

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED OCTOBER 3, 2025

NEW ISSUE—FULL BOOK-ENTRY

NOT RATED

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California ("Note Counsel") under existing statutes, regulations, rulings and judicial decisions, interest on the Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Note Counsel, interest on the Notes is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Notes.



\$12,500,000*
CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
REVENUE ANTICIPATION NOTES
(RIVER SPRINGS CHARTER SCHOOL)
SERIES 2025
(TAXABLE)

Interest Rate: ____%

Yield: ____%

CUSIP No.: _____[†]

Dated: Date of Delivery

Due: August 15, 2026*

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

The California Enterprise Development Authority Revenue Anticipation Notes (River Springs Charter School) Series 2025 (Taxable), in the aggregate principal amount of \$12,500,000* (the "Notes") will be issued by the California Enterprise Development Authority (the "Authority") pursuant to an Indenture, dated as of October 1, 2025 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Authority will loan the proceeds of the Notes to River Springs Charter School, Inc., a California nonprofit public benefit corporation (the "Borrower"), pursuant to a Loan Agreement, dated as of October 1, 2025 (the "Loan Agreement"), by and between the Authority and the Borrower. The Notes and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement.

The proceeds of the Notes will be used to (i) finance working capital of the Borrower; and (ii) pay certain expenses incurred in connection with the issuance of the Notes. The Borrower operates a charter school known as River Springs Charter School (the "School").

The Notes are limited obligations of the Authority payable from Payments (as defined herein) received under the Indenture and other amounts held in the funds established thereby and payments to be made pursuant to the Loan Agreement. The obligations of the Borrower under the Loan Agreement are payable from the Payments required to be deposited with the Trustee pursuant to the Indenture.

Interest on the Notes will be payable on August 15, 2026,* the maturity date of the Notes.

The Notes are being issued as fully registered notes and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry-only form (without physical certificates) in initial minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof. For so long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, (i) payments of the principal of and premium, if any, and interest on such Notes will be made directly to Cede & Co. for payment to DTC participants for subsequent disbursement to the beneficial owners, and (ii) all notices, including any notice of redemption will be mailed only to Cede & Co. See "APPENDIX F – BOOK-ENTRY SYSTEM" attached hereto.

The Notes are subject to redemption prior to maturity as described under "THE NOTES – Redemption" herein.

THE PURCHASE AND HOLDING OF THE NOTES INVOLVE RISKS THAT MAY NOT BE APPROPRIATE FOR CERTAIN INVESTORS. THE NOTES ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "APPROVED BUYERS" (AS DEFINED HEREIN). IN ADDITION, THE INITIAL PURCHASERS OF THE NOTES WILL BE REQUIRED TO SUBMIT AN INVESTOR LETTER TO THE AUTHORITY AND THE TRUSTEE IN THE FORM ATTACHED HERETO AS APPENDIX H. See "NOTICE TO INVESTORS" and "TRANSFER RESTRICTIONS" herein and "APPENDIX H – FORM OF INVESTOR LETTER" attached hereto.

THE NOTES ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT (AS DEFINED HEREIN), PAYABLE SOLELY FROM REVENUES AND OTHER ASSETS PLEDGED UNDER THE INDENTURE. THE NOTES DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE NOTES, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE NOTES ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE NOTES OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE NOTES OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE NOTES OR ANY OFFICIAL DIRECTOR, MEMBER, OFFICER, AGENT, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE NOTES OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY UNDER THE NOTE DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE NOTES.

The Notes are offered when, as and if issued by the Authority and received by the Underwriter, subject to prior sale, modification or withdrawal of the offer without notice, and subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Note Counsel to the Authority, the approval of certain matters for the Underwriter by Kutak Rock LLP, Los Angeles, California, as Underwriter's Counsel and the approval of certain matters for the Borrower and relating to the School by Young, Minney & Corr, LLP, Sacramento, California. It is expected that the Notes in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about October __, 2025.

STIFEL

Dated: October __, 2025.

* Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriter, the Authority, or the Borrower are responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time of formal award by the issuer. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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

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

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

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the headings “CERTAIN RISK FACTORS,” and “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” in this Limited Offering Memorandum. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The Borrower maintains a website and social media accounts providing additional information about itself and its operations. The information on such website and social media accounts is not included as part of, or incorporated by any reference in, this Limited Offering Memorandum.

NOTICE TO INVESTORS

The Notes are to be offered and sold (including in secondary market transactions) only to Approved Buyers (as defined herein). The Indenture under which the Notes will be issued contains provisions limiting transfers of the Notes and beneficial ownership interests in the Notes only to Approved Buyers. Pursuant to the Indenture, “Approved Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 (the “Securities Act”); or (2) an “accredited investor” as defined in Regulation D promulgated under the Securities Act.

In addition, the face of each Note will contain a legend indicating that it is subject to transfer restrictions as set forth in the Indenture and the initial purchasers of the Notes will be required to execute and deliver to the Authority and the Trustee an investor letter in the form attached hereto as Appendix H.

Each purchaser of any Note or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the Authority, the Borrower, the Underwriter and the Trustee as follows:

1. That the Notes are payable solely from certain revenues derived by the Authority under the Loan Agreement, from amounts received by the Trustee pursuant to the Payment Direction, and from certain funds and accounts established and maintained pursuant to the Indenture;
2. That it is an Approved Buyer and that it is purchasing the Notes for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933, as amended (the “Securities Act”) or other applicable securities laws;
3. That the Notes (a) have not been registered under the Securities Act and are not registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, and (c) may not be readily marketable;
4. That such purchaser acknowledges that none of the Authority or any of its Board members, officers or employees takes any responsibility for, and the purchaser is not relying upon any such parties with respect to the information appearing anywhere in this Limited Offering Memorandum, other than the information under the headings “THE AUTHORITY,” and “ABSENCE OF MATERIAL LITIGATION – The Authority” (collectively, the “Authority’s Portion” of the Limited Offering Memorandum) and that none of such parties has participated in the preparation of this Limited Offering Memorandum;
5. That such purchaser acknowledges that the Notes and beneficial ownership interests therein may only be transferred to Approved Buyers; and
6. That the Authority, the Borrower, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Subsequent transferees of the Notes are limited only to Approved Buyers. Each subsequent transferee of the Notes will be deemed to have represented and warranted that it (i) is an Approved Buyer, and (ii) is acquiring such Note for its own account or for the account of an Approved Buyer, and not with a view to the further distribution thereof, though it may expressly reserve the right to re-sell the Note.

See “TRANSFER RESTRICTIONS” herein.

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\$12,500,000*
CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
REVENUE ANTICIPATION NOTES
(RIVER SPRINGS CHARTER SCHOOL)
SERIES 2025
(TAXABLE)

INTRODUCTION

General

This Limited Offering Memorandum, including the cover page, the inside cover page, and Appendices hereto (the “Limited Offering Memorandum”), is provided to furnish information with respect to the sale and delivery of the California Enterprise Development Authority Revenue Anticipation Notes (River Springs Charter School) Series 2025 (Taxable), in the aggregate principal amount of \$12,500,000* (the “Notes”) issued by the California Enterprise Development Authority (the “Authority”).

The Notes

The Notes will be issued pursuant to an Indenture, dated as of October 1, 2025 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, Los Angeles, California, as trustee (the “Trustee”). Interest on the Notes will be payable on the maturity date of the Notes, August 15, 2026* (the “Interest Payment Date”), or upon the earlier redemption of the Notes. The Notes will be subject to redemption prior to maturity as set forth under “THE NOTES – Redemption” herein. The proceeds of the Notes will be loaned to River Springs Charter School, Inc. (the “Borrower”), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), pursuant to a Loan Agreement, dated as of October 1, 2025 (the “Loan Agreement”), by and between the Authority and the Borrower. The Notes and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement. See “THE NOTES” herein.

