Initial Bonds to be retained by the Trustee for authentication and delivery upon transfer or exchange of any Initial Bond) to the Trustee, and the Trustee will authenticate and deliver the Initial Bonds to the purchasers thereof against payment of the purchase price therefor, plus accrued interest to the day preceding the date of delivery, upon receipt by the Trustee of the following:

- (A) a certified copy of the Initial Bond Resolution;
- (B) executed counterparts of the Indenture, the Loan Agreement and the other Initial Financing Documents;
- (C) a request and authorization to the Trustee on behalf of the Issuer signed by an Authorized Representative of the Issuer to deliver the Initial Bonds to or upon the order of the Underwriter upon payment to the Trustee for the account of the Issuer of the purchase price therefor specified in such request and authorization;
- (D) signed copies of the opinions of counsel to the Issuer, the Institution, the and the Trustee, and of Bond Counsel, as required by the Initial Bond Purchase Agreement;
- (E) the certificates and policies, if available, of the insurance required by the Loan Agreement;
- (F) evidence that a completed Internal Revenue Service Form 8038 with respect to the Initial Bonds has been signed by the Issuer; and
- (G) such other documents as the Trustee or Bond Counsel may reasonably require.

Additional Bonds (Section 214)

So long as the Loan Agreement is in full force and effect and no Event of Default exists thereunder or under the Indenture (and no event exists which, upon notice or lapse of time or both, would become an Event of Default thereunder or under the Indenture), the Issuer may, upon a request from the Institution complying with the provisions of the Indenture, issue one or more series of Additional Bonds to provide funds to pay any one or more of the following: (1) costs of completion of the Project Facility in excess of the amount in the Project Fund; (2) costs of any Additional Project; (3) costs of refunding or advance refunding any or all of the Bonds previously issued; (4) costs of making any modifications, additions or improvements to the Project Facility that the Institution may deem necessary or desirable; and/or (5) costs of the issuance and sale of the Additional Bonds, capitalized interest, funding debt service reserves, and other costs reasonably related to any of the foregoing. Additional Bonds may mature at different times, bear interest at different rates and otherwise vary from the Initial Bonds authorized under the Indenture, all as may be provided in the supplemental Indenture authorizing the issuance of such Additional Bonds.

Prior to the execution of a supplemental Indenture authorizing the issuance of Additional Bonds, the Issuer must deliver certain documents set forth in the Indenture to the Trustee, including:

- (1) an amendment to the Loan Agreement and the other Financing Documents, providing for timely payment by the Institution of Loan Payments in an amount at least equal to the sum of the total Debt Service Payments due on the Initial Bonds and all Additional Bonds and all other costs in connection with the Project Facility and all Additional Projects covered thereby;
- (2) evidence that the Financing Documents, as amended or supplemented in connection with the issuance of the Additional Bonds, provide that (a) the Bonds referred to therein shall mean and include the Additional Bonds being issued as well as the Initial Bonds originally issued under the Indenture and any Additional Bonds theretofore issued, and (b) the

Project Facility referred to in the Financing Documents includes any Additional Facilities being financed;

(3) a copy of the resolution of the board of trustees of the Institution, duly certified by the secretary or assistant secretary of the Institution, which approves the issuance of the Additional Bonds and authorizes the execution and delivery by the Institution of the amendments to the Financing Documents described in paragraphs (1) and (2) above;

(4) a written opinion of counsel to the Institution which shall state that (i) the amendments and supplements to the Financing Documents described in paragraphs (1) and (2) above have been duly authorized, executed and delivered by the Institution, (ii) the Financing Documents, as amended and supplemented to the Closing Date for such Additional Bonds, constitute legal, valid and binding obligations of the Institution enforceable against the Institution in accordance with their respective terms, subject to the standard exceptions with respect to bankruptcy laws, equitable remedies and specific performance, and (iii) all conditions precedent provided for in the Indenture to the issuance, execution and delivery of the Additional Bonds have been complied with;

(5) a copy of the resolution of the members of the board of directors of the Issuer, duly certified by the secretary or assistant secretary of the Issuer, authorizing the issuance of the Additional Bonds and the execution and delivery by the Issuer of the amendments to the Financing Documents described in paragraph (1) and paragraph (2) above to be executed by the Issuer in connection therewith;

(6) an opinion of counsel to the Issuer stating that the amendments and supplements to the Financing Documents described above have been duly authorized and lawfully executed and delivered on behalf of the Issuer; and that such amendments and supplements to the Financing Documents are in full force and effect and are valid and binding upon the Issuer, subject to the standard exceptions with respect to bankruptcy laws, equitable remedies and specific performance;

(7) an opinion of Bond Counsel stating that, in the opinion of such Bond Counsel, the Issuer is duly authorized and entitled to issue such Additional Bonds and that, upon the execution, authentication and delivery thereof, such Additional Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Issuer, enforceable in accordance with their terms, subject to the standard exceptions with respect to bankruptcy laws, equitable remedies and specific performance; that the issuance of the Additional Bonds will not, in and of itself, adversely affect the validity of the Initial Bonds originally issued under the Indenture or any Additional Bonds theretofore issued or the exclusion of the interest payable on the Initial Bonds and any Additional Bonds theretofore issued as Tax-Exempt Bonds from the gross income of the Holders thereof for federal income tax purposes; and that all conditions precedent provided for in the Indenture to the issuance, execution and delivery of the Additional Bonds have been complied with;

(8) written evidence from each Rating Agency, if any, by which the Bonds are then rated, to the effect that the issuance of such Additional Bonds will not, by itself, result in a reduction or withdrawal of the rating(s) on the Outstanding Bonds applicable immediately prior to the issuance of the Additional Bonds;

(9) a written order to the Trustee executed by an Authorized Representative of the Issuer requesting that the Trustee authenticate and deliver the Additional Bonds to the purchasers therein identified; and

(10) a parity mortgage and security agreement or a supplement to the Mortgage and to the Pledge and Security Agreement providing for a supplemental mortgage and a supplemental pledge and security agreement relating to the Additional Facilities and any specific increase in other payments to the funds under the Indenture; and an intercreditor agreement or other similar agreement among the Institution, the Issuer, the Trustee and other appropriate parties providing that the Additional Bonds are equal, ratable and pari passu with the Bonds;

(11) the acquisition of real property or an interest therein is included in the purpose of such issue of Additional Bonds, a mortgagee title insurance policy issued by a reputable title insurance company insuring that the Institution has insurable title to such real property or interest therein subject only to Permitted Encumbrances and insuring that the mortgage securing the Bonds is a valid Lien on such real property or interest therein;

(12) a Certificate of an Authorized Representative of the Institution of compliance with requirements of the Guaranty relating to the incurrence of Long-Term Indebtedness (as defined in the Guaranty);

(13) the deposit to the Reserve Fund of an amount equal to the Reserve Fund Requirement relating to the Additional Bonds; and

(14) such other documents as the Trustee may reasonably request.

Each series of Additional Bonds shall be equally and ratably secured under the Indenture with the Initial Bonds issued on the Closing Date and with all other series of Additional Bonds, if any, previously issued under the Indenture, without preference, priority or distinction of any Bond over any other Bond.

The consent of the Holders of the Bonds shall not be required prior to the issuance of Additional Bonds, or to the execution and delivery of any amendments to the Financing Documents required in connection therewith. The Trustee shall, however, mail notice in writing (in the form provided to the Trustee by the Issuer) to the Holders of the Bonds and each rating agency, if any, by which the Bonds are then rated of the proposed issuance of the Additional Bonds, detailing, at least, the aggregate principal amount of such Additional Bonds, and summarizing the nature of the amendments to the Financing Documents proposed to be executed in connection therewith.

Establishment of Funds (Section 401)

The Indenture creates four trust funds (and various accounts therein) to be held by the Trustee: (1) the Project Fund and, within the Project Fund, the following special accounts: (a) the Series 2019 Project Account and (b) an additional, separate account for each series of Additional Bonds, each such additional account to be known as the "Series ____ Project Account", with the blank to be filled in with the same series designation as borne by the related series of Additional Bonds; (2) the Bond Fund; (3) the Insurance and Condemnation Fund; (4) the Reserve Fund; (5) the Repair and Replacement Fund; and (6) the Rebate Fund, and, within the Rebate Fund, the following special accounts: (a) the Rebate Fund Principal Account and (b) the Rebate Fund Earnings Account.

All moneys required to be deposited with or paid to the Trustee under any provision of the Indenture (1) shall be held by the Trustee in trust, and (2) (except for moneys held by the Trustee (a) for

the redemption of Bonds, notice of redemption of which has been duly given, (b) as unclaimed monies under Section 411 of the Indenture or (c) in the Rebate Fund) shall, while held by the Trustee, constitute part of the Trust Revenues and be subject to the Lien of the Indenture. Moneys which have been deposited with, paid to or received by the Trustee for the redemption of a portion of the Bonds or for the payment of Bonds or interest thereon due and payable otherwise than upon acceleration by declaration, shall be held in t

rust for and be subject to a Lien in favor of only the Holders of such Bonds so redeemed or so due and payable.

Moneys held in the Rebate Fund shall not be subject to a security interest, pledge, assignment, Lien or charge in favor of the Trustee or any other Person.

Application of Proceeds of Initial Bonds (Section 402)

The Issuer shall deposit with the Trustee all of the proceeds from the sale of the Initial Bonds, including accrued interest payable on the Initial Bonds. The Trustee shall deposit the proceeds from the sale of the Initial Bonds as follows: (1) the Trustee shall deposit the portion of the proceeds of the sale of the Initial Bonds representing accrued interest on the Initial Bonds, if any, into the Bond Fund; (2) the Trustee shall deposit the portion of the proceeds of the sale of the Initial Bonds representing the Reserve Fund Requirement with respect to the Initial Bonds into the Reserve Fund; and (3) the Trustee shall deposit the remainder of the proceeds of the sale of the Series 2019 Bonds into the Series 2019 Project Account of the Project Fund.

The proceeds of any Additional Bonds shall be deposited as provided in the supplement to the Indenture authorizing the issuance of such Additional Bonds.

Transfers of Trust Revenues to Funds (Section 403)

Commencing on the first date on which Loan Payments are received from the Institution pursuant to Section 5.1(A) of the Loan Agreement, and thereafter, the Trustee shall deposit such payments, immediately upon its receipt thereof, in the following funds and accounts, in the following order, in each case in the respective amounts, if any, necessary, along with any amounts then credited thereto, to cause the respective balances then deposited to the credit of the respective fund or account to equal the requirement, if any described in the then applicable Custody Agreement Notice with respect to such fund or account:

- (1) First, to the Bond Fund;
- (2) Second, to the Reserve Fund; and
- (3) Third, to the Repair and Replacement Fund.

The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee shall, upon receipt thereof, be deposited into the Insurance and Condemnation Fund.

The Project Fund (Section 404)

In addition to moneys deposited in the Project Fund from the proceeds of the sale of the Bonds, there shall be deposited into the Project Fund all other moneys received by the Trustee under or pursuant to the Indenture or the other Financing Documents which, by the terms thereof, are to be deposited in the Project Fund. Moneys on deposit in the Series 2019 Project Account of the Project Fund with respect to

the Series 2019 Bonds shall be disbursed and applied by the Trustee to pay the Costs of the Project and Costs of Issuance (as defined in the Tax Regulatory Agreement) relating to the Initial Project, all pursuant to the provisions of the Loan Agreement, the Indenture and the Initial Tax Regulatory Agreement.

The Trustee is authorized and directed to disburse the balance of the moneys from the Project Fund relating to the Initial Bonds upon receipt by the Trustee of a Request for Disbursement, certified to by an Authorized Representative of the Institution in accordance with the applicable provisions of the Indenture and the Loan Agreement and the Initial Tax Regulatory Agreement.

Moneys on deposit in the Project Fund may be invested in Authorized Investments in accordance with the provisions of the Indenture. All interest and other income accrued and earned on amounts held in the Project Fund shall be deposited by the Trustee into the appropriate account of the Project Fund related to such monies and may be used to pay the Costs of the Project related to such account.

Except for any amount retained for the payment of incurred and unpaid items of the Cost of the Project, after the Completion Date related to a particular Project, all moneys in the related account in the Project Fund (in excess of any amount required to be transferred to the Rebate Fund pursuant to the Indenture and the Tax Documents) shall be transferred from the Project Fund to an escrow fund to be created by the Trustee at the written direction of the Institution, to be applied to the defeasance of a portion of the Bonds then Outstanding pursuant to the provisions of the Tax Documents.

In the event the unpaid principal amount of the Bonds is accelerated upon the occurrence of an Event of Default, the balance in the Project Fund (in excess of any amount required to be transferred to the Rebate Fund pursuant to the Indenture and the Tax Documents) will be transferred from the Project Fund to the Bond Fund as soon as possible and will be used to pay the principal of, premium, if any, on and interest on the Bonds.

The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom and, upon request of the Issuer or the Institution, shall file an accounting thereof with the Issuer and the Institution.

The Bond Fund (Section 405)

In addition to the moneys deposited into the Bond Fund (1) from the proceeds of the sale of the Bonds pursuant to Section 402 of the Indenture and (2) pursuant to Sections 403, 404 and 410 of the Indenture, there shall be deposited into the Bond Fund(a) all Loan Payments received from the Institution under the Loan Agreement (except payments made with respect to the Unassigned Rights, which shall be paid to the Issuer), (b) any amount in the Insurance and Condemnation Fund directed to be paid into the Bond Fund under Section 406 of the Indenture, (c) any amounts received from the Institution pursuant to Section 3.6 of the Loan Agreement, (d) all prepayments by the Institution in accordance with Section 5.3 of the Loan Agreement in connection with which notice has been given to the Trustee pursuant to Section 302 of the Indenture, (e) all moneys held in the Reserve Fund which are in excess of the amount required to be held in the Reserve Fund as of such date, and (f) all other moneys received by the Trustee under and pursuant to the Indenture or the other Financing Documents which by the terms thereof are to be deposited into the Bond Fund, or are accompanied by directions from the Institution or the Issuer that such moneys are to be paid into the Bond Fund.