The Notes will be issued in minimum authorized denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof and in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) and beneficial ownership interests in the Notes are to be sold (including secondary market transactions) only to Approved Buyers. Pursuant to the Indenture, “Approved Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 (the “Securities Act”); or (2) an “accredited investor” as defined in Regulation D promulgated under the Securities Act.

The Indenture and the Notes contain provisions limiting transfers of the Notes and beneficial ownership interests in the Notes to Approved Buyers. In addition, each initial purchaser of the Notes must execute an investor letter in the form of “APPENDIX H – FORM OF INVESTOR LETTER” in connection with its initial purchase of Notes. The face of each Note will contain a legend indicating that such Note is subject to the transfer restrictions set forth in the Indenture. See “TRANSFER RESTRICTIONS” and “CERTAIN RISK FACTORS – Purchases and Transfers of Notes Restricted to Approved Buyers” herein.

* Preliminary, subject to change.

Authority for Issuance

The Notes will be issued by the Authority pursuant to Title 1, Division 7, Chapter 5 of the California Government Code, a resolution of the Authority adopted on October 2, 2025, and the Indenture. See “THE AUTHORITY” herein.

Use of Proceeds

The proceeds of the Notes will be used to (i) finance working capital for the Borrower; and (ii) pay certain expenses incurred in connection with the issuance of the Notes. In an effort to continue growing its capacity to educate the community, the Borrower requires additional investment in facilities and working capital. The Borrower is currently involved in two facilities transactions that require a total of approximately \$8 million of security deposits to remain on deposit with a third party, making the funds unavailable for the Borrower’s day-to-day operations. In addition, the Borrower is expecting to grow its enrollment by approximately 800 students in the 2025-26 school year. Due to the cycle of state funding for education, the increased enrollment creates a need for approximately \$_____ million to be expended before any funding for those students is received from the state in the second half of the school year. The Notes will allow the Borrower to have access to cash for day-to-day operations as it grows its enrollment and the Borrower manages its current facilities projects.

The Borrower. The Borrower was organized in June 2006 to operate as a charter school established pursuant to the Charter School Law. The Borrower currently operates a charter school known as River Springs Charter School (the “School”). As of September 10, 2025, the School serves 8,508 students in transitional kindergarten (“TK”) through 12th grade residing in Riverside County and the four contiguous counties through a network of California-credentialed Homeschool Education Specialists (“ESs”) and academy teachers at 19 regional student centers. The School comprises site-based programs, as well as nonclassroom-based independent study programs. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Nonclassroom-based Funding” herein.

For additional information regarding the Borrower, the School and the School’s charter, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

Security for the Notes

General. The Notes and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and the Payment Direction (as defined below).

Pursuant to and to the extent described in the Indenture, the Authority assigns to the Trustee certain of the Authority’s rights under the Loan Agreement, including the right to receive payments thereunder, but excluding certain Retained Rights, as defined in the Indenture. Pursuant to the Loan Agreement, the Borrower certifies that it will make or provide for payments directly to the Trustee for deposit in the Revenue Fund through the Payment Direction. The obligations of the Borrower under the Loan Agreement are secured by a pledge of its Gross School Revenues.

Pursuant to the Indenture, “Gross School Revenues” means “means, all revenue, income, receipts and money received by the Borrower or on behalf of the Borrower from all lawfully available sources, including from any applicable district or county or from the State pursuant to the Charter School Law from any general purpose entitlement, revenue limit, or State educational funding sources; but excluding gifts, grants, bequests, donations and contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for rent payments or operating expenses, including payments in respect of indebtedness; provided that, Gross School Revenues does not include amounts subject to apportionments made by the State Controller

pursuant to Section 17199.4 of the California Education Code. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein.

The Notes are limited obligations of the Authority. The Authority is not obligated to advance any moneys derived from any source other than Payments (as defined below) and other assets pledged under the Indenture, whether for the payment of the principal or redemption price or interest with respect to the Notes. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein.

Other Obligations of the Borrower; Intercreditor Agreement. The Borrower is the lessee, pursuant to certain leases (the “Facility Leases”) entered into with the affiliate limited liability companies of certain facilities financed with proceeds of the following bond issues or agreements:

- (i) the California School Finance Authority Educational Facility Revenue Bonds (River Springs Charter School), Series 2017A and Series 2017B (Taxable), issued in an aggregate principal amount of \$23,995,000, currently outstanding in the aggregate principal amount of \$21,565,000 (collectively, the “Series 2017 Bonds”);
- (ii) the California School Finance Authority Charter School Revenue Bonds (River Springs Charter School) Series 2022A and Series 2022B (Taxable), issued in an aggregate principal amount of \$10,845,000, currently outstanding in the aggregate principal amount of \$10,485,000 (collectively, the “Series 2022AB Bonds”);
- (iii) the California School Finance Authority Charter School Revenue Bonds (River Springs Charter School) Series 2022C (Taxable Convertible) and Series 2022D (Taxable), issued in an aggregate principal amount of \$25,285,000, currently outstanding in the aggregate principal amount of \$23,950,000 (collectively, the “Series 2022CD Bonds”);
- (iv) the California School Finance Authority Educational Facility Revenue Bonds (River Springs Charter School) Series 2023A and Series 2023B (Taxable), issued in an aggregate principal amount of \$5,210,000, currently outstanding in the aggregate principal amount of \$4,675,000 (collectively, the “Series 2023AB Bonds” and, together with the Series 2017 Bonds, the Series 2022AB Bonds, and the Series 2022CD Bonds, the “CSFA Bonds”); and
- (v) the Master Loan Agreement, dated as of August 1, 2024, among Sunflower Bank, N.A., as lender, and River Springs Facilities IV LLC, as borrower (the “2024 Master Loan Agreement”), providing for drawdown loans of up to \$30,811,000, of which \$23,712,959 is currently outstanding, and the remaining amount available to be drawn is \$7,098,041.

The Borrower’s obligations as lessee under the Facilities Leases are secured by a pledge of its Gross School Revenues. In addition, the obligations of the Borrower to pay base rent under the Facilities Leases entered into in connection with the Series 2017 Bonds, the Series 2022AB Bonds, the Series 2022CD Bonds, and the Series 2023AB Bonds (collectively, the “CSFA Bonds”) are paid pursuant to intercepts made pursuant to Section 17199.4 of the California Education Code (the “State Intercept”), under which the Borrower has instructed the State Controller to make apportionments to the Collateral Agent (as defined herein) in amounts and on dates sufficient to pay the scheduled payments of principal and interest due with respect to such CSFA Bonds.

The Borrower is a party to that certain Intercreditor And Collateral Agency Agreement, dated as of June 1, 2022, as amended by the First Amendment to Intercreditor Agreement, dated as of April 5, 2023, by and among (i) U.S. Bank Trust Company, National Association, as trustee with respect to the Series 2017A Bonds, the Series 2022AB Bonds, the Series 2022CD Bonds, (ii) River Springs Facilities LLC, (iii) River Springs Facilities II LLC, (iv) River Springs Facilities IV LLC, (v) the Lessee, and (vi) U.S. Bank Trust Company, National Association, as collateral agent (the “Collateral Agent”), as supplemented by that certain Joinder Agreement, effective as of April 23, 2023, by and between U.S. Bank Trust Company, National Association, as trustee with respect to the Series 2023AB Bonds and the Collateral Agent, and as supplemented by that certain

Joinder Agreement, effective as of August 20, 2024, by and between Sunflower Bank, N.A. and the Collateral Agent (collectively with the Joinder Agreement (as defined below), the “Intercreditor Agreement”). In connection with the issuance of the Notes, the Trustee and the Collateral Agent will execute a Joinder Agreement, effective as of the date of issuance of the Notes (the “Joinder Agreement”). Pursuant to the Intercreditor Agreement, claims with respect to the trustees for the CSFA Bonds and any Parity Obligees (including Sunflower Bank and the Trustee) will be secured on a parity basis, with each such party entitled to a pro rata share of the Gross School Revenues, based on amounts then due with respect to the secured obligations of the Borrower.