Moneys on deposit in the Bond Fund may be invested in Authorized Investments in accordance with the provisions of the Indenture. All interest and other income accrued and earned on moneys on deposit in the Bond Fund will be deposited by the Trustee in the Bond Fund.

On the Business Day immediately following a Bond Payment Date, if any amounts remain in the Bond Fund, such amounts in the Bond Fund shall be transferred, to the extent necessary, to the Reserve Fund, until the amount held in the Reserve Fund is at least equal to the Reserve Fund Requirement. Once all transfers provided in this paragraph have been made, the Trustee shall inform the Institution of the amount remaining in the Bond Fund, and such moneys shall be applied by the Trustee to the Debt Service Payments due on the following Bond Payment Date.

The Insurance and Condemnation Fund (Section 406)

The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee in connection with damage to or destruction of or the taking of part or all of the Project Facility shall be deposited into the Insurance and Condemnation Fund. If, following damage to or Condemnation of all or a portion of the Project Facility, (1) the Institution exercises its option not to repair, rebuild or restore the Project Facility and to provide for the defeasance of the Bonds, or (2) if a taking in Condemnation as described in Section 7.2(C) of the Loan Agreement occurs, the Trustee shall (after any transfer to the Rebate Fund required pursuant to the Indenture and the Tax Documents is made) transfer all moneys held in the Insurance and Condemnation Fund to an escrow fund to be created by the Trustee at the written direction of the Institution, to be applied to the defeasance of the Bonds then Outstanding pursuant to the provisions of the Tax Documents, except as provided in Section 410 of the Indenture.

If, following damage to or Condemnation of all or a portion of the Project Facility, the Institution elects to repair, rebuild or restore the Project Facility, and provided no Event of Default under the Indenture or under any other Financing Document has occurred and is continuing, moneys held in the Insurance and Condemnation Fund and attributable to the damage to or the destruction or taking of the Project Facility (after any transfer to the Rebate Fund required by the Indenture and the Tax Documents is made) will be applied to pay the costs of such repairs, rebuilding or restoration in accordance with the Indenture.

If the cost of the repairs, rebuilding or restoration of the Project Facility effected by the Institution shall be less than the amount in the Insurance and Condemnation Fund, then on the completion of such repairs, rebuilding or restoration, the Trustee shall transfer such difference to the Bond Fund and use such amounts so transferred to provide for the defeasance of the Bonds in accordance with the Tax Documents; provided that such amounts may be transferred to the Institution for its purposes if (1) the Institution so requests and (2) the Institution furnishes to the Trustee an opinion of Bond Counsel to the effect that payment of such moneys to the Institution will not, in and of itself, adversely affect the exclusion of the interest paid or payable on the Tax-Exempt Bonds from gross income for federal income tax purposes.

The Rebate Fund (Section 407)

The Trustee shall make information regarding the Bonds and investments under the Indenture available to the Institution. If a deposit to the Rebate Fund is required as a result of the computations made or caused to be made by the Institution, the Trustee shall upon receipt of written direction from the Institution accept such payment for the benefit of the Institution. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee shall upon written direction from the Authorized Representative of the Institution transfer such amount to the Institution. Records of the determinations required by Section 407 of the Indenture and the instructions must be retained by the Trustee until six years after the Bonds are no longer outstanding. Any provision of the Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien under the Indenture.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the Institution, shall deposit in the Rebate Fund Principal Account, within thirty (30) days after the end of each Bond Year commencing with the first Bond Year, an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated as of the last day of the prior Bond Year and so certified to the Trustee. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion or restoration of the Project Facility pursuant to the Loan Agreement or the Indenture at any time during a Bond Year, the Trustee will deposit in the Rebate Fund Principal Account upon receipt of such certification an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated on the Completion Date or at the time of restoration of the Project Facility, as the case may be. The amount to be deposited in the Rebate Fund shall be withdrawn from the fund or funds established under the Indenture designated by the Institution or from other moneys made available by the Institution.

In the event that on the first day of any Bond Year, after the calculation of the Rebate Amount, the amount on deposit in the Rebate Fund Principal Account exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Issuer or the Institution, shall withdraw such excess amount and (1), prior to the Completion Date, shall transfer such excess to the Project Fund to be applied to the payment of Costs of the Project or (2), after the Completion Date, shall transfer such excess to the Bond Fund to be applied to the payment of the principal and interest and Sinking Fund Payments coming due on the Bonds on the next following Bond Payment Date.

The Trustee, upon the receipt of written instructions satisfactory to the Trustee from an Authorized Representative of the Institution, shall pay to the United States, from amounts on deposit in the Rebate Fund or from other moneys supplied by the Institution, (1) not less frequently than once every five (5) years after the date of original issuance of a Series of Tax-Exempt Bonds (or such other date as the Institution may choose, provided the Institution and the Trustee receive an opinion of Bond Counsel that such change will not cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes) and every five years thereafter until final retirement of the Bonds, an amount such that, together with prior amounts paid to the United States, the total amount paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to the Bonds as of the date of such payment plus all amounts then held in the Rebate Fund Earnings Account, and (2) not later than thirty (30) days after the date on which all Bonds of any particular Series of Tax-Exempt Bonds have been paid in full, one hundred percent (100%) of the Rebate Amount with respect to such Bonds as of the date of such payment plus all amounts relating thereto then held in the Rebate Fund Earnings Account.

The foregoing described provisions of the Indenture may be amended, without notice to or consent of the Bondholders, at the request of the Issuer or the Institution, to comply with the applicable regulations of the Treasury Department, upon the delivery by the Issuer or the Institution to the Trustee of an opinion of Bond Counsel that such amendment will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds which exists on the Closing Date.

Reserve Fund (Section 408)

On the Closing Date for the Initial Bonds, the Trustee shall deposit an amount equal to the Reserve Fund Requirement relating to the Initial Bonds into the Reserve Fund. Upon the issuance of any Additional Bonds, the Trustee shall deposit an amount equal to the Reserve Fund Requirement relating to such Additional Bonds into the Reserve Fund.

If, on the Business Day preceding any Bond Payment Date, the amount on deposit in the Bond Fund is not sufficient to pay the Debt Service Payments due on such Bond Payment Date with respect to the Bonds then Outstanding, the Trustee shall transfer from the Reserve Fund and deposit into the Bond Fund an amount of money sufficient, when added to the amounts then on deposit in the Bond Fund and available to make the Debt Service Payments coming due on the Bonds on such Bond Payment Date, to enable the Trustee to make all such Debt Service Payments coming due on the Bonds on such Bond Payment Date.

All earnings on amounts held in the Reserve Fund which, pursuant to Section 410(D) of the Indenture, are deposited by the Trustee into the Bond Fund, may be used to pay Debt Service Payments due on the Bonds. On the Business Day prior to each Bond Payment Date during the term of the Bonds, the Trustee shall ensure that any such investment earnings on moneys on deposit in the Reserve Fund have been transferred to the Bond Fund, as provided in the Indenture.

The Trustee shall notify the Institution in writing of any withdrawal from the Reserve Fund, or any deficiency in the amounts required to be on deposit to the credit of the Reserve Fund determined upon the periodic valuation thereof pursuant to the Indenture.

If the principal of all the Bonds shall become due and payable, whether by maturity, by redemption or otherwise, the Trustee shall deposit to the credit of the Bond Fund any balance remaining in the Reserve Fund.

Semiannually, at least fifteen (15) Business Days prior to each Interest Payment Date, the amounts in the Reserve Fund shall be valued by the Trustee as provided in the Indenture. If the amounts held in the Reserve Fund together with any interest and other income received by the investment of moneys therein shall exceed the Reserve Fund Requirement, the Trustee shall withdraw from the Reserve Fund the amount of any excess therein over the applicable Reserve Fund Requirement as of such date of withdrawal and such excess shall be first used by the Trustee to pay its fees and expenses for Ordinary and Extraordinary Services and any other amounts owed to the Trustee hereunder and under the other Financing Documents and the balance shall be transferred by the Trustee to the Bond Fund and used to pay Debt Service Payments due on the Bonds on the next succeeding Bond Payment Date and credited to the Institution's obligation to make Loan Payments relating to such Bond Payment Date.

In the event the amount held in the Reserve Fund on the fifteenth Business Day prior to any Bond Payment Date exceeds the principal amount of Bonds which will be Outstanding after such Bond Payment Date, the Trustee shall, after being reasonably satisfied that its fees and expenses for the performance of its services under the Indenture and any other amounts owed to the Trustee under the Indenture and under the other Financing Documents will be paid, transfer such excess amounts from the Reserve Fund to the Bond Fund to be applied to the Debt Service Payments on the Bonds on such Bond Payment Date.

In computing the amount in the Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at the cost of such obligations or the market value thereof, whichever is lower. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made not less often than semiannually. The Trustee shall notify the Institution in writing of any deficiency in the amounts required to be on deposit in the Reserve Fund.

Repair and Replacement Fund (Section 409)

Pursuant to the Custody Agreement, the Repair and Replacement Fund will be funded in an amount sufficient to cause the amount on deposit in the Repair and Replacement Fund to equal the Repair and Replacement Fund Requirement by no later than June 30, 2020.

Moneys on deposit in the Repair and Replacement Fund shall be applied at the direction of the Institution to the cost of the construction of additions, improvements or betterments to, or the reconstruction of, the Project Facility, emergency repairs of the Project Facility, and major or extraordinary repairs, renewals or replacements of the Project Facility, in each case as stated in a certificate of the Institution filed with the Trustee to be necessary (1) to restore or prevent physical damage to the Project Facility or any part thereof, or (2) for the safe and efficient operation of the Project Facility.

If on the Business Day preceding any Bond Payment Date the amount on deposit in the Bond Fund and the Reserve Fund shall be insufficient to pay the Debt Service Payment becoming due on the Bonds, the Trustee shall transfer from the Repair and Replacement Fund for deposit in the Bond Fund the amount necessary (or all the moneys in the Repair and Replacement Fund if less than the amount necessary) to satisfy such deficiency.

All earnings on amounts held in the Repair and Replacement Fund which, pursuant to Section 412(D) of the Indenture, are deposited by the Trustee into the Bond Fund, may be used to pay Debt Service Payments due on the Bonds. On the Business Day prior to each Bond Payment Date during the term of the Bonds, the Trustee shall ensure that any such investment earnings on moneys on deposit in the Repair and Replacement Fund have been transferred to the Bond Fund, as provided in the Indenture.

The Trustee shall notify the Institution in writing of any withdrawal from the Repair and Replacement Fund, or any deficiency in the amounts required to be on deposit to the credit of the Repair and Replacement Fund determined upon the periodic valuation thereof pursuant to the Indenture.

If the principal of all the Bonds shall become due and payable, whether by maturity, by redemption or otherwise, the Trustee shall deposit to the credit of the Bond Fund any balance remaining in the Repair and Replacement Fund.

Semiannually, at least fifteen (15) Business Days prior to each Interest Payment Date, the amounts in the Repair and Replacement Fund shall be valued by the Trustee as provided in the Indenture. If the amounts held in the Repair and Replacement Fund together with any interest and other income received by the investment of moneys therein shall exceed the Repair and Replacement Fund Requirement, the Trustee shall withdraw from the Repair and Replacement Fund the amount of any excess therein over the Repair and Replacement Fund Requirement as of such date of withdrawal and such excess shall be first used by the Trustee to pay its fees and expenses for Ordinary and Extraordinary Services and any other amounts owed to the Trustee hereunder and under the other Financing Documents, and the balance shall be transferred by the Trustee to the Bond Fund and used to pay Debt Service Payments due on the Bonds on the next succeeding Bond Payment Date and credited to the Institution's obligation to make Loan Payments relating to such Bond Payment Date.

In the event the amount held in the Repair and Replacement Fund on the fifteenth Business Day prior to any Bond Payment Date exceeds the principal amount of Bonds which will be Outstanding after such Bond Payment Date, the Trustee shall, after being reasonably satisfied that its fees and expenses for the performance of its services hereunder and any other amounts owed to the Trustee hereunder and under the other Financing Documents will be paid, transfer such excess amounts from the Repair and

Replacement Fund to the Bond Fund to be applied to the Debt Service Payments on the Bonds on such Bond Payment Date.

In computing the amount in the Repair and Replacement Fund, obligations purchased as an investment of moneys therein shall be valued at the cost of such obligations or the market value thereof, whichever is lower. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made not less often than semiannually. The Trustee shall notify the Institution in writing of any deficiency in the amounts required to be on deposit in the Repair and Replacement Fund.

Custody Agreement (Section 410)

The Trustee shall deliver the Custody Agreement Notice to the Custodian no later than five (5) Business Days before each State Education Operating Aid Payment Date. The Custody Agreement Notice shall be certified by the Trustee.

Each Custody Agreement Notice shall be prepared by the Trustee in draft form no later than ten (10) Business Days before the applicable State Education Operating Aid Payment Date. A copy of the draft Custody Agreement Notice shall be delivered to the Institution on such date.

Each Custody Agreement Notice shall describe the amount of Education Aid necessary to be paid to the Trustee to satisfy the payment obligations of the Institution under Section 5.1 of the Loan Agreement. Accordingly, each Custody Agreement Notice shall contain the following information: (1) a statement of the total amount of Education Aid to be paid over to the Trustee on the applicable State Education Operating Aid Payment Date, and (2) statements describing the portions of such total amount to be deposited into the various funds and accounts held by the Trustee under the Indenture pursuant to Section 403 of the Indenture. The Trustee shall prepare each Custody Agreement Notice in consultation with the Institution.

The Institution shall provide to the Trustee in a timely fashion the information reasonably needed by the Trustee in order to permit the Trustee to prepare each Custody Agreement Notice.

Final Disposition of Moneys (Section 413)

In the event there are no Bonds Outstanding, and subject to any applicable law to the contrary, after payment of all fees, charges and expenses, including, but not limited to reasonable attorney's fees, of the Issuer and the Trustee and all other amounts required to be paid under the Indenture and under the other Financing Documents and after payment of any amounts required to be rebated to the United States under the Indenture and under the Tax Documents or any provision of the Code, all amounts remaining in any fund established under the Indenture shall be transferred to the Institution (except amounts held with respect to the Unassigned Rights, which amounts shall be paid to the Issuer, and except for moneys held for the payment or redemption of Bonds which have matured or been defeased or notice of the redemption of which has been duly given and any other monies held under Section 411, which shall be held for the benefit of the Owners of such Bonds).

No Modification of Security; Limitation on Liens (Section 508)

The Issuer covenants that it will not alter, modify or cancel, or agree to alter, modify or cancel, the Loan Agreement or any other Financing Document to which the Issuer is a party, or which has been assigned to the Issuer, and which relates to or affects the security for the Bonds, except as contemplated by the Indenture or pursuant to the terms of such document. The Issuer further covenants that, except for

the Financing Documents and other Permitted Encumbrances, the Issuer will not incur, or suffer to be incurred, any mortgage, Lien, charge or encumbrance on or pledge of any of the Trust Estate prior to or on a parity with the Lien of the Indenture.

Covenant Against Arbitrage Bonds (Section 513)

So long as any Tax-Exempt Bonds shall be Outstanding, the Issuer covenants that it will not use or direct or permit the use of the proceeds of the Tax-Exempt Bonds or any other moneys in its control (including, without limitation, the proceeds of any insurance settlement or Condemnation award with respect to the Project Facility) in such manner as would cause any of the Tax-Exempt Bonds to be an “arbitrage bond” within the meaning of such quoted term in Section 148 of the Code. The Issuer shall not be responsible for the calculation or payment of any rebate amount required by Section 148 of the Code. The Trustee shall not be responsible for the calculation, or the payment from its own funds, of any amount required to be rebated to the United States under Section 148 of the Code. The Trustee shall, however, make such transfers to the Rebate Fund and pay such amounts from the funds and accounts created hereunder and from the Institution’s funds to the United States as the Institution, in accordance with the Indenture and the Tax Documents, shall direct.

Events of Default and Remedies on Default (Section 601)

The Indenture provides that each of the following events will constitute an Event of Default under the Indenture:

- (1) failure by the Issuer to make due and punctual payment of the interest or premium on any Bond or failure by the Issuer to make due and punctual payment of the principal of any Bond, whether at the Stated Maturity thereof, or upon proceedings for the redemption thereof, or upon the maturity thereof by declaration;
- (2) subject to any right to waive the same as set forth in the Financing Documents, receipt by the Trustee of notice, or actual notice on the part of the Trustee, of the occurrence of an Event of Default under any of the other Financing Documents; or
- (3) subject to the provisions of the Indenture, default in the performance or observance of any other covenant, agreement or condition on the part of the Issuer in the Indenture or in any Bond to be performed or observed and the continuance thereof for a period of thirty (30) days after written notice thereof is given to the Issuer and the Institution by the Trustee or by the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding.

Before taking any action under the Indenture (except declaring an Event of Default, a mandatory redemption or an acceleration of the Bonds pursuant to the Indenture), the Trustee may require that a security and indemnity reasonably satisfactory to it be deposited with it for the reimbursement of all fees, costs and expenses including, but not limited to, reasonable attorney’s fees to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct by reason of any action so taken.

Acceleration (Section 602)

Upon (A) the occurrence of an Event of Default under paragraph (1) of the first paragraph under the caption “Events of Default” in the Indenture, the Trustee shall, and (B) the occurrence and continuance of an Event of Default under paragraphs (2) or (3) of the first paragraph under the caption

“Events of Default” in the Indenture and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, the Trustee shall, by notice in writing delivered to the Institution, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement.

Enforcement Of Remedies (Section 603)

Upon the occurrence and during the continuance of any Event of Default, the Trustee shall exercise such of the rights and powers vested in the Trustee by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. In considering what actions are or are not prudent in the circumstances, the Trustee shall consider whether or not to take such action as may be permitted to be taken by the Trustee under any of the Financing Documents.

Upon the occurrence and during the continuance of any Event of Default, the Trustee may proceed forthwith to protect and enforce its rights under the Act, the Loan Agreement and the other Financing Documents by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

Upon the occurrence and during the continuance of any Event of Default, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce payment of and receive any amounts due or becoming due from the Issuer or the Institution under any of the provisions of the Indenture, the Loan Agreement and the other Financing Documents, without prejudice to any other right or remedy of the Trustee or the Bondholders. The Trustee may sue for, enforce payment of and receive any amounts due or becoming due from the Institution for principal, premium, interest or otherwise under any of the provisions of the Indenture or the other Financing Documents, without prejudice to any other right or remedy of the Trustee.

Regardless of the happening of an Event of Default, the Trustee may institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture and the other Financing Documents by any acts which may be unlawful or in violation of the Indenture or of any other Financing Document or of any resolution authorizing the Bonds, or to preserve or protect the interest of the Trustee and/or the Bondholders.

Rights of Bondholders to Direct Proceedings (Section 607)

The Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right at any time, by an instrument in writing executed and delivered to the Trustee and upon offering the Trustee the security and indemnity provided for in the Indenture, 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 the Indenture, the Loan Agreement or the other Financing Documents, or for the appointment of a receiver or any other proceedings hereunder, provided that such direction, in the opinion of Independent Counsel, is in accordance with the provisions of law and is not unduly prejudicial to the interests of the Bondholders not joining such direction.

Application of Moneys (Section 609)

All moneys received by the Trustee pursuant to any right given or action taken under the default and remedy provisions of the Indenture shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including reasonable attorneys' fees) incurred or made by the Trustee, be deposited into the Bond Fund; and all moneys in the Bond Fund shall be applied, together with the other moneys held by the Trustee under the Indenture (other than amounts on deposit in the Rebate Fund), as follows:

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

SECOND - to the payment to the Persons entitled thereto of the unpaid principal of and any premium on the Bonds (other than Bonds called for redemption for the payment of which moneys shall be held pursuant to the provisions of the Indenture) which shall have become due, in order of their maturities, with interest from the date upon which they became due and, if the amount available shall not be sufficient to pay in full the principal of and premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to amounts due respectively for principal, interest and premium, if any, to the Persons entitled thereto, without any discrimination or privilege; and

THIRD - to the payment to the Persons entitled thereto of the principal of, premium, if any, on, or interest on the Bonds which may thereafter become due and payable, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of interest, principal and premium, if any, due on such date to the Persons entitled thereto, without any discrimination or privilege.

(2) 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, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal and premium over interest or of interest over principal and premium, or of any installment of interest over any other installment of interest, or of any Bonds over any other Bonds, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the Persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of item (1) of the preceding paragraph, 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 such application and the likelihood of additional moneys becoming available in the future. Whenever moneys are to be applied pursuant to the provisions of item (2) of the preceding paragraph, such moneys shall be applied as soon as practicable upon receipt thereof. In either case, the Trustee shall give such notice as the Trustee may deem appropriate of the deposit with the Trustee of any such moneys and of the fixing of any such date,

and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee and a new Bond is issued or the Bond is canceled if fully paid.

Notice of Defaults; Opportunity to Cure (Section 614)

Anything in the Indenture to the contrary notwithstanding, no Event of Default described in paragraph (2) or paragraph (3) under the caption “SUMMARY OF THE INDENTURE - Events of Default and Remedies on Default” will constitute an Event of Default until the Trustee shall have received written notice thereof or shall have actual notice thereof and until actual notice of such default by registered or certified mail is given by the Trustee, or by the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of Bonds then Outstanding, to the Issuer and the Institution (with a copy to the Trustee if given by the Holders), and the Issuer and the Institution have had thirty (30) days after receipt of such notice to correct such default or cause said default to be corrected, and have not done so within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Institution within the applicable period and diligently pursued until the default is corrected.

Acceptance of the Trusts (Section 701)

The Trustee accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts upon certain terms and conditions, including but not limited to the following:

The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties under the Indenture by or through attorneys, agents, receivers or employees, but shall not be answerable for the conduct of the same if appointed without gross negligence, and shall be entitled to advice of counsel concerning all matters of the trusts of the Indenture and the duties under the Indenture, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts of the Indenture. The Trustee may act, without gross negligence, upon the opinion or advice of any attorney appointed, who may be the attorney or attorneys for the Issuer, and shall not be responsible for any loss or damage resulting from any action or nonaction in reliance upon any such opinion or advice.

The Trustee may become the Owner of Bonds secured by the Indenture with the same rights which it would have if not the Trustee.

Before taking any action under the Indenture (except declaring an Event of Default, a mandatory redemption or an acceleration of the Bonds pursuant to the Indenture), the Trustee may require that a security and indemnity reasonably satisfactory to it be deposited with it for the reimbursement of all fees, costs and expenses including, but not limited to, reasonable attorney’s fees and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

The Trustee shall not be required to take notice or be deemed to have notice of the occurrence of any Event of Default or an Event of Taxability other than an Event of Default under paragraph (1) under the caption “SUMMARY OF THE INDENTURE - Events of Default and Remedies on Default” above, unless the Trustee shall have actual knowledge of such Event of Default or Event of Taxability or unless the Trustee shall be specifically notified in writing of such Event of Default or Event of Taxability by the Issuer or the Institution or the Owners of at least fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding under the Indenture, and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and, in

the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default or Event of Taxability, except as aforesaid.

Appointment of Successor Trustee by the Bondholders; Temporary Trustee (Section 708)

In case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their duly authorized attorneys; provided, nevertheless, that in case of vacancy, the Issuer (at the written direction of the Institution) by an instrument executed and signed by the Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by such Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer (at the written direction of the Institution) shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Every such successor or temporary Trustee appointed pursuant to the provisions of the paragraph above shall (1) be a trust Institution or bank organized under the laws of the United States of America or any state thereof and which is in good standing, (2) be located within or outside the State, (3) be duly authorized to exercise trust powers in the State, (4) be subject to examination by a federal or state authority, and (5) maintain a reported capital and surplus of not less than \$5,000,000, or be a subsidiary of a bank holding Institution with such capital and surplus.

Supplemental Indentures not Requiring Consent of Bondholders (Section 801)

The Issuer and the Trustee, without the consent of or notice to any of the Bondholders, may enter into an indenture or indentures supplemental to the Indenture and not inconsistent with the terms and provisions of the Indenture or, in the sole judgment of the Trustee, materially adverse to the interests of the Trustee or the Holders of the Bonds, for any one or more of the following purposes:

- (1) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (2) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;
- (3) to subject additional rights and revenues to the Lien of the Indenture, or to identify more precisely the Trust Estate;
- (4) to obtain or maintain a rating on the Bonds from Moody's or Standard & Poor's;
- (5) to comply with the provisions of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes;
- (6) to modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law;

- (7) to enable the issuance of Additional Bonds;
- (8) to modify or supplement from time to time the procedures then required by the Indenture and the Custody Agreement to assure the timely receipt by the Trustee of Education Aid payable with respect to the Project Facility in adequate amounts to fund the requirements under the Indenture;
- (9) to permit the Bonds to be converted to certificated securities to be held by the registered owners thereof; or
- (10) for any other purpose not materially adverse to the interests of the Holders of the Bonds.

Supplemental Indentures Requiring Consent of Bondholders (Section 802)

Other supplemental indentures modifying the Indenture may be approved by the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding; provided that no supplemental indenture is permitted which would permit (1) without the consent of the Holder of such Bond, (a) a reduction in the rate, or extension of the time of payment, of interest on any Bond, (b) a reduction of any premium payable on the redemption of any Bond, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bond, or an extension of time in which the principal amount of any Bond is payable, whether at the stated or declared maturity or redemption thereof, (2) the creation of any Lien prior to or on a parity with the Lien of the Indenture (other than that parity Lien created to secure the Additional Bonds), (3) a reduction in the aforesaid aggregate principal amount of Bonds, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (4) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (5) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

Supplemental Indentures; Consent of the Institution (Section 803)

Supplemental indentures which affect the rights or liabilities of the Institution under the Indenture require the consent of the Institution.

Condition Precedent to Supplemental Indentures (Section 805)

Prior to executing any supplemental indenture in accordance with the provisions of Article VII of the Indenture, Bond Counsel shall deliver its opinion that the execution of such supplemental indenture will not adversely affect the exclusion under the Code of interest on the Tax-Exempt Bonds from the gross income of the holders thereof for federal income tax purposes.

Amendment to the Loan Agreement or other Financing Documents not Requiring Consent of Bondholders (Section 901)

The Issuer, the Institution and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Loan Agreement or any other Financing Document (other than the Indenture) as may be required (1) by the provisions of any Financing Document, (2) for the purpose of curing any ambiguity, inconsistency or formal defect therein or omission therefrom, (3) so as to identify more precisely the Project Facility, (4) in connection with any supplemental indenture Section 801 of the Indenture, or to effect any purpose for which there could be a

supplemental indenture pursuant to Section 801 of the Indenture, (5) to obtain or maintain a rating on the Bonds from Moody's or Standard & Poor's, (6) to permit the issuance of Additional Bonds, (7) to comply with the provisions of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (8) in connection with any other supplemental indenture, but only if any such amendment, change or modification, in the sole judgment of the Trustee, is not materially adverse to the interests of the Trustee or the Bondholders.

Amendments to Loan Agreement or other Financing Documents Requiring Consent of Bondholders
(Section 902)

Except for the amendments, changes or modifications as provided under the above caption, neither the Issuer, the Institution nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or any other Financing Document (other than the Indenture) without mailing notice thereof to, and obtaining the written approval or consent thereto of, the Holders of not less than two-thirds in aggregate principal amount of the Bonds at the time Outstanding given as provided in the Indenture.

Condition Precedent to Amendment to Loan Agreement or Other Financing Documents (Section 903)

Prior to any amendment to the Loan Agreement or other Financing Documents taking effect, Bond Counsel must deliver its opinion that the amendment of such Loan Agreement or other Financing Document will not adversely affect the exclusion under the Code of interest on the Tax-Exempt Bonds from the gross income of the holders thereof for federal income tax purposes.