In addition, the Borrower has previously provided instructions to the Riverside County Office of Education (“RCOE”) to deposit the Gross School Revenues into an account (the “Blocked Account”) that is subject to that certain Blocked Account Control Agreement, dated as of August 20, 2024, by and among the Borrower, the Collateral Agent, and U.S. Bank National Association, as depositary bank. The Gross School Revenues deposited in the Blocked Account are net of any amounts previously paid in pursuant to the State Intercept.

The obligations of the Borrower to pay base rent under the Facilities Leases entered into in connection with the 2024 Master Loan Agreement are paid pursuant to a payment direction by which the Borrower has instructed the Collateral Agent to transfer funds from the Blocked Account in amounts and on dates sufficient to pay the scheduled payments of principal and interest due with respect to such 2024 Master Loan Agreement, and following such transfer, the Collateral Agent is to direct the remaining funds in such account to the operating account of the Borrower.

Payment Direction. As security for the Notes, the Borrower will provide instructions (the “Payment Direction”) to the Collateral Agent to transfer certain apportionments of Gross School Revenues payable by the State to the Borrower to be received on or after March 15, 2026* through August 15, 2026* (the “Scheduled Deposits”), directly to the Trustee, prior to its transfer of funds to the operating account of the Borrower. The Payment Direction will be on parity with the payment direction previously delivered to the Collateral Agent in connection with the 2024 Master Loan Agreement. Such amounts are expected to be sufficient to pay the amounts due under the Loan Agreement and other costs necessary or incidental to the Notes.

Funds received by the Trustee pursuant to the Payment Direction will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including the payment of debt service on the Notes. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” and “RISK FACTORS – Bankruptcy.”

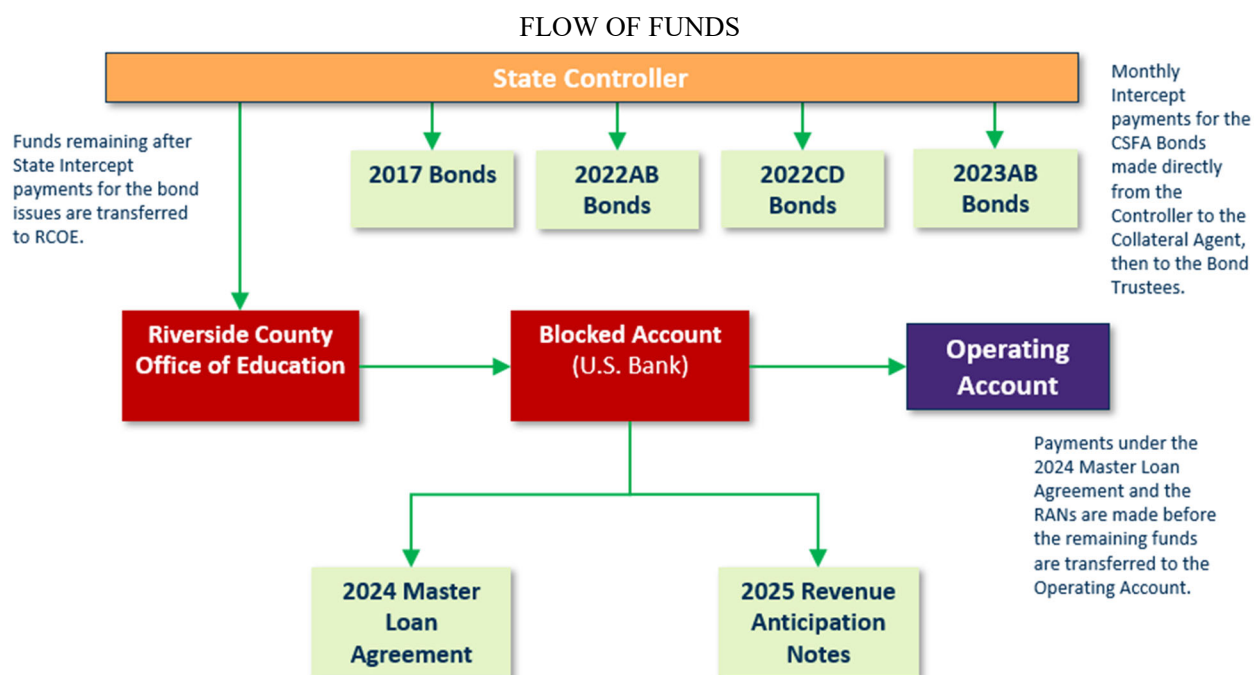
While the pledge of Gross School Revenues securing the Borrower’s obligations under the Facilities Leases entered into in connection with the CSFA Bonds is on parity with the pledges securing the Borrower’s obligations under (i) the Loan Agreement, and (ii) the Borrower’s obligations under the 2024 Master Loan Agreement, the apportionments made pursuant to the State Intercept are made prior to any apportionment directed to the Borrower and conveyed to the RCOE. Therefore, the State Intercept is structurally senior in position to the Payment Direction relating to the Notes with regard to State apportionment funding, as the State Intercept directs State apportionments to be sent directly by the State Controller’s Office to the Collateral Agent before remaining amounts are remitted by the State to RCOE and available to fund the Payment Direction related to the Notes.

Amounts received by the Collateral Agent pursuant to the State Intercept may be used only to satisfy obligations with respect to the related CSFA Bonds, and such amounts do not constitute Gross School Revenues. However, funds apportioned pursuant to the State Intercept are expected to satisfy all scheduled principal and interest payments on the CSFA Bonds, as well as certain ancillary costs, such as bond trustee fees and issuer

* Preliminary, subject to change.

fees. See “CERTAIN RISK FACTORS – Other Obligations of Borrower; Subordinate Nature of Payment Direction” herein.

The following figure summarizes the sources of payment of Rent under the Leases and the sources of payment of Loan Repayments due under the Loan Agreement, each representing the source of payment of debt service on the Notes.



Source: *The Borrower*.

Working Capital Needs. The Borrower’s desire for additional working capital is a response to several recent developments, including projected growth in enrollment and facilities leasing and development commitments. First, the Borrower has increased enrollment from its 2024-25 levels by in excess of 800 students. Charter schools receive monthly Local Control Funding Formula (“LCFF”) state apportionments based on average daily attendance (“ADA”) that comprise over 80% of total revenues. The monthly amount is adjusted three times during the year to account for changes in ADA. Monthly LCFF funding for new students in a given school year do not begin until February, and then the entire year of LCFF funding for those new students is paid in February through June. This causes a cash flow deficit from July through January, because the charter school must pay the costs of educating these new students without receiving corresponding revenue. A common solution to this year over year growth is to borrow to cover the operating costs for new students, and then repay that borrowing the following spring when LCFF revenues begin.

Redemption

The Notes will be subject to redemption as described below under “THE NOTES – Redemption.”

Certain Risk Factors

The Notes may not be a suitable investment for all investors. Prospective purchasers of the Notes should read this entire Limited Offering Memorandum, including the appendices and the information under the section “CERTAIN RISK FACTORS” before making an investment in the Notes.

Miscellaneous

This Limited Offering Memorandum contains brief descriptions of, among other things, the Notes, the Indenture, the Loan Agreement, the Borrower and the School. All references in this Limited Offering Memorandum to documents are qualified in their entirety by reference to such documents, and references to the Notes are qualified in their entirety by reference to the form of the Notes included in the Indenture. The Borrower maintains a website providing additional information about itself and its operations. The information on such website is not included as part of, or incorporated by any reference in, this Limited Offering Memorandum. Any capitalized terms in this Limited Offering Memorandum that are not defined herein will have such meaning as given to them in the Indenture.

THE AUTHORITY

Under Title 1, Division 7, Chapter 5 of the California Government Code (the “JPA Act”), certain California cities, counties and special districts have entered into a joint exercise of powers agreement (the “JPA Agreement”) forming the Authority for the purpose of exercising to powers common to the members and exercising the additional powers granted to the Authority by the JPA Act and any other applicable provisions of California law. Under the JPA Agreement, the Authority may issue bonds, notes or any other evidence of indebtedness, for any purpose or activity permitted under the JPA Act or any other applicable law.

The Authority may sell and deliver obligations other than the Notes. These obligations will be secured by instruments separate and apart from the Indenture and the Loan Agreement, and the holders of such other obligations of the Authority will have no claim on the security for the Notes. Likewise, the Holders of the Notes will have no claim on the security for such other obligations that may be issued by the Authority.

Neither the Authority nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Limited Offering Memorandum other than the information contained in this section and the section herein entitled “ABSENCE OF MATERIAL LITIGATION – The Authority.” The Authority does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Notes or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Notes or the Borrower has been undertaken solely by the Borrower. See “CONTINUING DISCLOSURE” herein.

THE NOTES

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

General

The Notes are being issued pursuant to the Indenture in the aggregate principal amount set forth on the cover of this Limited Offering Memorandum. The Notes will initially be delivered as registered Notes in minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof (“Authorized Denominations”), and will be transferable and exchangeable only as set forth in the Indenture and as described herein.

The Notes will be dated the date of issuance. Interest on the Notes will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable in arrears on the Interest Payment Date. The Notes will mature on August 15, 2026* (the “Principal Payment Date”) in the amounts and will bear interest at the rate

* Preliminary, subject to change.

set forth on the cover page hereof; provided that upon the occurrence of and during the continuance of an Event of Default (as defined in “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto), the Notes will bear interest at a rate of 10.00%* per annum.

The Notes, when issued, will be registered in the name of Cede & Co., as nominee of DTC, and will be evidenced by one Note for each maturity in the total aggregate principal amount of the Notes of such maturity. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except as set forth in the Indenture. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the Noteholders, holders or registered owners will mean Cede & Co. as aforesaid and will not mean the “beneficial owners” of the Notes.

The principal and redemption price of and interest on the Notes will be payable in lawful money of the United States of America upon surrender at the principal corporate trust office of the Trustee. The interest on any Note will be payable to the person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the fifteenth day of the calendar month immediately preceding the Interest Payment Date (the “Record Date”), such interest to be paid by check mailed by first class mail, postage prepaid, on the Interest Payment Date, to the registered owner at his or her address as it appears on such registration books. Notwithstanding the foregoing, however, any Holder of \$1,000,000 or more in an aggregate principal amount of the Notes will be entitled to receive payments of interest on the Notes held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such Holder will designate in writing to the Trustee by the applicable Record Date for such payment. So long as Cede & Co. is the registered owner of the Notes, principal of and interest on the Notes are payable in same day funds by the Trustee to Cede & Co., as nominee for DTC.

Any interest not punctually paid or duly provided for will thereafter cease to be payable to the Noteholder on such Record Date and will be paid to the person in whose name the Note is registered at the close of business on the date established by the Trustee pursuant to the Indenture as a record date for the payment of such defaulted interest on the Notes (the “Special Record Date”). The Special Record Date will be fixed by the Trustee, notice thereof being given to the Noteholders not less than 10 days prior to such Special Record Date.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities without coupons in Authorized Denominations. The Notes will be registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each maturity of a Note set forth on the cover of this Limited Offering Memorandum, and will be deposited with DTC. For additional information regarding DTC and its book-entry only system, see “APPENDIX F – BOOK-ENTRY SYSTEM” attached hereto.

Transfer of Notes

Beneficial ownership interests in the Notes may not be purchased by, or transferred to, any person except an Approved Buyer. During any period of time when the Notes are not subject to a system of book-entry only transfers, any Notes may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Indenture, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of any such Note for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Note or Notes shall be surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Note or Notes, of the same maturity and for a like aggregate principal amount of Authorized Denominations. The Trustee will require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee will not be required to register the transfer

* Preliminary, subject to change.

of any Note which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Note selected for redemption in whole or in part as provided in the Indenture or during the period established by the Trustee for selection of Notes for redemption. The Notes are subject to certain transfer restrictions under the Indenture, as described herein under “TRANSFER RESTRICTIONS.”

Exchange of Notes

Notes may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of the Notes of the same maturity of other Authorized Denominations. The Trustee will require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there will be no other charge to any Holder for any such exchange. No exchange of Notes will be required to be made during the period established by the Trustee for selection of Notes for redemption and after a Note has been selected for redemption.

Redemption*

Optional Redemption. The Notes are subject to redemption prior to their respective stated maturity, at the option of the Borrower, in whole or in part on any date on or after July 15, 2026*, at a redemption price equal to 100% of the principal amount of Notes called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Extraordinary Optional Redemption Relating to Revocation of School Charter. The Notes are subject to redemption in whole or in part prior to their stated maturity, on any date, at the option of the Borrower, in the event the Borrower’s charter for the School is revoked by its authorizer and the Borrower has no further appeal rights, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

Notice of Redemption. In connection with the redemption of Notes pursuant to optional redemption in the Indenture, the Borrower will give written notice of redemption to the Trustee (with a copy to the Authority) not less than 20 days prior to the redemption date (or such shorter notice as the Trustee may approve). Notice of redemption of any Notes will be given by the Trustee upon such written request of the Borrower. Notice of any redemption of Notes will be mailed postage prepaid by the Trustee, not less than 20 days nor more than 45 days prior to the redemption date by first class mail to the respective Holders thereof at the addresses appearing on the bond registration books described in the Indenture. Each notice of redemption will contain all of the following information: (a) the date of such notice; (b) the name of the Notes and the date of issue of the Notes; (c) the redemption date; (d) the redemption price, if available; (e) the dates of maturity of the Notes to be redeemed; (f) if less than all of the Notes of any maturity are to be redeemed, the distinctive numbers of the Notes of each maturity to be redeemed; (g) in the case of Notes redeemed in part only, the respective portions of the principal amount of the Notes of each maturity to be redeemed; (h) the CUSIP number, if any, of each maturity of Notes to be redeemed; (i) a statement that such Notes must be surrendered by the Holders at the principal corporate trust office of the Trustee, or at such other place or places designated by the Trustee; (j) a statement that such redemption is conditioned upon the receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the redemption price or upon the happening of such other event as shall be specified therein, and if such moneys are not so received said notice will be rescinded and the redemption will be cancelled; (k) a statement that any such redemption notice can be rescinded as provided in the Indenture; and (l) notice that further interest on such Notes, if any, will not accrue from and after the designated redemption date.

Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers provided therein or on the Notes. If money is not received as described in section (j) of the paragraph above, the Trustee, within a reasonable time after the date on which such redemption was to occur, will give notice to the persons and in the manner in which the notice of redemption was given, that such moneys

* Preliminary, subject to change.

were not so received and that there will be no redemption of the Notes pursuant to the notice of redemption. Failure of the Trustee to give such notice or any defect therein shall not in any way impair or affect the validity of the proceedings for redemption.

Effect of Notice. A certificate of the Trustee or the Borrower that notice of call and redemption has been given to Holders and as may be further required in the Continuing Disclosure Agreement as herein provided will be conclusive as against all parties. The actual receipt by the Holder of any Note or any other party of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Notes or the cessation of interest, if any, on the date fixed for redemption.