Discharge of Lien (Section 1001)

If the Issuer (1) shall pay or cause to be paid, to the Holders and Owners of the Bonds, the principal of the Bonds and premium, if any, due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, (2) shall pay or cause to be paid from any source, to the Holders and Owners of the Bonds, the interest to become due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, (3) shall have paid all fees, costs and expenses including, but not limited to, reasonable attorney's fees of the Trustee and each paying agent, (4) shall pay or cause to be paid the entire Rebate Amount to the United States in accordance with the Tax Documents and the Indenture, and (5) shall cause to be delivered an opinion of Independent Counsel stating that all conditions precedent with respect to the satisfaction and discharge of the Indenture have been met, then the Indenture and the trust and rights thereby granted will cease, terminate and be void, and thereupon the Trustee will (a) cancel and discharge the Lien of the Indenture upon the Trust Estate and the Trustee's rights under the other Financing Documents and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy same, (b) reconvey to the Issuer the Loan Agreement and the trust conveyed by the Indenture, and (c) assign and deliver to the Institution any interest in Property at the time subject to the Lien of the Indenture and the other Financing Documents which may then be in its possession, except amounts held by the Trustee for the payment of principal of, and the interest and premium, if any, on, the Bonds.

All Outstanding Bonds will, prior to the maturity or Redemption Date thereof, be deemed to have been paid if, under circumstances which, in the opinion of Bond Counsel, do not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, the following conditions have been fulfilled: (1) in case any of the Bonds are to be redeemed prior to their maturity, the Institution shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided in the Indenture; and (2) there is on deposit with the Trustee moneys, which shall be either cash or Defeasance Obligations, in an amount

sufficient, without the need for further investment or reinvestment, but including any scheduled interest on or increment to such obligations, to pay when due the principal, premium, if any, and interest due and to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and to pay the Trustee for its Ordinary Services and Ordinary Expenses and for its Extraordinary Services and Extraordinary Expenses.

The Trustee may rely upon an opinion of an Accountant as to the sufficiency of the cash or such Defeasance Obligations on deposit.

Limitations on Issuer Liability (Section 1109)

The obligations and agreements of the Issuer contained in the Indenture or in any other document executed by the Issuer in connection therewith shall (A) be deemed obligations and agreements of the Issuer, and not of any member, officer, agent or employee of the Issuer in his or her individual capacity, (B) not be an obligation of the State of New York or of the City of Albany, New York, and (C) be limited obligations of the Issuer, payable solely from the revenues of the Issuer derived from the sale or other disposition of the Project Facility.

No Recourse to Officers, Directors or Employees of Institution (Section 1112)

All covenants, stipulations, promises, agreements and obligations of the Institution contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Institution and not of any officer, director, employee, agent or servant of the Institution in his individual capacity, and no recourse under or upon any obligation, covenant or agreement in the Indenture contained therein or otherwise based upon or in respect of the Indenture, or for any claim based therein or otherwise in respect thereof, shall be had against any past, present or future officer, director, employee, agent or servant, as such, of the Institution or of any successor entity on behalf of the Institution, it being expressly understood that no such personal liability whatever shall attach to, or is or shall be incurred by, any such officer, director, employee, agent or servant of the Institution or of any successor entity on behalf of the Institution because of the creation of the obligations hereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Indenture; and that any and all such personal liability of, and any and all such rights and claims against, every such officer, director, employee, agent or servant because of the creation of the obligations authorized by the Indenture, or under or by reason of the obligations, covenants or agreements contained in the Indenture or implied therefrom, are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution by the Institution of its consent to the Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

Pursuant to the Loan Agreement, the Issuer will make the Loan to the Institution of the proceeds of the Initial Bonds for the purpose of assisting in financing the Initial Project. Reference is made to the Loan Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Loan Agreement and should not be considered a full statement thereof.

Representations, Warranties and Covenants of the Issuer (Section 2.1)

The Issuer will make the following representations, warranties and covenants, among others:

(1) The Issuer is duly established under the provisions of the Enabling Act and has the power to enter into the Loan Agreement and to carry out the obligations thereunder. By proper official action, the Issuer has been duly authorized to execute, deliver and perform the Loan Agreement and the other Financing Documents to which the Issuer is a party.

(2) Subject to the limitations contained in the Loan Agreement, so long as the Bonds shall be Outstanding, the Issuer will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Institution, together with Bond Counsel, advise the Issuer in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (a) cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Financing Documents, or (b) adversely affect the exclusion of the interest paid or payable on any Tax-Exempt Bond from gross income for federal income tax purposes. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the Institution is required to rebate any amount with respect to such administrative fee, the Issuer shall provide, upon the reasonable request of the Institution, such information concerning the investment of such administrative fee as shall be requested by the Institution and as shall be reasonably available to the Issuer.

Representations and Covenants of the Institution (Section 2.2)

The Institution makes the following representations and covenants, among others:

(1) The Institution is an education corporation duly organized and validly existing under the laws of the State of New York, is duly authorized to do business in the State, has the power to enter into the Loan Agreement and the other Financing Documents to which the Institution is a party and to carry out its obligations thereunder, has been duly authorized to execute the Loan Agreement and the other Financing Documents to which the Institution is a party, and is qualified to do business in all jurisdictions in which its operations or ownership of Properties so require. The Loan Agreement and the other Financing Documents to which the Institution is a party, and the transactions contemplated thereby, have been duly authorized by all necessary action on the part of the board of trustees of the Institution.

(2) The Institution will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Issuer, together with Bond Counsel, advise the Institution in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (a) adversely affect the exclusion of the interest paid or payable on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (b) cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the Financing Documents.

(3) The Project Facility and the operation thereof will comply in all material respects with all Applicable Laws, and the Institution will defend and save the Issuer and its members, directors, officers, agents, servants and employees harmless from all fines and penalties due to failure to comply therewith. The Institution shall cause all notices required by all Applicable Laws to be given, and shall comply or cause compliance with all Applicable Laws, and the Institution will defend and save the Issuer and its officers, members, agents, directors and employees harmless from all fines and penalties due to failure to comply therewith.

(4) All of the proceeds of the Initial Bonds shall be used to pay the costs of the Initial Project, and the total cost of the Initial Project is expected to at least equal \$_____.

(5) The Institution will comply with all of the terms, conditions and provisions of the Tax Regulatory Agreement. All of the representations, certifications, statements of reasonable expectation and covenants made by the Institution in the Tax Regulatory Agreement are hereby declared to be for the benefit of, among others, the Issuer and are incorporated in the Loan Agreement as though set forth in full therein.

(6) The Institution represents that (a) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law; (b) it has received a letter or other notification from the Internal Revenue Service to that effect; (c) such letter or other notification has not been modified, limited or revoked; (d) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (e) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (f) it is exempt from federal income taxes under Section 501(a) of the Code. The Institution agrees that it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in a manner which will conform to the standards necessary to qualify the Institution as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law.

Covenant with Trustee, Bondholders (Section 2.3)

The Issuer and the Institution agree that the Loan Agreement is executed in part to induce the purchase of the Bonds by the Holders and Beneficial Owners from time to time of the Bonds. Accordingly, all representations, covenants and agreements on the part of the Issuer and the Institution set forth in the Loan Agreement (other than the Unassigned Rights) are declared to be for the benefit of the Issuer, the Trustee and the Holders and Beneficial Owners from time to time of the Bonds.

Acquisition, Construction, Reconstruction and Installation of the Project Facility (Section 3.1)

The Institution shall promptly acquire, construct, reconstruct and install the Project Facility, or the cause the acquisition, reconstruction and installation of the Project Facility, all in accordance with the Plans and Specifications.

Issuance of the Initial Bonds; Loan of the Proceeds Thereof (Section 3.2)

In order to make the Loan for the purposes of financing a portion of the Cost of the Project relating to the Initial Project, together with other costs and incidental expenses in connection therewith, the Issuer agrees that it will use its best efforts to (a) issue and deliver the Initial Bonds in the aggregate principal amount of \$ _____ and (b) cause the Initial Bonds to be delivered to the Underwriter as original purchaser of the Initial Bonds, all as provided in the Initial Bond Resolution, the Certificate of Determination, the Initial Bond Purchase Agreement and the Indenture.

As provided in the Indenture, the proceeds from the sale of the Initial Bonds shall be loaned by the Issuer to the Institution and paid as follows: (1) a sum equal to any accrued interest, if any, paid by the Underwriter as original purchaser shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Bond Fund, (2) a sum equal to the Reserve Fund Requirement with respect to the Initial Bonds shall be deposited by the Trustee into the Reserve Fund and (3) the balance of the proceeds from the sale of the Bonds shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Project Fund. As provided in the Initial Bond Purchase Agreement, the Underwriter will advance the proceeds of the sale of the Initial Bonds to the Trustee in a single advance for deposit in accordance with the provisions of the Indenture. Pending disbursement pursuant to the provisions of the Loan

Agreement and the Indenture, the proceeds of the Initial Bonds deposited in accordance with the provisions of the Indenture, together with any investment earnings thereon, shall constitute a part of the Trust Estate assigned by the Issuer to the payment of Debt Service Payments as provided in the Indenture.

Application of Proceeds of the Initial Bonds (Section 3.3)

The portion of the proceeds of the sale of the Initial Bonds on deposit in the Project Fund will be deposited by the Issuer with the Trustee as provided in the Indenture and, upon submission to the Trustee of a Request for Disbursement certified by an Authorized Representative of the Institution and complying with the requirements of the Indenture, will be applied to pay certain costs and expenses incurred in connection with the Initial Project as detailed in the Loan Agreement.

Any disbursements from the Project Fund for the payment of the Project Costs relating to the Initial Project shall be made by the Trustee only upon the written order of the Authorized Representative of the Institution.

Any moneys relating to the Initial Bonds remaining in the Project Fund after the date of completion of the Initial Project and the payment, or provision for payment, in full of the Project Costs relating to the Initial Project, at the direction of the Authorized Representative of the Institution, promptly shall be:

- (1) used to construct, install, equip and improve such additional real or personal property in connection with the Initial Project as is designated by the Authorized Representative and the construction, installation, equipment and improvement of which will be permitted under the Enabling Act, provided that any such use shall be accompanied by evidence satisfactory to the Trustee that the average reasonably expected economic life of such additional property, together with the other property theretofore acquired with the proceeds of the Bonds, will not be less than 5/6ths of the average maturity of the Initial Bonds or, if such evidence is not presented with the direction, an opinion of Bond Counsel to the effect that the acquisition of such additional property will not result in the interest on the Initial Bonds becoming included in the gross income of the Holders of the Initial Bonds for federal income tax purposes;
- (2) used for the purchase of Initial Bonds in the open market for the purpose of cancellation at prices not exceeding the full market value thereof plus accrued interest thereon to the date of payment therefor;
- (3) paid into the Bond Fund to be applied to the redemption of the Initial Bonds; or
- (4) used for a combination of the foregoing as is provided in that direction.

In all such cases, any payments made pursuant to the preceding paragraph shall be made only to the extent that such use or application will not, in the opinion of Bond Counsel or under ruling of the Internal Revenue Service, result in the interest on the Initial Bonds becoming included in the gross income of the Holders thereof for federal income tax purposes.

Completion of the Project Facility (Section 3.4)

The Institution will proceed with due diligence to commence and complete the acquisition, construction, reconstruction and installation of the Project Facility.

Completion by the Institution (Section 3.5)

In the event that the Bond Proceeds are not sufficient to pay in full all costs of acquiring, constructing, reconstructing and installing the Project Facility, the Institution agrees to complete such acquisition, construction, reconstruction and installation and to pay all such sums as may be in excess of moneys available therefor in the Project Fund.

Investment of Fund Moneys (Section 3.7)

At the oral (promptly confirmed in writing) or written request of the Authorized Representative of the Institution, any moneys held as part of any Fund created under the Indenture shall be invested or reinvested by the Trustee in Authorized Investments. The Institution covenants that the Institution will restrict that investment and reinvestment and the use of the proceeds of the Tax-Exempt Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Tax-Exempt Bonds, so that the Tax-Exempt Bonds will not constitute arbitrage bonds under Section 148 of the Code.

Rebate Fund (Section 3.8)

The Institution agrees to make such payments to the Trustee as are required of it under Section 407 of the Indenture (Rebate Fund) and to pay the costs and expenses of the independent certified public accounting firm or firm of attorneys engaged in accordance with said Section 407 of the Indenture. The obligation of the Institution to make such payments shall remain in effect and be binding upon the Institution notwithstanding the release and discharge of the Indenture.

Loan Payments and other Amounts Payable (Section 5.1)

Upon the terms and conditions of the Loan Agreement, the Issuer will make the Loan to the Institution. In consideration of and in repayment of the Loan, the Institution shall make, as Loan Payments, payments sufficient in amount to pay when due the Debt Service Payments due and payable on the Bonds. The Institution shall pay Loan Payments as follows:

- (1) on each January 15, March 15 and May 15, the Institution shall cause to be delivered to the Trustee for deposit into the Bond Fund immediately available funds in an amount equal to one-third (1/3) of the interest payable on the Bonds on the next June 1 and one-sixth (1/6) of the principal payable on the Bonds on the next June 1;
- (2) on each July 15, September 15 and November 15, the Institution shall cause to be delivered to the Trustee for deposit into the Bond Fund immediately available funds in an amount equal to one-third (1/3) of the interest payable on the Bonds on the next December 1 and one-sixth (1/6) of the principal payable on the Bonds on the next June 1;
- (3) upon receipt of notice from the Trustee pursuant to the Indenture that a withdrawal has been made from the Reserve Fund which results in a deficiency in the amount required to be on deposit to the credit of the Reserve Fund, the Institution will make available to the Trustee for deposit in the Reserve Fund moneys to replenish such withdrawal from the Reserve Fund in bi-monthly payments payable each January 15, March 15, May 15, July 15, September 15 and November 15, commencing immediately succeeding the date of receipt by the Institution from the Trustee of such notice, each such payment to be in an amount at least equal to one-sixth of the amount identified in such notice; provided that no further payments shall be required as a result

of such notice if and when the amount on deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement; and

(4) subsequent to the Repair and Replacement Fund being funded in an amount equal to the Repair and Replacement Fund Requirement pursuant to Section 4.1(A) of the Custody Agreement, upon receipt of a withdrawal from the Repair and Replacement Fund which results in a deficiency in the amount required to be on deposit to the credit of the Repair and Replacement Fund, the Institution will make available to the Trustee for deposit in the Repair and Replacement Fund moneys to replenish such withdrawal from the Repair and Replacement Fund in bi-monthly payments payable each January 15, March 15, May 15, July 15, September 15 and November 15, commencing immediately succeeding the date of receipt by the Institution of such withdrawal, each such payment to be in an amount at least equal to one-sixth of the amount identified in such notice; provided that no further payments shall be required as a result of such withdrawal if and when the amount on deposit in the Repair and Replacement Fund is at least equal to the Repair and Replacement Fund Requirement.