Notice of redemption having been given, and the redemption price of the Notes called for redemption being on deposit or otherwise available to the Trustee, the Notes designated for redemption will become due and payable on the specified redemption date and interest, if any, will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Notes at the place specified in the notice of redemption, such Notes will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Holders of such Notes so called for redemption after such redemption date will look for the payment of such Notes and the redemption premium thereon, if any, only to the escrow fund established for such purpose. All Notes redeemed will be cancelled forthwith by the Trustee and will not be reissued.

Right to Rescind Notice. Upon oral notice, promptly confirmed by written notice from the Borrower that the Borrower has cured the conditions that caused the Notes to be subject to redemption, the Borrower may rescind any redemption and notice thereof on any date prior to the date fixed for redemption by causing the Trustee to send written notice of the rescission to the Holders of the Notes so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Holder of any Note of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Funds for Redemption. Prior to or on the redemption date of any Notes there will be available in the Redemption Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in the Indenture provided, the Notes designated in said notice of redemption. Such monies so set aside in the Redemption Fund or in the escrow fund established for such purpose will be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Notes to be redeemed upon presentation and surrender of such Notes, provided that all monies in the Redemption Fund will be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date will be paid from the Redemption Fund, unless otherwise provided for to be paid from an escrow fund established for such purpose. If, after all of the Notes have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Redemption Fund or otherwise held in trust for the payment of redemption price of the Notes, said monies will be held in or returned or transferred to the Redemption Fund for payment of any outstanding Notes of the Borrower payable from said fund; provided, however, that if said monies are part of the proceeds of refunding Notes of the Borrower, said monies will be transferred to the fund created for the payment of principal of and interest on such Notes. If no such refunding Notes of the Borrower are at such time outstanding, said monies will be transferred to the general fund of the Borrower as provided and permitted by law.

Selection of Notes for Redemption. When any redemption is made pursuant to any of the provisions of the Indenture and less than all of the Outstanding Notes are to be redeemed, the Trustee will select the Notes to be redeemed from the Outstanding Notes not previously called for redemption, by lot within a maturity and, if from more than one maturity, in inverse order of maturity or in such other order of maturity as shall be specified in a Request of the Borrower. In no event will Notes be redeemed in amounts other than whole multiples of Authorized Denominations. For purposes of redeeming Notes in denominations greater than minimum Authorized Denominations, the Trustee will assign to such Notes a distinctive number for each such principal

amount and, in selecting Notes for redemption by lot, will treat such amounts as separate Notes. The Trustee will promptly notify the Authority and the Borrower in writing of the numbers of the Notes selected for redemption.

“Outstanding” under the Indenture means all Notes theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (a) Notes theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Notes with respect to which all liability of the Authority has been discharged in accordance with the Indenture; and (c) Notes for the transfer or exchange of which, or in lieu of or in substitution for which, other Notes have been authenticated and delivered by the Trustee pursuant to the Indenture.

Defeasance

Discharge of Indenture. Notes may be paid or caused to be paid in any of the following ways, provided any other sums payable under the Indenture have also been paid or caused to be paid: (i) by paying or causing to be paid the principal of and interest on the Notes Outstanding as and when the same become due and payable; (ii) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem Notes Outstanding; or (iii) by delivering to the Trustee, for cancellation by it, all Notes Outstanding.

If all Notes then Outstanding are paid or caused to be paid as provided above and all other sums payable under the Indenture will also be paid or caused to be paid, and if the Borrower will have paid all Additional Payments and any indemnification owed to the Authority and any other fees and expenses payable to the Authority pursuant to the Loan Agreement, then and in that case, at the election of the Borrower (evidenced by a Certificate of the Borrower, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Notes will not have been surrendered for payment, the Indenture and the pledge of Payments made thereunder and all covenants, agreements and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied, except as provided in the Indenture. In such event, upon request of the Borrower, the Trustee will cause an accounting for such period or periods as may be requested by the Borrower to be prepared and filed with the Borrower and will execute and deliver to the Borrower all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver to the Borrower all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment of Notes not theretofore surrendered for such payment and which are not required for the payment of fees and expenses of the Trustee.

Discharge of Liability on Notes. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay any Outstanding Note, whether upon or prior to its maturity, then all liability of the Authority in respect of such Note will cease, terminate and be completely discharged, except only that thereafter the Holder thereof will be entitled to payment of the principal of and interest on such Note, and the Authority will remain liable for such payment but only out of the money or securities deposited with the Trustee as aforesaid for its payment; provided further, however, that the provisions of “ – Payment of Notes after Discharge of Indenture” hereinafter will apply in all events.

The Notes may at any time be surrendered to the Trustee for cancellation by the Authority or the Borrower, which may have been acquired in any manner whatsoever, and such Notes, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the amount necessary to pay any Notes, such amount (which may include money or securities held by the Trustee in the funds established pursuant to the Indenture) will be equal (taking into account income which will accrue from the investment thereof on the date of deposit of such funds but without taking into account any income from the subsequent

reinvestment thereof) to the principal amount of such Notes and all unpaid interest thereon to maturity, and will be:

- (a) lawful money of the United States of America; or
- (b) noncallable bonds, bills and bonds issued by the Department of the Treasury (including without limitation (1) obligations issued or held in book-entry form on the books of the Department of the Treasury and (2) the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form), United States Treasury Obligations State and Local Government Series and Zero Coupon United States Treasury Bonds;

provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Indenture or by request of the Borrower or the Authority) to apply such money to the payment of such principal of and interest on such Notes and provided, further, that in the case such Notes are being paid prior to the maturity thereof, the Authority and the Trustee will have received (i) an Opinion of Note Counsel to the effect that the Notes to be discharged are no longer Outstanding; and (ii) a verification report of a firm of certified public accountants or other financial services firm acceptable to the Trustee verifying that the money or securities so deposited or held together with earnings thereon will be sufficient to make all payments of principal of and interest on the Notes to be discharged to and including their maturity date; provided that, no such verification report will be required if the total amount of money deposited is sufficient, without regard to interest earnings thereon, to pay when due the principal of and interest on the Notes to be discharged to and including their maturity date.

Payment of Notes after Discharge of Indenture. Notwithstanding any provision of the Indenture, and subject to applicable escheat laws, any moneys held by the Trustee in trust for the payment of the principal of or interest on any Notes and remaining unclaimed for one year after the principal of all the Outstanding Notes has become due and payable (whether at maturity or by declaration as provided in the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Notes became due and payable, will be repaid to the Borrower free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the Borrower as aforesaid, the Trustee may (at the cost of the Borrower) first mail to the holders of Notes which have not yet been paid, at the addresses shown on the registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Notes so payable and not presented and with respect to the provisions relating to the repayment to the Borrower of the moneys held for the payment thereof.

TRANSFER RESTRICTIONS

Pursuant to the Indenture, the Notes may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except an Approved Buyer; provided however, that Notes registered in the name of the Depository or its nominee shall be deemed to comply with the Indenture so long as each beneficial owner of the Notes is an Approved Buyer. In addition, the face of each Note will contain a legend indicating that it is subject to transfer restrictions as set forth in the Indenture. See “CERTAIN RISK FACTORS – Purchases and Transfers of Notes Restricted to Approved Buyers” herein. On or prior to the date of delivery of the Notes, the initial purchasers of the Notes will be required to execute and deliver to the Authority and the Trustee an investor letter in the form attached hereto as APPENDIX H. Pursuant to the Indenture, an interest in a Note held in a denomination less than an Authorized Denomination as a result of partial redemption of such Note may be transferred or exchanged by the Owner thereof, but only to an Approved Buyer.

ESTIMATED SOURCES AND USES OF FUNDS*

The following table sets forth the estimated sources and uses of funds related to the Notes.