The Institution shall pay as additional Loan Payments under the Loan Agreement any premium when due on the Bonds and the following:

(1) Within thirty (30) days after receipt of a demand therefor from the Trustee, the Institution shall pay to the Trustee the following amounts: (a) the reasonable fees, costs and expenses of the Trustee for performing its obligations under the Indenture, including any Ordinary Fees and Ordinary Expenses and Extraordinary Fees and Extraordinary Expenses; (b) the sum of the expenses of the Trustee reasonably incurred in performing the obligations of (i) the Institution under the Loan Agreement or the Custody Agreement, or (ii) the Issuer under the Bonds, the Indenture or the Loan Agreement; and (c) the Trustee's reasonable attorneys' fees incurred in connection with the foregoing and other moneys due the Trustee pursuant to the provisions of any of the Financing Documents.

(2) (a) On the Closing Date, the Institution shall pay to the Issuer, (i) a lump sum payment in an amount equal to the Issuer's administrative fee for the issuance of the Initial Bonds; plus (ii) an additional lump sum additional loan payment in an amount equal to the fees and expenses of general counsel and Bond Counsel to the Issuer relating to the Project.

(b) Within thirty (30) days after receipt of a demand therefor from the Issuer, the Institution shall pay to the Issuer the sum of the reasonable expenses of the Issuer and the officers, members, agents and employees thereof incurred by reason of the Issuer's ownership, financing or sale of the Project Facility or in connection with the carrying out of the Issuer's duties and obligations under the Loan Agreement or any of the other Financing Documents, and any other fee or expense of the Issuer with respect to the Project Facility, the sale of the Project Facility to the Institution, the Bonds or any of the other Financing Documents, the payment of which is not otherwise provided for under the Loan Agreement.

(3) Within thirty (30) days after receipt of a demand therefor from the Custodian, the Institution will pay to the Custodian the following amounts: (a) the reasonable fees, costs and expenses of the Custodian for performing its obligations under the Custody Agreement; (b) the sum of the expenses of the Custodian reasonably incurred in performing the obligations of the Institution under the Custody Agreement; and (c) the Custodian's reasonable attorneys' fees incurred in connection with the foregoing and other moneys due the Custodian pursuant to the provisions of the Custody Agreement.

(4) In accordance with the terms of the Custody Agreement, the Institution shall pay, or cause to be paid, the amounts specified in the Custody Agreement Notice for deposit by the Trustee in the Repair and Replacement Fund.

In the event the Institution fails to make any of the above payments for a period of more than ten (10) days from the date such payment is due, the Institution shall pay the same, together with interest thereon, at the Default Interest Rate, from the date on which such payment was due until the date on which such payment is made.

In the event of an application of moneys in the Project Fund toward prepayment of the principal of the Bonds pursuant to Section 404(D) of the Indenture, there shall be no abatement or reduction in the amounts payable by the Institution under the Loan Agreement.

Nature of Obligations of Institution under the Loan Agreement (Section 5.2)

The obligations of the Institution under the Loan Agreement will be general obligations of the Institution and will be absolute and unconditional irrespective of any defense or any rights of set-off, recoupment, counterclaim or abatement that the Institution may otherwise have against the Issuer or the Trustee. The Institution agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants contained in, the Loan Agreement, or terminate the Loan Agreement for any cause whatsoever.

Prepayment of Loan Payments (Section 5.3)

At any time that the Bonds are subject to redemption under the optional redemption provisions of the Indenture, the Institution may, at its option, prepay, in whole or in part, the Loan Payments payable under the Loan Agreement by causing there to be moneys in an amount equal to the Redemption Price of the Bonds being redeemed on deposit with the Trustee, or the Purchase Price of Bonds being purchased in lieu of redemption, no more than sixty (60) days and no less than thirty (30) days prior to the date such moneys are to be applied to the redemption of such Bonds under the Indenture.

Maintenance and Modification of the Project Facility (Section 6.1)

So long as any of the Bonds are Outstanding, and during the term of the Loan Agreement, the Institution will keep the Project Facility in good condition and make all necessary repairs.

Taxes, Assessments And Utility Charges (Section 6.2)

The Institution will pay or cause to be paid all taxes, assessments, and utility charges associated with the Project Facility.

Insurance Required (Section 6.3)

The Institution is required to maintain insurance to protect the interests of the Institution, the Issuer and the Trustee.

Damage, Destruction and Condemnation (Section 7.1 and Section 7.2)

In the case of damage to or the destruction or Condemnation of the Project Facility, the Institution, but not the Issuer, will have an obligation to replace, repair, rebuild or restore the Project Facility, using insurance or Condemnation proceeds for this purpose to the extent available, unless the

Institution elects not to replace, repair, rebuild or restore the Project Facility and to cause a defeasance of the Bonds in accordance with the Indenture and the Tax Documents. If the Institution opts to provide for the defeasance of the Bonds and if the Net Proceeds collected under any and all policies of insurance or of any Condemnation award are less than the amount necessary to defease the Bonds in full and pay any and all amounts payable under the Financing Documents to the Issuer and the Trustee, the Institution will be required to pay to the Trustee the difference between such amounts and the Net Proceeds of all insurance settlements and Condemnation awards so that all of the Bonds then Outstanding will be defeased and any and all amounts payable under the Financing Documents to the Issuer and the Trustee will be paid in full.

Termination (Section 8.17)

Upon (1) payment in full of the Loan evidenced by the Bonds, (2) termination of the Pledge and Assignment, (3) payment in full of all other Indebtedness evidenced by the Loan Agreement and (4) performance by the Institution of all other obligations of the Institution to the Issuer pursuant to the provisions of the Loan Agreement (collectively, the “Termination Preconditions”), the Loan Agreement shall terminate, except as provided in Section 11.8 thereof (Survival of Obligations). Upon satisfaction of the Termination Preconditions, the Issuer agrees to execute and deliver to the Institution the Termination of Loan Agreement.

Use of the Project Facility (Section 8.18)

Subsequent to the Closing Date, (A) the Institution shall not use the Project Facility, or permit the Project Facility to be used, by any Nonexempt Person or in any “unrelated trade or business”, within the meaning of Section 513(a) of the Code, in such manner or to such extent as would cause the interest paid or payable on the Tax-Exempt Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes or loss of the Institution’s status as an exempt organization under Section 501(c)(3) of the Code, and (B) the Institution shall be entitled to use the Project Facility as educational facility, but not (1) as facilities used or to be used primarily for sectarian instruction or as a place of religious worship or (2) primarily as in connection with any part of a program of a school or department of divinity for any religious denomination.

Assignment of the Loan Agreement (Section 9.1)

The Loan Agreement may not be assigned by the Institution, in whole or in part, without the prior written consent of the Issuer, which consent will not be unreasonably withheld or delayed.

Merger of the Issuer (Section 9.2)

Nothing contained in the Loan Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or assignment by the Issuer of its rights and interests hereunder to, any other public instrumentality or a political subdivision of the State or the City of Albany, New York which has the legal authority to perform the obligations of the Issuer under the Loan Agreement, provided that (1) the exclusion of the interest payable on the Tax-Exempt Bonds from gross income for Federal income tax purposes shall not be adversely affect thereby; and (2) upon any such consolidation, merger or assignment, the due and punctual performance and observance of all of the agreements and conditions of the Loan Agreement, the Bonds and the Indenture to be kept and performed by the Issuer shall be expressly assumed in writing by the public instrumentality or political subdivision resulting from such consolidation or surviving such merger or to which the Issuer’s rights and interests hereunder or under the Loan Agreement shall be assigned.

Events of Default Defined (Section 10.1)

Under the Loan Agreement, one or more of the following events will constitute an “Event of Default”:

(1) A default by the Institution in the due and punctual payment of the basic Loan Payments due pursuant to the Loan Agreement.

(2) The Institution shall fail to deliver to the Trustee, or cause to be delivered on their behalf, the moneys needed to redeem any outstanding Bonds in the manner and upon the date requested in writing by the Trustee as provided in Article III of the Indenture.

(3) A default in the performance or observance of any other of the covenants, conditions or agreements on the part of the Institution in the Loan Agreement and the continuance thereof for a period of thirty (30) days after written notice is given by the Issuer or the Trustee to the Institution (with a copy to the Trustee, if given by the Issuer), or, if such covenant, condition or agreement is capable of cure but cannot be cured within such thirty (30) day period, the failure of the Institution to commence to cure within such thirty (30) day period and to thereafter prosecute the same with due diligence and, in any event, to cure such default within sixty (60) days after such written notice is given.

(4) The occurrence of an “Event of Default” under any of the other Financing Documents.

(5) Any representation or warranty made by the Institution in the Loan Agreement or in any other Financing Document proves to have been false at the time it was made.

(6) The Institution shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due.

(7) Any sale, conveyance, lease agreement or any other change of ownership of the Project Facility, whether occurring voluntarily or involuntarily, or by operation of law or otherwise, by the Issuer or the Institution (except pursuant to the Loan Agreement or a Permitted Encumbrance) of their respective interests in the Project Facility or any part thereof, or the granting of any easements or restrictions or the permitting of any encroachments on the Project Facility, except as permitted in the Loan Agreement or a Permitted Encumbrance.

(8) (a) The filing by the Institution (as debtor) of a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy statute; (b) the failure by the Institution within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair the Institution’s ability to carry out its obligations under the Loan Agreement; (c) the commencement of a case under the Bankruptcy Code against the Institution as the debtor or commencement under any other federal or state bankruptcy statute of a case, action or proceeding against the Institution and continuation of such case, action or proceeding without dismissal for a period of sixty (60) days; (d) the entry of an order for relief by a court of competent jurisdiction under the Bankruptcy Code or any other federal or state bankruptcy statute with respect to the debts of the Institution; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the Property of the Institution, unless such order, judgment or decree is vacated, dismissed or dissolved within sixty (60) days of such appointment.

(9) The removal of the Equipment or any portion thereof outside City of Albany, New York, without the prior written consent of the Issuer, other than in connection with a removal under Section 9.4(C) of the Loan Agreement (permitting removal of obsolete or unnecessary portions of the Equipment).

(10) Any provision of the Loan Agreement or any of the other Financing Documents shall at any time for any reason cease to be valid and binding on the related obligor thereunder or shall be declared to be null and void by any court or governmental authority or agency having jurisdiction over the Institution, or the validity or the enforceability thereof shall be contested by the Institution, the Issuer or the Trustee, in a judicial or administrative proceeding.

(11) Any Financing Document shall cease to be in full force and effect, or any Lien created or purported to be created in any collateral pursuant to any Financing Document shall fail to be valid, enforceable and perfected Lien in favor of the secured party or parties named in such Financing Document, having the priority purported to be given such Lien under such Financing Documents, or the Institution, the Trustee or any Governmental Authority shall assert any of the foregoing, unless such failure of validity, enforceability or perfection is caused by the negligence or intentional act of the lender.

(12) The termination, non-renewal or any other loss of the charter of the Institution.

Notwithstanding the foregoing, if by reason of force majeure (as hereinafter defined) either party to the Loan Agreement shall be unable, in whole or in part, to carry out its obligations under the Loan Agreement and if such party shall give notice and full particulars of such force majeure in writing to the other party and to the Trustee within a reasonable time after the occurrence of the event or cause relied upon, the obligations under the Loan Agreement of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this provision shall not be deemed an Event of Default under the Loan Agreement. Notwithstanding this provision, an event of force majeure shall not excuse, delay or in any way diminish certain obligations of the Institution to make certain payments, to obtain and continue in full force and effect certain insurance, to provide certain indemnity required by the Loan Agreement and to comply with certain other provisions of the Loan Agreement. The term "force majeure" as used in the Loan Agreement shall include acts outside of the control of the Issuer and the Institution, including but not limited to acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of any Governmental Authority or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, and partial or entire failure of utilities. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout or other industrial disturbances by acceding to the demands of the opposing party or parties.

Remedies on Default (Section 10.2)

Whenever any Event of Default shall have occurred, the Issuer and/or the Trustee may, to the extent permitted by law, take any one or more of the following remedial steps:

- (1) declare, by written notice to the Institution, to be immediately due and payable (a) all unpaid installment purchase payments payable pursuant to the Loan Agreement and (b) all other payments due under the Loan Agreement or any of the other Financing Documents;
- (2) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due under the Loan Agreement and to enforce the obligations, agreements or covenants of the Institution under the Loan Agreement;
- (3) terminate disbursement of the Bond Proceeds; or
- (4) exercise any remedies available pursuant to any of the other Financing Documents.

No Recourse; Special Obligation (*Section 11.10*)

The obligations and agreements of the Issuer contained in the Loan Agreement and in the other Financing Documents and any other instrument or document executed in connection therewith, and any other instrument or document supplemental thereto, will be deemed the obligations and agreements of the Issuer, and not of any member, officer, director, agent, servant or employee of the Issuer in his individual capacity, and the members, officers, directors, agents, servants and employees of the Issuer will not be liable personally on the Loan Agreement or such other documents or be subject to any personal liability or accountability based upon or in respect of the Loan Agreement or such other documents or of any transaction contemplated by the Loan Agreement or such other documents.

The obligations and agreements of the Issuer contained in the Loan Agreement or such other documents will not constitute or give rise to an obligation of the State of New York or of the City of Albany, New York, and neither the State of New York nor the City of Albany, New York will be liable hereon or thereon, and, further, such obligations and agreements will not constitute or give rise to a general obligation of the Issuer, but rather will constitute limited obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the sale or other disposition of the Project Facility (except for revenues derived by the Issuer with respect to the Unassigned Rights).