Sources:

Principal Amount	\$ _____
Equity Contribution from Borrower	_____
Total Sources:	

Uses:

Working Capital Fund	
Costs of Issuance Fund ⁽¹⁾	_____
Total Uses	

⁽¹⁾ Includes legal, printing, underwriting discount and other professional fees and other miscellaneous costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

Limited Obligations of the Authority

The Notes and interest thereon constitute special, limited obligations of the Authority and are payable solely from certain revenues received under the Indenture and from certain funds and accounts established and maintained under the Indenture. The Authority is not obligated to advance any moneys derived from any source other than the Payments (as defined below) and other assets pledged under the Indenture, whether for the payment of the principal or redemption price or interest with respect to the Notes.

THE NOTES ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AS PROVIDED IN THE ACT (AS DEFINED HEREIN), PAYABLE SOLELY FROM REVENUES AND OTHER ASSETS PLEDGED UNDER THE INDENTURE. THE NOTES DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY AS SET FORTH IN THE INDENTURE). NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE NOTES, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE NOTES ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE NOTES OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE NOTES OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER, ANY PERSON EXECUTING THE NOTES OR ANY OFFICIAL DIRECTOR, MEMBER, OFFICER, AGENT, OR EMPLOYEE OF THE STATE, THE AUTHORITY, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE NOTES OR IN RESPECT OF ANY UNDERTAKINGS BY THE AUTHORITY

* Preliminary, subject to change.

UNDER THE NOTE DOCUMENTS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE NOTES.

Indenture

Pledge of Payments and Other Amounts. The Authority has executed and delivered the Indenture and has pledged to secure the payment of the principal of and interest on the Notes in accordance with the terms of the Indenture, all of the Payments and any other amounts (excluding proceeds of the sale of Notes) held in any fund or account established pursuant to the Indenture. Said pledge will constitute a lien on and security interest in such assets and will attach and be valid and binding from and after delivery of the Notes, without any physical delivery thereof or further act.

“Payments,” under the Indenture, means (i) all moneys (except any money received to be used for the payment of Administrative Fees and Expenses) received by the Trustee pursuant to the Payment Direction, (ii) all moneys, if any, received by the Trustee directly from, or on behalf of, the Borrower, pursuant to the Loan Agreement (excluding Additional Payments not directed to be deposited into any fund or account created and held under the Indenture), and (iii) all income derived from the investment of any money in any fund or account established pursuant to the Indenture. See “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE” attached hereto.

As additional security for the Notes, in connection with the issuance of the Notes, the Borrower will provide instructions to the Collateral Agent to make scheduled payments of Gross School Revenues directly to the Trustee from March 15, 2026* through August 15, 2026,* which is expected to generate amounts sufficient to repay the Notes and pay necessary and incidental costs related to the Notes. Funds received by the Trustee pursuant to the Payment Direction will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including, the payment of debt service on the Notes.

Assignment of Payments and Other Amounts and the Loan Agreement. The Authority assigns to the Trustee, for the benefit of the Holders from time to time of the Notes, all of the Payments and any other amounts (excluding proceeds of the sale of Notes) held in any fund or account established pursuant to the Indenture, and (ii) all of the right, title and interest of the Authority in, to and under the Loan Agreement (except for the Retained Rights, as defined below).

The Trustee will be entitled to and will receive all of the Payments, and any such Payments collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The Trustee will be entitled to and will (subject to the provisions of the Indenture) take all steps, actions and proceedings following any event of default under the Loan Agreement reasonably necessary in its judgment, or as directed in writing by the Holder, to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the Borrower under the Loan Agreement.

The Borrower will take all actions necessary for the Trustee to collect, directly from the Collateral Agent, the Scheduled Deposits in the periods set forth in the Payment Direction. The Payments described in clause (i) of the definition thereof are assigned to the Trustee, for the benefit of the Holders of the Notes, by virtue of the delivery of the Payment Direction with the Collateral Agent. The Trustee will be entitled to and will receive all of such assigned Payments.

Under the Indenture, “Retained Rights” means the Authority’s right to receive Administrative Fees and Expenses and any Additional Payments, any right to be indemnified, held harmless or defended and rights to inspection and to receive notices, certificates and opinions, express rights to give approvals, consents or waivers.

* Preliminary, subject to change.

Revenue Fund. The Trustee will establish, maintain and hold in trust a special fund designated as the “Revenue Fund.” All Payments will be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund, and will be held in trust for the benefit of the Holders from time to time of the Notes and disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. The Trustee will establish within the Revenue Fund an Interest Account and a Principal Account for the payment of debt service on the Notes.

Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Notes as it becomes due and payable (including accrued interest on any Notes purchased or redeemed prior to maturity pursuant to the Indenture).

Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Notes, as provided in the Indenture.

See “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE” attached hereto.

Allocation of Revenues. Pursuant to the Loan Agreement, the Borrower will deliver the Payment Direction to the Collateral Agent to cause the Scheduled Deposits to be deposited directly to the Trustee in amounts sufficient to fund the principal of and accrued interest on the Notes to maturity in the Revenue Fund by July 15, 2026.* From March 15, 2026,* through August 15, 2026,* the Trustee will receive incoming Scheduled Deposits from the Collateral Agent representing Payments received on behalf of the Borrower. From all such Payments received during the periods set forth below (dates inclusive), the Trustee will first deposit all receipts into the Revenue Fund until the full amount shown below for the corresponding period is deposited. Any amounts received during such period in excess of the amount scheduled for such period and any shortfall from any prior period will be remitted by the Trustee via wire transfer to the Borrower within three (3) business days:

Period*	Amount to Deposit in Revenue Fund ^{(1)*}
March 15, 2026 – April 15, 2026	\$2,742,405
April 16, 2026 – May 15, 2026	2,742,405
May 16, 2026 – June 15, 2026	2,742,405
June 16, 2026 – July 15, 2026	4,936,328
July 16, 2026 – August 15, 2026	<u>(any remaining principal and interest due)</u>

⁽¹⁾ Assumes an interest rate on the Notes of 6.50%.* The projections set forth in Appendix C reflect receipt of the Scheduled Deposits in the months in which the respective periods noted above end. Payments of apportionment received on behalf of the School by the Collateral Agent are generally received within the last few days of the calendar month.

Source: The Borrower.

Promptly upon receipt, the Trustee will deposit the Payments to the Revenue Fund. On August 10, 2026,* the Trustee will transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Revenue Fund), the following amounts, in the following order of priority, the requirements of each such account or fund (including the making up of any deficiencies in any such account resulting from lack of Payments sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority:

(1) To the Interest Account, the aggregate amount of interest becoming due and payable on the next Interest Payment Date on all Notes then Outstanding, until the balance in said account is equal to said aggregate amount of interest; and

(2) To the Principal Account, the aggregate amount of principal becoming due to redeem or pay, until the balance in said Principal Account is equal to said aggregate amount of such principal;

* Preliminary, subject to change.

provided that from the date of delivery of the Notes until the first Principal Payment Date with respect to the Notes, transfers to the Principal Account will be sufficient on a pro rata basis to pay the principal becoming due and payable on said Principal Payment Date;

Any moneys remaining in the Revenue Fund after the foregoing transfers will be transferred on the first Business Day after the Principal Payment Date by the Trustee to the Borrower.

See “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE” and “– LOAN AGREEMENT” attached hereto.

The Loan Agreement

The Authority and the Borrower will execute the Loan Agreement to provide for the loan by the Authority to the Borrower of proceeds from the sale of the Notes. The Authority will assign its rights in the Loan Agreement (except for the Retained Rights) to the Trustee. Pursuant to the Loan Agreement, the Borrower will be required to make loan repayments sufficient to pay the principal, premium, if any, and interest on the Notes when due. See “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT” attached hereto.