No order or decree of specific performance with respect to any of the obligations of the Issuer under the Loan Agreement will be sought or enforced against the Issuer unless (A) the party seeking such order or decree will first have requested the Issuer in writing to take the action sought in such order or decree of specific performance, and ten (10) days will have elapsed from the date of receipt of such request, and the Issuer will have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten days, will have failed to institute and diligently pursue action to cause compliance with such request within such ten day period) or failed to respond within such notice period, (B) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree will have placed in an account with the Issuer an amount or undertaking sufficient to cover such reasonable fees and expenses, and (C) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents, servants or employees will be subject to potential liability, the party seeking such order or decree (1) agrees to indemnify and hold harmless the Issuer and its members, officers, agents and employees against any liability incurred as a result of its compliance with such demand, and (2) if requested by the Issuer, furnishes to the Issuer satisfactory security to protect the Issuer and its members, officers, agents and employees against all liability expected to be incurred as a result of compliance with such request. Any failure to provide the indemnity and/or security required in this paragraph shall not affect the full force and effect of an Event of Default under the Loan Agreement.

No Recourse Relating to the Institution (Section 11.11)

All covenants, stipulations, promises, agreements and obligations of the Institution contained in the Loan Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Institution and not of any officer, director, employee, agent or servant of the Institution in his individual capacity, and no recourse under or upon any obligation, covenant or agreement in the Loan Agreement contained therein or otherwise based upon or in respect of the Loan Agreement, or for any claim based therein or otherwise in respect thereof, shall be had against any past, present or future officer, director, employee, agent or servant as such, of the Institution or of any successor entity on behalf of the Institution, it being expressly understood that no such personal liability whatever shall attach to, or is or shall be incurred by, any such officer, director, employee, agent or servant of the Institution or of any successor entity on behalf of the Institution because of the creation of the obligations hereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Loan Agreement; and that any and all such personal liability of, and any and all such rights and claims against, every such officer, director, employee, agent or servant because of the creation of the obligations authorized by the Loan Agreement, or under or by reason of the obligations, covenants or agreements contained in the Loan Agreement or implied therefrom, are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution by the Institution of the Loan Agreement.

**SUMMARY OF CERTAIN PROVISIONS OF THE
PLEDGE AND ASSIGNMENT**

Pursuant to the Pledge and Assignment, to further secure the payment of the Bonds, the Issuer will pledge, assign, transfer and set over to the Trustee, and grant the Trustee a lien on and security interest in, all of the Issuer's right, title and interest in the Loan Agreement and any and all moneys due or to become due and any and all other rights and remedies of the Issuer under or arising out of the Loan Agreement, except for the Unassigned Rights.

The foregoing is a brief summary of the Pledge and Assignment and should not be considered a complete statement thereof. Reference is made to the Pledge and Assignment for complete details of the terms thereof.

SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTY

Pursuant to the Guaranty, the Institution's obligation to make all Loan Payments under the Loan Agreement and to perform all obligations related thereto, and the Issuer's obligation to repay the Initial Bonds, will be further secured. The following is a brief summary of certain provisions of the Guaranty and should not be considered a full statement thereof.

To further secure the payment of the Bonds, the Institution will pursuant to the Guaranty irrevocably and unconditionally guarantee to the Trustee (1) the full and prompt payment of moneys sufficient to pay, or to provide for the payment of, (a) the outstanding principal on the Bonds when and as the same becomes due, (b) any and all interest on the Bonds when and as the same becomes due, (c) any premium or redemption payment payable on the Bonds when and as the same becomes due, (d) the Redemption Price of the Bonds, when and as the same becomes due, and (e) any other sum payable by the Issuer or the Borrower under the Financing Documents, when and as the same shall become due, whether at the stated maturity thereof, by acceleration or upon prepayment or otherwise, and (2) the performance by the Borrower of its obligations under the Financing Documents. The Institution will also irrevocably

and unconditionally agree that, upon the occurrence of an Event of Default and the acceleration of the principal balance of the Bonds then Outstanding and all accrued but unpaid interest and any premium on the Bonds by the Trustee, the Institution will promptly pay the same.

SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND SECURITY AGREEMENT

Pursuant to the Pledge and Security Agreement, the Institution will grant to the Trustee a security interest in the Gross Revenues as additional security for the Bonds. Reference is made to the Pledge and Security Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Pledge and Security Agreement and should not be considered a full statement thereof.

Definitions (*Section 1*)

“Charter Schools Act” means Article 56 of the Education Law of the State of New York, as amended, and any regulations now or at any time promulgated thereunder.

“Education Aid” means, collectively, all New York State Education Department operating aid payments, state and federal disability aid payments and all other state and federal aid payments payable to the Institution pursuant to the Education Law of the State of New York or federal law for the payment of operations of the Institution.

“Gross Revenues” means, for any period of time for which calculated and regardless of the source, subject to the statutory provision prohibiting any pledge or assignment of Education Aid provided or to be provided to the Institution pursuant to Section 2853(3)(b) of the Charter Schools Act, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Institution, including accounts receivables or other rights to receive such revenues, determined in accordance with generally accepted accounting principles, consistently applied, including but not limited to Education Aid (subject to the statutory provision prohibiting any pledge or assignment of Education Aid provided or to be provided to the Institution pursuant to Section 2853(3)(b) of the Charter Schools Act) and other aid received by the Institution pursuant to federal or State law, requirements, grants or other programs, proceeds derived from insurance, condemnation proceeds, accounts, contract rights, including payment rights under chattel paper or an instrument, commercial tort claims, deposit accounts, investment property and other rights and assets, whether now or hereafter owned, held or possessed by the Institution; and all gifts, grants, bequests and contributions (including income and profits therefrom), all to the extent permitted by the terms thereof and by law, including but not limited to the statutory provision prohibiting any pledge or assignment of Education Aid provided or to be provided to the Institution pursuant to Section 2853(3)(b) of the Charter Schools Act.

“Parity Obligations” means Long-Term Indebtedness of the Institution incurred in accordance with Section 9 of the Pledge and Security Agreement, Section 3.9 of the Guaranty and Section 204 of the Indenture, including obligations of the Institution to one or more commercial banks or financial institutions obligated to contribute to making loans, purchasing bonds or otherwise making funds available as security for the payment of the principal and interest when due on Long-Term Indebtedness of the Institution.

“Secured Indebtedness” means (1) the payment of \$ _____, being the aggregate principal amount of the Initial Bonds, together with premium, if any, and interest thereon, according to their tenor and effect; (2) the payment of all other sums required to be paid by the Institution under the Pledge and Security Agreement and under the Guaranty, the Loan Agreement and the other Financing Documents;

and (3) the performance and observance by the Institution of all of the covenants, agreements, representations and warranties in the Pledge and Security Agreement and in the Guaranty, the Loan Agreement and the other Financing Documents made by the Institution.

All of the other capitalized terms used in the Pledge and Security Agreement and not otherwise defined therein shall have the meanings assigned thereto in the Indenture or, if not defined therein, in the Guaranty.

Pledge of Gross Revenues (Section 3)

In consideration of the issuance of the Bonds, the making of the Loan and in order to secure the Secured Indebtedness, the Institution hereby pledges, assigns, transfers, hypothecates and delivers to the Trustee, and hereby grants to the Trustee a security interest in, all of Institution's right, title and interest in and to the Gross Revenues, whether now owned or at any time hereafter acquired or arising and wherever located, and all proceeds, products and accessions thereof.

The assignment of Gross Revenues by the Institution is a present, irrevocable, absolute and unconditional assignment of the Gross Revenues, reserving unto the Institution, however, a license to collect, retain, enjoy and use such Gross Revenues prior to the occurrence of an Event of Default (as defined in the Pledge and Security Agreement) beyond the expiration of any applicable notice and cure period. This license shall be revocable by Trustee at any time following the occurrence of an Event of Default beyond the expiration of any applicable notice and cure periods.

Collection and Use of Gross Revenues (Section 8)

Subject to the provisions of Section 3 of the Pledge and Security Agreement), so long as no Event of Default has occurred (beyond the expiration of any applicable notice and grace period) and is continuing the Institution may collect, retain, enjoy and use the Gross Revenues; provided, however, that the Trustee shall have the right at any time upon the occurrence and continuation of an Event of Default (beyond the expiration of any applicable notice and cure periods) and upon written notice to the Institution of its intention to do so, to notify the School Districts, the account debtors or obligors under the Gross Revenues of the assignment of such Gross Revenues to the Trustee and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Institution thereunder directly to Trustee and, upon such notification and at the expense of the Institution, to enforce collection of any such Gross Revenues, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Institution might have done. After receipt by the Institution of the notice from the Trustee referred to in the preceding sentence and subject to Section of the Pledge and Security Agreement, (a) all amounts and proceeds received by Institution, in respect of the Gross Revenues shall be received in trust for the benefit of the Trustee, shall be segregated from other funds of the Institution and shall be forthwith paid over to the Trustee in the same form as so received (with any necessary endorsement) to be applied as provided by Section 15 of the Pledge and Security Agreement, and (b) the Institution shall not adjust, settle or compromise the amount or payment of any receivable, or release wholly or partly any School District, account debtor or obligor thereof, or allow any credit or discount thereon without the consent of the Issuer.

Parity Obligations (Section 9)

Notwithstanding anything in the Pledge and Security Agreement to the contrary, the Institution may issue, incur or assume Long-Term Indebtedness (as defined in the Guaranty) secured by a Lien on Gross Revenues, which in the event of any default and acceleration or claim on the Gross Revenues is

pari passu with the Lien on the Gross Revenues granted by the Pledge and Security Agreement in accordance with the terms of Section 214 of the Indenture and Section 2 of Schedule C to the Guaranty.

Events of Default (Section 12)

The following shall each be an “Event of Default” under the Pledge and Security Agreement and the terms “Event of Default” or “default” shall mean, whenever they are used in or with respect to the Pledge and Security Agreement, any one or more of the following events (beyond all applicable notice, cure and/or grace periods):

(A) a default in the due and punctual payment of principal of and premium, if any, and interest on, the Initial Bonds;

(B) if the Institution shall default in the due observance or performance of or compliance with any of the provisions, warranties, covenants, promises, agreements, terms or conditions to be observed, performed, or complied with by the Institution, as contained in the Pledge and Security Agreement other than those referred to in the other paragraphs of this Section, and such default shall continue for a period of thirty (30) days after notice thereof to the Institution by the Trustee; provided that in the case of a default under this paragraph (B) which cannot with due diligence be cured within such period of thirty (30) days, the time within which the Institution may cure the same shall be extended for such period as may be reasonably necessary in the Lender’s reasonable discretion to cure the same with due diligence (but in no event more than ninety (90) days from said notice), so long as the Institution commences within such thirty (30) days and proceeds diligently to cure the same;

(C) the occurrence of a default or an Event of Default under any of the Indenture, the Loan Agreement, the Guaranty or any other Financing Document beyond any applicable grace and cure periods;

(D) if any warranty, representation, certification, financial statement or other information made or furnished to induce the Issuer to issue the Initial Bonds, or made or furnished, at any time, in or pursuant to the terms of the Pledge and Security Agreement or otherwise by the Institution, shall prove to have been false or misleading in any material respect when made;

(E) the Institution shall (1) be generally not paying its debts as they become due, (2) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (3) make a general assignment for the benefit of its general creditors, (4) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (5) be adjudicated insolvent or be liquidated or (6) take corporate action for the purpose of any of the foregoing;

(F) the Institution shall conceal, remove or permit to be concealed or removed any part of the Gross Revenues with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of the Gross Revenues which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; or

(G) the imposition of a lien on the Gross Revenues, excepting the security interest created hereby, Permitted Encumbrances or liens being contested as provided in the Pledge and Security Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE

Pursuant to the Mortgage, the Institution will grant to the Issuer a lien on and security interest in the Project Facility as additional security for the Bonds. Reference is made to the Mortgage for complete details of the terms thereof. The following is a brief summary of certain provisions of the Mortgage and should not be considered a full statement thereof.

Granting Clauses (Section 2.01)

Pursuant to the Mortgage, to secure the payment of principal of, premium, if any, and interest on the Bonds, all amounts required to be paid under the Loan Agreement and the performance of the obligations of the Issuer and the Institution under the other Financing Documents, the Institution grants to the Issuer a mortgage on and a security interest in all right, title and interest of the Issuer and the Institution in the following (collectively, the “Mortgaged Property”): (A) the Project Facility, (B) all moneys and securities held from time to time by the Issuer under the Mortgage or the Trustee under the Indenture (other than moneys, securities and other investment property held in the Rebate Fund), (C) all rights and interests of the Issuer under the Loan Agreement (except the Unassigned Rights), (D) all leases, subleases, licenses, contract rights, general intangibles and other agreements affecting the use, operation or occupancy of all or any portion of the Project Facility (except the Unassigned Rights), (E) the proceeds of and any unearned premiums on any insurance policies covering the Project Facility, (F) any other proceeds of the conversion of the Project Facility, and (G) all extensions, additions, substitutions and accessions with respect to any of the foregoing; excepting therefrom, the Unassigned Rights.

Covenants (Section 2.01)

The Mortgage sets forth various covenants of the Institution regarding, among other things, (A) maintenance and modification of the Project Facility, (B) maintenance of insurance on the Project Facility, (C) payment of taxes, assessments and utility charges, (D) access to the Project Facility, and (E) access to books, records and other information relating to the Project Facility.