Subject only to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Borrower pledges, and to the extent permitted by law grants a security interest to the Trustee in, the Gross School Revenues to secure the payment of Loan Repayments and the performance by the Borrower of its other obligations under the Loan Agreement. The Borrower will execute and cause to be filed Uniform Commercial Code financing statements, and will execute and cause to be sent to the Trustee a notice of the security interest granted under this provision and will execute and deliver such other documents (including, but not limited to, control agreements and continuation statements) as may be necessary or reasonably requested by the Trustee in order to perfect or maintain as perfected such security interest or give public notice thereof. Notwithstanding anything to the contrary contained in the Loan Agreement, neither the Trustee nor any other Person (other than the Borrower) will be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection or priority of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. See “INTRODUCTION – Security for the Notes – General.”

Loan Repayments. The Borrower agrees that it shall pay to the Trustee for deposit in the Revenue Fund such amounts as is required by the Trustee to make the transfers and deposits on the dates required by the Indenture. Notwithstanding the foregoing, if five business days prior to any interest or principal payment date with respect to the Notes, the aggregate amount in the Revenue Fund is for any reason insufficient or unavailable to make the required payments of principal (or Redemption Price) of or interest on the Notes then becoming due (whether by maturity, redemption or acceleration), the Borrower shall forthwith pay the amount of any such deficiency to the Trustee. Each payment by the Borrower to the Trustee under the Loan Agreement (the “Loan Repayments”) will be in lawful money of the United States of America and paid to the Trustee at its designated corporate trust office and held, invested, disbursed and applied as provided in the Indenture.

Payment Direction. Pursuant to the Loan Agreement, in connection with the issuance of the Notes, the Borrower will deliver the Payment Direction to the Collateral Agent. Not later than the twentieth (20th) calendar day of the month prior to any month prior to which payment is scheduled, the Borrower may revise the Payment Direction and cause such revision to be delivered to the Collateral Agent from time to time as necessary or appropriate (including without limitation as a result of redemption prior to maturity) to specify transfers to the Trustee of State apportionments payable from the Collateral Agent relating to the Borrower, in amounts expected to be at least necessary to pay the amounts due under the Loan Agreement and other costs necessary or incidental to the financing relating to the Notes, as the same become due, and to cure any delinquency in payment of such amounts. The Borrower will cooperate with the Trustee in any manner the Trustee may request in connection

with revising the Payment Direction. If at any time the Payment Direction is revised for any reason, the Borrower will promptly provide to the Authority, the Collateral Agent and the Trustee a copy of such revised Payment Direction. The Payment Direction may provide additional amounts payable to the Trustee for purposes set forth in the Indenture; provided the Borrower will not grant preference or any prior right of funding access or security in respect of any payment indicated in the Payment Direction. Under the Loan Agreement, the Borrower covenants to maintain (i) its instruction to the Riverside County Office of Education providing for deposit of Gross School Revenues to the Blocked Account, and (ii) the Payment Direction providing for payment to the Trustee of the Scheduled Deposits. In addition, the Borrower covenants to maintain the Intercreditor Agreement in place so long as the Notes are outstanding.

All deposits of moneys derived from the Payment Direction hereunder will be made at the corporate trust office of the Trustee set forth in the Payment Direction. The Borrower will timely revise its Payment Direction to require transfers to such other location as shall be designated in writing by the Trustee.

Additional Payments. In addition to the Loan Repayments, the Borrower will also pay to the Authority or to the Trustee, as the case may be, “Additional Payments,” as defined in the Loan Agreement. See “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT” attached hereto. All such payments will be made by the Borrower from the Gross School Revenues for payment to the Person or Persons entitled to such payments or for deposit to the appropriate fund or account held by the Trustee under the Indenture.

Failure to Make Payments. In the event the Borrower shall fail to deposit, or fail to cause to be deposited, with the Trustee any Loan Repayments or Additional Payments as required by the Loan Agreement, the Loan Repayments, Additional Payments or other payments required thereunder not paid will continue as an obligation under the Loan Agreement of the Borrower until the amount in default will have been fully paid. Pursuant to the Indenture, upon the occurrence of and during the continuance of an Event of Default, the Notes shall bear interest at a rate of 10.00%* per annum.

Prohibition on Liens. Except for any lien made in connection with the issuance of the Notes and already existing on the Closing Date (including liens for future draws on the 2024 Master Loan Agreement), the Borrower covenants and agrees that it will not create, assume or suffer to exist any lien upon the Gross School Revenues or otherwise any rents, money, Property or accounts of the Borrower.

Covenant to Maintain Charter. The Borrower covenants that, so long as any other obligations of the Borrower under the Loan Agreement remain outstanding, it will maintain the legal authority to operate the School as a public charter school in the State.

See “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT” attached hereto.

* Preliminary, subject to change.

CHARTER SCHOOLS

This section provides a brief overview of California's charter school law. Prospective purchasers of the Notes should note that the overview contained in this section and the summary of relevant law noted by cross-reference in the sections that follow are provided for the convenience of prospective purchasers but are not and do not purport to be comprehensive. Additional information regarding various aspects of charter school funding in California is available on numerous State-maintained websites and through other publicly available sources.

General

Under State Law, charter schools are largely independent schools operating as part of the public school system under the exclusive control of the officers of the public schools. A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and is usually sponsored by an existing local public school district or county board of education. Specific goals and operating procedures for the charter school are detailed in a "charter" granted by the sponsoring board to the charter organizers.

A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. Charter schools in the State are created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the State Education Code (the "Charter School Law"). The law also requires that a public charter school be nonsectarian in its programs, admission policies, employment practices and all other operations, and prohibits the conversion of a private school to a charter school. Public charter schools may not charge tuition and may not discriminate against any pupil on the basis of ethnicity, national origin, gender or disability. Charter schools in the State are required to participate in the State Testing and Reporting Program.

According to the Charter School Law, the purpose of a charter school is to: (1) improve pupil learning; (2) increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for pupils identified as academically low achieving; (3) encourage the use of different and innovative teaching methods; (4) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site; (5) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; (6) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability; and (7) provide vigorous competition within the public school system to stimulate continual improvements in all public schools.

Anyone may write a charter. However, for a new charter school (not conversion of an existing traditional public school), charter developers must present a petition to the governing board of the local school district (or other chartering authority) containing the signatures of either: (1) a number of teachers meaningfully interested in teaching at the school equal to at least 50 percent of the number of teachers the charter school estimates will be employed during the charter school's first year of operation, or (2) a number of parents or legal guardians representing at least 50 percent of the number of pupils expected to enroll at the school in its first year. For conversion schools, Charter School Law requires signatures of at least 50 percent of the permanent status teachers at the school to be converted. Pupils may not be required to attend a charter school nor may teachers be compelled to teach there. Charters are granted for a maximum term of five years, and may be renewed for new five-year terms without limitation upon satisfaction of certain criteria described below; provided, however, that under certain circumstances, high-performing charter schools may be renewed for a period of between five and seven years.

Generally, each charter school is funded to its statutory entitlement after the local contribution is taken into account. Local funding comes from the chartering school district or other sponsoring local education agency in lieu of property taxes (generally funded from the school district's own property tax receipts), while the State funds the balance directly through the county office of education. The proportion coming from the State will

vary from district to district depending on the amount of local property taxes collected. In addition, charter schools receive certain State funding and lottery funds based upon pupil attendance, and may be eligible for other special programmatic aid from State and federal grants. Charter schools are prohibited from charging tuition under the Charter School Law.

For additional information regarding funding of education in the State and information relating to certain risks and other considerations relevant to a decision to invest in the Notes, see “STATE FUNDING OF EDUCATION” herein and “CERTAIN RISK FACTORS – Specific Risks of Charter Schools” herein.