Events of Default (Section 6.01)

The following events constitute Events of Default under the Mortgage:

- (1) default by the Institution in the due and punctual payment of any sum due under Section 5.1(A) of the Loan Agreement;
- (2) default by the Institution in the due and punctual payment of any sum due under the Loan Agreement relating to the principal of, premium, if any, and interest on the Bonds;
- (3) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Institution in the Mortgage or any other Financing Document to be performed or observed and the continuance thereof for a period of thirty (30) days after written notice is given by the Issuer to the Institution, or, if such covenant, condition or agreement is capable of cure but cannot be cured within such thirty (30) day period, the failure of the Institution to commence to cure within such thirty (30) day period and to thereafter prosecute the same with due diligence and, in any event, to cure such default within ninety (90) days after such written notice is given;
- (4) the occurrence of an “Event of Default” under any of the Financing Documents;

(5) any representation or warranty made by the Institution in the Mortgage or in any other Financing Document shall have been materially false at the time that it was made;

(6) the Institution shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due;

(7) the Institution shall conceal, remove or permit to be concealed or removed any part of its Property, with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Property which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; or make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Property through legal proceedings or distraint which is not vacated within thirty (30) days from the date thereof;

(8) the Mortgaged Property, or any part thereof, is in any manner, whether voluntarily or involuntarily, encumbered, assigned, leased, subleased, sold, transferred or conveyed, except as is expressly provided in the Loan Agreement, or the Institution threatens to encumber, assign, lease, sublease, sell, transfer or convey, the Mortgaged Property, or any part thereof, to any person without the prior written consent of the Issuer, except as is expressly provided in the Loan Agreement;

(9) (a) the filing by the Institution (as debtor) of a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy statute; (b) the failure by the Institution within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair the Institution's ability to carry out its obligations hereunder; (c) the commencement of a case under the Bankruptcy Code against the Institution as the debtor or commencement under any other federal or state bankruptcy statute of a case, action or proceeding against the Institution and continuation of such case, action or proceeding without dismissal for a period of sixty (60) days; (d) the entry of an order for relief by a court of competent jurisdiction under the Bankruptcy Code or any other federal or state bankruptcy statute with respect to the debts of the Institution; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the Property of the Institution unless such order, judgment or decree is vacated, dismissed or dissolved within sixty (60) days of such appointment;

(10) final judgment for the payment of money in excess of \$500,000 shall be rendered against the Institution and the Institution shall not discharge the same or cause it to be bonded or discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered and secure a stay of execution pending such appeal; and

(11) the imposition of a Lien on the Mortgaged Property other than a Lien being contested as provided in Section 8.8(B) of the Loan Agreement or a Permitted Encumbrance.

Remedies on Default (Section 6.03)

Upon the happening of any Event of Default, the Issuer may, acting at the direction of the Controlling Bondholders, (A) accelerate the Indebtedness, and/or (B) commence an action to foreclose the Lien of the Mortgage on the Mortgaged Property, and/or (C) exercise various other remedies.

Upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the Trustee under the Mortgage, the Issuer is entitled to the appointment of a receiver of the Mortgaged Property.

The Net Proceeds received by the Issuer pursuant to any right given or action taken pursuant to the enforcement provisions of the Mortgage shall be applied in the following order of priority (A) first, to the payment of the fees, costs and expenses of the Issuer, including reasonable attorney's fees; (B) second, in accordance with the provisions contained in the Indenture respecting the application of moneys received under the enforcement provisions of the Indenture; (C) third, to the payment of any sum or charge (other than principal, premium, if any, or interest) evidenced or secured by the Mortgage and all interest payable thereon; (D) fourth, to the payment of interest on principal amounts then due and payable under the Loan Agreement or any other Financing Document; and (E) fifth, the balance thereof to be applied in reduction of any other amounts then due and payable under the Loan Agreement or any other Financing Document.

The Issuer may, acting at the direction of the Controlling Bondholders, agree to waive any Event of Default and its consequences and annul any acceleration.

SUMMARY OF CERTAIN PROVISIONS OF THE ASSIGNMENT OF MORTGAGE

Pursuant to the Assignment of Mortgage, the Issuer will assign its rights, title and interest in and to the Mortgage to the Trustee. Reference is made to the Assignment of Mortgage for complete details of the terms thereof and the foregoing should not be considered a full statement thereof.

APPENDIX E

FORM OF BOND COUNSEL OPINION

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City of Albany Capital Resource Corporation
21 Lodge Street
Albany, New York 12207

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof of the Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019 in the aggregate principal amount of \$_____ (the “Initial Bonds”) by City of Albany Capital Resource Corporation (the “Issuer”) (a public instrumentality of City of Albany, New York), a New York not-for-profit corporation, created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Enabling Act”).

The Initial Bonds are being issued under and pursuant to a bond resolution adopted by the members of the Issuer on April 18, 2019, a certificate of determination dated July __, 2019 (the “Certificate of Determination”) executed by the Chairperson, Vice Chairperson or Chief Executive Officer of the Issuer and a trust indenture dated as of July 1, 2019 (the “Indenture”) by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”), in connection with a project (the “Project”) to be undertaken by the Issuer for the benefit of Albany Leadership Charter High School for Girls (the “Institution”), said Project consisting of the following: (A) (1) the acquisition of an approximately 51,400 square foot high school building (the “Facility”) located at 19 Hackett Boulevard, Albany, New York (the “Land”) and (2) the acquisition and installation of various machinery and equipment therein and thereon (the “Equipment”) (the Land, the Facility and the Equipment being hereinafter referred to as the “Project Facility”), all of the foregoing to be operated by the Institution as an educational facility and any other directly or indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of the Initial Bonds; and (C) paying a portion of the costs incidental to the issuance of the Initial Bonds, including issuance costs of the Initial Bonds and any reserve funds as may be necessary to secure the Initial Bonds. The Issuer will make a loan to the Institution of the proceeds of the Initial Bonds (the “Loan”) for the purpose of assisting in financing the Project, and document the Loan by entering into a loan agreement dated as of July 1, 2019 (the “Loan Agreement”) between the Issuer, as lender, and the Institution, as borrower.

The Initial Bonds are dated the date hereof, are issued as fully registered bonds without coupons and mature and bear interest at the rates set forth therein. The Initial Bonds are subject to (A) optional, special and mandatory redemption prior to maturity, and (B) acceleration prior to maturity, all as set forth in the Indenture and in the Initial Bonds.

The principal of, redemption premium, if any, and interest on the Initial Bonds are payable from loan payments to be made by the Institution under the Loan Agreement. As security for the Initial Bonds, the Issuer has executed and delivered to the Trustee a pledge and assignment dated as of July 1, 2019 (the

“Pledge and Assignment”) which assigns to the Trustee certain of the Issuer’s rights under the Loan Agreement.

The (A) Institution’s obligation (1) to make all Loan Payments (as defined in the Loan Agreement) under the Loan Agreement and (2) to perform all obligations related thereto and (B) Issuer’s obligation to repay the Initial Bonds will be further secured by a guaranty dated as of July 1, 2019 (the “Guaranty”) from the Institution to the Trustee.

The Institution’s obligations pursuant to the Guaranty will be secured by a pledge and security agreement dated as of July 1, 2019 (the “Pledge and Security Agreement”) from the Institution to the Trustee, pursuant to which the Institution grants to the Trustee a security interest in the Gross Revenues of the Institution (as defined therein).

As additional security for the Bonds, (A) the Institution will execute and deliver to the Issuer a mortgage dated as of July 1, 2019 (the “Mortgage”) from the Institution to the Issuer, which Mortgage among other things, (1) grants to the Issuer a first mortgage lien on, and a security interest in, among other things, the Project Facility and (2) assigns to the Issuer the rents, issues and profits of the Project Facility and (B) the Issuer will execute and deliver to the Trustee an assignment of mortgage dated as of July 1, 2019 (the “Mortgage Assignment”) from the Issuer to the Trustee, pursuant to which the Issuer will assign the Mortgage to the Trustee.

As further security for the Bonds, (A) the Institution will execute and deliver to the Issuer an assignment of rents and leases dated as of July 1, 2019 (the “Assignment of Rents”) from the Institution to the Issuer, which Assignment of Rents, among other things, assigns to the Issuer (a) the rents, issues and profits of the Project Facility and (b) all leases, subleases, licenses or occupancy agreements affecting the Project Facility, and (B) the Issuer will execute and deliver to the Trustee an assignment of assignment of rents and leases dated as of July 1, 2019 (the “Assignment of Rents Assignment”) from the Issuer to the Trustee, pursuant to which the Issuer will assign the Assignment of Rents to the Trustee.

We have examined specimen Initial Bonds and executed counterparts of the Indenture, the Loan Agreement and the Pledge and Assignment (collectively, the “Issuer Documents”) and a certain tax regulatory agreement dated the date hereof from the Institution to the Trustee and the Issuer (the “Tax Regulatory Agreement”) and such certified proceedings and such other documents as we deemed necessary to render this opinion.

With respect to the due authorization, execution and delivery by the Institution of the agreements to which it is a party, we have relied on the opinion of Goldman Attorneys PLLC, counsel to the Institution. With respect to the due authorization, execution and delivery by Manufacturers and Traders Trust Company (both in its corporate capacity as signatory of the Indenture and in its capacity as Trustee) of the agreements to which it is a party, we have relied on the opinion of Harris Beach, PLLC, counsel to the Trustee.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. Furthermore, in rendering the following opinions, we have assumed that all documents executed by a person or persons other than the Issuer were duly executed and delivered by said other person or persons and that said documents constitute legal, valid and binding obligations of said person or persons enforceable against said person or persons in accordance with their terms.

In rendering the opinions expressed in paragraphs (D) and (E) below, we note that the exclusion of the interest on the Initial Bonds from gross income for federal income tax purposes may be dependent,

among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations thereunder (collectively, the “Tax Requirements”). In our opinion, the Tax Regulatory Agreement and the other Financing Documents (as defined in the Indenture) establish requirements and procedures, compliance with which will satisfy the Tax Requirements. It should be noted, however, that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Initial Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the Institution.

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained herein, we are of the opinion, as of the date hereof and under existing law, as follows:

(A) The Issuer was duly created and is validly existing as a not-for-profit corporation under the laws of the State of New York with the corporate power to enter into and perform its obligations under the Issuer Documents and to issue the Initial Bonds.

(B) The Issuer Documents have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as specified below.

(C) The Initial Bonds have been duly authorized, executed and delivered by the Issuer and, assuming due authentication thereof by the Trustee, are valid and binding special obligations of the Issuer payable with respect to the Issuer solely from the revenues derived by the Issuer from the revenues derived from the Loan Agreement.

(D) [1] The interest on the Initial Bonds is excludable from gross income for federal income tax purposes and is not an “item of tax preference” for purposes of the individual alternative minimum tax imposed by the Code, although such interest is included in adjusted current earnings in calculating the corporate alternative minimum taxable income imposed by the Code only for taxable years that began prior to January 1, 2018; provided, however, that (a) the Institution or another Person, by failing to comply with the Tax Requirements, may cause interest on the Initial Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Initial Bonds is included in determining (i) the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code, (ii) passive investment income for purposes of computing the tax on net passive income imposed on certain subchapter S corporations under Section 1375 of the Code, and (iii) the modified adjusted gross income of a taxpayer for purposes of computing the portion of Social Security or Railroad Retirement benefits included in gross income under Section 86 of the Code.

[2] The original issue discount in the selling price of certain maturities of the Initial Bonds, to the extent properly allocable to each holder of such Initial Bonds, is excludable from gross income for federal income tax purposes with respect to such holder. The original issue discount is the difference between the initial offering price by the underwriters to the public of the Initial Bonds initially sold at a discount (as adjusted to reflect the accretion of original issue discount to the date of original delivery) and the principal amount of such Initial Bonds. Under published rulings of the Internal Revenue Service, the original issue discount is generally apportioned among the original and succeeding holders of a tax-exempt bond so that each holder is entitled to treat as tax-exempt interest (and not as capital gain) that portion of the original issue discount which the number of days the bond is owned by him bears to the total number of days from the date of issuance of the bond to its stated maturity. In the event a bond is called for optional redemption, the rulings indicate that the original issue discount which would otherwise have accrued between the redemption date and the stated maturity is not allocated to any holder. There is

no published ruling as to the treatment of original issue discount in the case of mandatory redemption of a tax-exempt bond.]

(E) The Initial Bonds do not constitute “arbitrage bonds”, within the meaning of Section 148 of the Code, except as specified below.

(F) So long as interest on the Initial Bonds is excluded from gross income for federal income tax purposes, the interest on the Initial Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

(G) The Initial Bonds do not constitute a debt of the State of New York or of the City of Albany, New York, and neither the State of New York nor the City of Albany, New York is liable thereon.

We call your attention to the fact that the Institution or another person, by failing to comply with the Tax Requirements as set forth in the Code and the Tax Regulatory Agreement, may cause interest on the Initial Bonds to become subject to federal income taxation from the date hereof. We express no opinion regarding other federal tax consequences arising with respect to the Initial Bonds.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy, and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the validity, binding effect or enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors’ rights and remedies generally or (B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

We express no opinion with respect to (A) title to all or any portion of the Project Facility, (B) the priority of any liens, charges, security interests or encumbrances affecting the Project Facility or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to the Project Facility or the priority of any such lien, charge, security interest or encumbrance), (C) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or requirements for the physical commencement and continuance of the construction, reconstruction, installation, occupancy or operation of the Project Facility or with respect to the requirements of filing or recording of any of the Financing Documents, or (D) the laws of any jurisdiction other than the State of New York and other than the securities and the tax laws of the United States of America.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the other Financing Documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion with respect to the exclusion of interest on the Initial Bonds from gross income for federal income tax purposes is expressed herein as to the Initial Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Hodgson Russ LLP.

The scope of our engagement has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Institution or the Project Facility other than specifically hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Initial Bonds.

Our opinions set forth herein are based upon the facts in existence and the laws in effect on the date hereof and we expressly disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

We have rendered this opinion solely for your benefit and this opinion may not be relied upon by, nor copies hereof delivered to, any other person without our prior written approval.

Very truly yours,

HODGSON RUSS LLP

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT ("*Disclosure Agreement*") is entered into as of July __, 2019, by and among Albany Leadership Charter High School for Girls (the "*Institution*"), Manufacturers and Traders Trust Company, as Trustee (the "*Trustee*") and Manufacturers and Traders Trust Company (the "*Dissemination Agent*") in connection with the issuance by City of Albany Capital Resource Corporation (the "*Issuer*") of its \$ _____ aggregate principal amount Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019 (the "*Series 2019 Bonds*").

The Series 2019 Bonds are being issued pursuant to a Trust Indenture dated as of July 1, 2019 (the "Indenture"). Proceeds of the sale of the Series 2019 Bonds will be used by the Institution for the purposes of funding the costs of a project (the "Project") consisting of: (A) the acquisition of an approximately 51,400 square foot high school building (the "Facility") located at 19 Hackett Boulevard, Albany, New York (the "Land") (the Land and the Facility being hereinafter referred to as the "Project Facility"), all of the foregoing to be operated by the Institution as an educational facility and any other directly or indirectly related activities; and (B) paying a portion of the costs incidental to the issuance of the Series 2019 Bonds, including issuance costs and funding reserves with respect to the Series 2019 Bonds.

In order to permit the Underwriter of the Series 2019 Bonds to comply with the provisions of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 in connection with the public offering of the Series 2019 Bonds, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree for the sole and exclusive benefit of the Bondholders, as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Institution and the Trustee, in each case for the benefit of Bondholders and Beneficial Owners (as defined below) of the Series 2019 Bonds and in order to assist the Underwriter in complying with the Rule (as defined below). The Institution and the Trustee acknowledge that the Issuer has not undertaken any responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and the Issuer has no liability to any person, including any Bondholder or Beneficial Owner, concerning the Rule.

SECTION 2. Definitions. Capitalized terms used but not defined in this Disclosure Agreement shall have the meanings ascribed to them in the Indenture.

"Annual Report" shall mean any annual report and related annual information to be provided by the Institution, pursuant to Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any beneficial owner of a security, including a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares investment power which includes the power to dispose, or to direct the disposition, of such security subject to certain exceptions as set forth in this Disclosure Agreement. Any assertion of beneficial ownership must be filed with full documentary support, as part of the written request described in Section 10 of this Disclosure Agreement.

"Disclosure Representative" shall mean the School Business Administrator of the Institution or his or her designee, or such other person as the Institution shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean Manufacturers and Traders Trust Company, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent, designated in writing by the Institution and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system.

"Fiscal Year" shall mean the period of twelve months beginning July 1st of each year and ending on June 30th of the following year, or any other twelve month period adopted by the Institution as its fiscal year for accounting purposes.

"Listed Events" shall mean any of the events listed in Subsection 5(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Repository" shall mean the MSRB as the sole repository of information required to be provided pursuant to the Rule, in each instance through and in accordance with EMMA.

"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.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the State of New York.

"Underwriter" shall mean M&T Securities, Inc., as the original underwriter of the Series 2019 Bonds required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

SECTION 3. Obligations to Provide Continuing Disclosure.

On an annual basis, no later than 180 days after the end of each Fiscal Year of the Institution, commencing with the Fiscal Year ended June 30, 2019, the Institution shall provide to the Dissemination Agent and the Dissemination Agent shall provide, to the Repository, an Annual Report which is consistent with the requirements of Sections 3 and 4 of this Disclosure Agreement.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as is provided in Section 4(ii) hereof. If the Fiscal Year changes, the Institution shall give notice of such change in the same manner as required for a Listed Event. The Institution shall provide sufficient copies of the Annual Report to facilitate the Dissemination Agent's carrying out its duties, as set forth under this Disclosure Agreement.

If the Dissemination Agent has not received on or before 180 days after the last business day of the preceding Fiscal Year, an Annual Report from the Institution for the preceding Fiscal Year, and the Dissemination Agent does not have actual knowledge that the Annual Report has been provided to the Repository, the Dissemination Agent shall send a notice to the Repository in substantially the form attached hereto as Exhibit A, with a copy to the Institution.

The Dissemination Agent shall file a report with the Institution and (if the Dissemination Agent is not the Trustee) with the Trustee, certifying that the Annual Report has been provided to the Repository to this Disclosure Agreement, stating the date it was so provided.

SECTION 4. Content of Annual Report. (a) The Annual Report shall contain or include by reference the following core financial information and operating data:

(i) Specified Information.

A. The audited financial statements of the Institution for the most recently ended Fiscal Year prepared in accordance with generally accepted accounting principles as then in effect, consistently applied, which shall include the official interpretations thereof by the Financial Accounting Standards Board, using the accrual basis of accounting. If the Institution's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3 of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available, but, in any event, not later than 180 days after the last business day of such most recently ended Fiscal Year;

B. To the extent not included in the Institution's audited financial statements, material historical quantitative data, revenues, expenditures, financial operations and indebtedness with respect to the Institution and Series 2019 Bonds as set forth in Appendix A of the Official Statement dated _____, 2019 relating to the Series 2019 Bonds under the following headings and sub-categories (excluding, in all cases, future projections): (1) Heading "Governance and Administration" subcategories: "Teachers and Staff"; "Enrollment"; "Waiting List"; "Student Demographics"; "Graduation Rates"; "Service Areas and Competing Schools"; and (2) Heading "Financial Data for The Albany

Leadership Charter High School" subcategory "Basic Tuition" and "Budget of Funds and Reports".

(b) Cross-Reference. All or any portion of the Annual Report may be incorporated in the Annual Report by cross-reference to any other documents which were and are being filed under the Rule with the Repository, through and in accordance with EMMA. The audited or unaudited financial statements of the Institution may be provided in the same manner.

(c) Information Categories. The requirements contained in this Disclosure Agreement under Section 4(i)(b) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 4(i)(b) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

SECTION 5. Reporting of Listed Events.

(a) The Institution shall provide or shall cause the Dissemination Agent to provide in a timely manner, not in excess of ten (10) business days after the occurrence, to the Repository, written notice of any of the following events, in each case with respect to the Series 2019 Bonds ("**Listed Events**"):

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2019 Bonds, or other material events affecting the tax status of the Series 2019 Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2019 Bonds, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Institution;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Institution in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Institution, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Institution

13. The consummation of a merger, consolidation, or acquisition involving the Institution or the sale of all or substantially all of the assets of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the Institution, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Institution, any of which affect security holders, if material;
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Institution, any of which reflect financial difficulties;

Note to clauses (15 and 16): For the purposes of the events identified in clauses (15) and (16) above, the term “financial obligation” to mean 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). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

17. Failure of the Institution to comply with the requirements of Sections 3 and 4 of this Disclosure Agreement;

(b) Certain of the eight Listed Events subject to a materiality standard may not be applicable. Whenever the Institution obtains knowledge of the occurrence of such a Listed Event,

the Institution shall as soon as possible determine if such event would constitute material information for Bondholders of the Series 2019 Bonds.

(c) The Institution shall provide or shall cause the Dissemination Agent to provide in a timely manner to the Repository, written notice of a failure of any officer or other person authorized by the Institution to comply with Sections 3, 4 and 5 hereof.

(d) Notwithstanding the preceding, neither the Institution nor the Dissemination Agent will undertake to provide any of the following:

1. Notice with respect to (i) credit enhancement if (A) the credit enhancement is added after the primary offering of the Series 2019 Bonds, (B) the Institution does not apply for or participate in obtaining the enhancement, and (C) the Institution does not apply for or participate in obtaining the enhancement and the enhancement is not described in the Final Official Statement, or (ii) tax exemption other than pursuant to Section 103 of the Code;
2. The event notice, as described in Section 5(a)(8) above, with regard to a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Indenture, (ii) the only open issue is which Series 2019 Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the Series 2019 Bonds, and (iv) public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases; and
3. Updates or revisions to any forward-looking statements contained in the Final Official Statement, including, but not limited to, those that include the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes," "structured," "targets" or analogous expressions.

SECTION 6. Termination of Reporting Obligation. The Institution's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2019 Bonds.

SECTION 7. Dissemination Agent. The Institution 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 Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Institution pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee. For so long as the Trustee shall be the Dissemination Agent, the Institution shall pay the Dissemination Agent an

annual fee of \$500.00 upon the execution of this Disclosure Agreement and on each anniversary thereof.

SECTION 8. Amendments. An amendment to the requirements set forth in this Disclosure Agreement (the "**Requirements**") may only take effect if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Institution, or type of business conducted; the Requirements, as amended, would have complied with the requirements of the Rule at the time of sale of the Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders and/or Beneficial Owners, as determined by parties unaffiliated with the Institution (such as, but without limitation, the Institution's financial advisor or transaction counsel) and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the SEC staff to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) All or any part of the Rule, as interpreted by the staff of the SEC at the date of the Series 2019 Bonds, ceases to be in effect for any reason, and the Institution elects that the Requirements shall be deemed terminated or amended (as the case may be) accordingly.

(c) In addition to subsections (a) and (b) above, this Disclosure Agreement may be amended by written agreement of the parties, without the consent of the Bondholders and/or Beneficial Owners, of the Series 2019 Bonds, if all of the following conditions are satisfied: (1) the Institution shall have delivered to the Trustee an opinion of Counsel, addressed to the Institution, the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff of the SEC; and (2) the Trustee shall have delivered copies of such opinion and amendment to (i) the MSRB and (ii) the Issuer. The Trustee shall so deliver such opinion and amendment within one Business Day after receipt by the Trustee.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Institution 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 Institution chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Institution shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default; Venue. In the event of a failure of the Institution to comply with any provision of this Disclosure Agreement, any holder or Beneficial Owner of the Series 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Institution to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or any other Financing Document. No holder or Beneficial Owner may

institute any suit, action or proceeding at law or in equity ("**Proceeding**") for the enforcement of any provision of this Disclosure Agreement or for any remedy for breach thereof, unless such holder or Beneficial Owner shall have filed with the Institution evidence of ownership and a written notice of and request to cure such breach, and the Institution shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in any federal or state court located in the State and for the equal benefit of all holders of the outstanding Bonds benefited by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue provided, however that nothing in this Disclosure Agreement shall limit any holder's or Beneficial Owner's rights under applicable federal securities laws.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Institution agrees to release the Dissemination Agent and the Trustee from any claim arising out of the discharge of any duties hereunder and to defend, indemnify and save the Trustee and the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Trustee and the Dissemination Agent's negligence or willful misconduct. The obligations of the Institution under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2019 Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

IF TO THE ISSUER:

City of Albany Capital Resource Corporation
21 Lodge Street
Albany, New York 12207

WITH A COPY TO:

Hodgson Russ LLP
677 Broadway, Suite 301
Albany, New York 12207
Attn: Christopher C. Canada, Esq.

IF TO THE INSTITUTION:

Albany Leadership Charter High School for Girls
19 Hackett Boulevard
Albany, New York 12208
Attn: School Business Administrator

WITH A COPY TO:

Goldman Attorneys PLLC
255 Washington Avenue Extension, Suite 108
Albany, New York 12205
Attn: Paul J. Goldman, Esq.

IF TO THE TRUSTEE:

Manufacturers and Traders Trust Company, as Trustee
285 Delaware Avenue – 3rd Floor
Buffalo, New York 14202
Attention: Maureen Auld, Assistant Vice President

WITH A COPY TO:

Harris Beach, PLLC
99 Garnsey Road
Pittsford, New York 14534
Attention: Rachel C. Baranello, Esq.

IF TO THE DISSEMINATION AGENT

Manufacturers and Traders Trust Company, as Trustee
285 Delaware Avenue – 3rd Floor
Buffalo, New York 14202
Attention: Maureen Auld, Assistant Vice President

WITH A COPY TO:

Harris Beach, PLLC
99 Garnsey Road
Pittsford, New York 14534
Attention: Rachel C. Baranello, Esq.

Any person may, by written notice to the other persons noted above, designate a different address, telephone, electronic transmission, or facsimile number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Bondholders and Beneficial Owners (and the Trustee acting on behalf of Bondholders and/or Beneficial Owners), and shall create no rights in any other person or entity.

SECTION 14. Dissemination Agent Obligations. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify the content of any Annual Report or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the holders of the Series 2019 Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. GOVERNING LAW. THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW. TO THE EXTENT THIS DISCLOSURE AGREEMENT ADDRESSES MATTERS OF FEDERAL SECURITIES LAW, THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

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(a) **ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS**

(b)

(c)

(d) By: _____
Authorized Officer

(e) **MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE**

(f)

(g) By: _____
Authorized Officer

(h) **MANUFACTURERS AND TRADERS TRUST COMPANY, AS DISSEMINATION AGENT**

(i)

(j) By: _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Albany Capital Resource Corporation
Name of Bond Issue: Tax-Exempt Revenue Bonds (Albany Leadership Charter High School for Girls Project), Series 2019
Date of Issuance: July _____, 2019

NOTICE IS HEREBY GIVEN that Albany Leadership Charter High School for Girls (the "Institution") has not provided an Annual Report with respect to the above-named Series 2019 Bonds as required by the Continuing Disclosure Agreement, dated as of July_____, 2019 between the Institution and Manufacturers And Traders Trust Company, as trustee. The Institution anticipates that an Annual Report will be filed by _____.

Dated:_____

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Series 2019 Bonds will be available in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of beneficial ownership interests in the Series 2019 Bonds will not receive certificates representing their interests in the Series 2019 Bonds purchased.

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 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 or more fully-registered Bond certificates will be issued and deposited with DTC for each principal amount of each series of Series 2019 Bonds maturing on a specified date and bearing interest at a specified interest rate, each in the aggregate principal amount of such quantity of Series 2019 Bonds.

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

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 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 purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, 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 2019 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as

may be requested by an authorized representative of DTC. The deposit of the Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct or 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 2019 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019 Bonds. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2019 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2019 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 2019 Bonds, are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption, distributions, and interest payments on the Series 2019 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 Issuer 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference will only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

The Issuer and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2019 Bonds registered in its name for the purpose of payment of the principal of, or interest on such Series 2019 Bonds, giving any notice permitted or required to be given to registered owners under the Indenture, registering the transfer of the Series 2019 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Issuer and the Trustee will not

have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2019 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Issuer (kept by the Trustee) as being a registered owner, with respect to: the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or interest on the Series 2019 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges provided in the Indenture; or other action taken by DTC as a registered owner. The Trustee will forward interest and principal payments to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL OF THE SERIES 2019 BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR BONDHOLDERS OF THE SERIES 2019 BONDS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE" HEREIN) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

For every transfer and exchange of beneficial ownership of the Series 2019 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2019 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 Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2019 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NONE OF THE ISSUER, THE UNDERWRITER, OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2019 BONDS.

NEITHER THE ISSUER, THE INSTITUTION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019 BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OF THE

SERIES 2019 BONDS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2019 BONDS.

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