Chartering Authority

Under the Charter School Law, the local school district governing board serves as the primary chartering authority. A petitioner may seek approval of a charter from a county board of education if the pupils to be served are pupils that would normally be provided direct education and related services by the county office of education. A petitioner may also seek approval from a county board of education for a countywide charter school, which may be granted only if the county board finds that the proposed countywide charter school will offer services to a pupil population that will benefit from those services and that cannot be served as well by a charter school that operates only in one school district in the county. See “— Countywide Benefit Charter Schools” below. Petitioners may request the county board of education to review a charter petition if the petition has been previously denied by the local school district governing board.

If the governing board of a school district denies a petition and the county lacks an independent county board of education, the petitioner may elect to submit the petition for the establishment of a charter school to the state board. If the denial of a charter petition is reversed by the state board, the state board shall designate the governing board of the school district in which the charter school is located as the chartering authority.

If the county board of education denies a petition, the petitioner may appeal that denial to the state board. The state board shall either hear the appeal or summarily deny review of the appeal based on the documentary record. If the state board hears the appeal, the state board may affirm the determination of the governing board of the school district or the county board of education, or both of those determinations, or may reverse only upon a determination that there was an abuse of discretion. If the denial of a charter petition is reversed by the state board, the state board shall designate, in consultation with the petitioner, either the governing board of the school district or the county board of education in which the charter school is located as the chartering authority.

For information concerning the School’s charter, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

Elements of a Charter Petition

Each charter petition, at a minimum, must contain reasonably comprehensive descriptions of each of sixteen required elements. They are:

1. A description of the educational program of the charter school.
2. The annual goals for the charter school for all pupils and for each subgroup of pupils, and specific annual actions to achieve those goals.
3. If the proposed charter school will serve high school pupils, the manner in which the charter school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements.
4. The measurable pupil outcomes identified for use by the charter school.

5. The method by which pupil progress in meeting those pupil outcomes is to be measured.
6. The charter school's governance structure, including parental involvement.
7. The qualifications to be met by individuals employed by the charter school.
8. Procedures to ensure health and safety of pupils and staff. These procedures shall include: that each employee of the charter school furnish the charter school with a criminal record summary; the development of a school safety plan; and that the school safety plan be reviewed and updated by March 1 of every year by the charter school.
9. The means by which the charter school will achieve a balance of racial and ethnic pupils, special education pupils, and English learner pupils, including redesignated fluent English proficient pupils, reflective of the general population residing in the chartering district.
10. Admission policies and procedures, consistent with the requirements in Education Code Section 47605(e).
11. The manner in which annual, independent financial audits will be conducted, and the manner in which audit exceptions and deficiencies will be resolved to the satisfaction of the chartering authority.
12. The procedures by which pupils may be suspended or expelled from the charter school for disciplinary reasons or otherwise involuntarily removed from the charter school for any reason.
13. Provisions for employee coverage under the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security.
14. The public school attendance alternatives for pupils residing within the district who choose not to attend charter schools.
15. A description of the rights of any employee of the school district upon leaving the employment of the school district to work in a charter school, and of any rights of return to the school district after employment at a charter school.
16. The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter.
17. A declaration of whether or not the charter school will be deemed the exclusive public school employer of the employees of the charter school for purposes of the Educational Employment Relations Act.
18. A description of the procedures for closure of the school, including the disposition of assets and the maintenance and transfer of pupil records.

Under the accountability requirements of Assembly Bill 1137 ("AB 1137"), signed into law in October 2003, districts or other agencies that grant charter authority must identify a contact person for charter schools, visit each charter school at least once a year, and ensure that charter schools submit all required reports (including fiscal reports that must be sent four times a year to the district and local county office of education). In addition, the district must monitor the fiscal condition of its charter schools and notify the State Department of Education whenever a charter is granted, denied, revoked, or the charter school will cease operation. AB 1137 also required that charter schools show a certain level of academic performance to have their charters renewed.

Moratorium on New Nonclassroom-Based Charter Schools

Pursuant to the applicable provisions of the Charter School Law, from January 1, 2020 to January 1, 2026, the approval of a petition for the establishment of a new nonclassroom-based charter school is prohibited. This prohibition does not affect renewal petitions for nonclassroom-based charter schools established prior to January 1, 2020, such as the School.

Approval or Denial of Charter Petition

No later than 60 days after receiving a petition, the governing board of the school district will hold a public hearing on the provisions of the charter, at which time the governing board of the school district will consider the level of support for the petition by teachers employed by the school district, other employees of the school district, and parents. Following review of the petition and the public hearing, the governing board of the school district will either grant or deny the charter within 90 days of receipt of the petition, provided, however, that the date may be extended by an additional 30 days if both parties agree to the extension.

The governing board of the school district will publish all staff recommendations, including the recommended findings and, if applicable, the certification from the county superintendent of schools prepared pursuant to paragraph (8) below, regarding the petition at least 15 days before the public hearing at which the governing board of the school district will either grant or deny the charter. At the public hearing at which the governing board of the school district will either grant or deny the charter, petitioners will have equivalent time and procedures to present evidence and testimony to respond to the staff recommendations and findings.

In reviewing petitions for the establishment of charter schools authorized by a school district, the chartering authority will be guided by the intent of the State Legislature that charter schools are and should become an integral part of the California educational system and that the establishment of charter schools should be encouraged. The governing board of the school district will grant a charter for the operation of a school if it is satisfied that granting the charter is consistent with sound educational practice and with the interests of the community in which the school is proposing to locate. The governing board of the school district shall consider the academic needs of the pupils the school proposes to serve.

The governing board of the school district will not deny a petition for the establishment of a charter school unless it makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the following findings:

- (1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school;
- (2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition;
- (3) The petition does not contain the number of required signatures;
- (4) The petition does not contain an affirmation of each of the admission conditions described in Education Code Section 47605(e);
- (5) The petition does not contain reasonably comprehensive descriptions of all of the elements described in “— Elements of a Charter Petition” herein; and
- (6) The petition does not contain a declaration of whether or not the charter school will be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7 of the Government Code.

- (7) The charter school is demonstrably unlikely to serve the interests of the entire community in which the school is proposing to locate. Analysis of this finding shall include consideration of the fiscal impact of the proposed charter school. A written factual finding under this paragraph shall detail specific facts and circumstances that analyze and consider the following factors:
 - (A) The extent to which the proposed charter school would substantially undermine existing services, academic offerings, or programmatic offerings.
 - (B) Whether the proposed charter school would duplicate a program currently offered within the school district and the existing program has sufficient capacity for the pupils proposed to be served within reasonable proximity to where the charter school intends to locate.
- (8) The school district is not positioned to absorb the fiscal impact of the proposed charter school. A school district satisfies this paragraph if it has a qualified interim certification pursuant to Section 1240 of the Education Code and the county superintendent of schools, in consultation with the County Office Fiscal Crisis and Management Assistance Team, certifies that approving the charter school would result in the school district having a negative interim certification pursuant to Section 1240 of the Education Code, has a negative interim certification pursuant to Section 1240 of the Education Code, or is under state receivership. Charter schools proposed in a school district satisfying one of these conditions shall be subject to a rebuttable presumption of denial.

In reviewing petitions for the establishment of charter schools within the school district, the governing board of the school district will give preference to petitions that demonstrate the capability to provide comprehensive learning experiences to pupils identified by the petitioner or petitioners as academically low achieving pursuant to the standards established by the State Board of Education.

If the governing board of a school district denies a petition, the petitioner may elect to submit the petition for the establishment of a charter school to the county board of education. The county board of education will review the petition pursuant to the same process by which a school district reviews a charter school petition.

If the governing board of a school district denies a petition and the county board of education has jurisdiction over a single school district, the petitioner may elect to submit the petition for the establishment of a charter school to the state board. The state board will review the petition pursuant to the same process by which a school district reviews a charter school petition. If the denial of a charter petition is reversed by the state board, the state board shall designate the governing board of the school district in which the charter school is located as the chartering authority.

If the county board of education denies a petition, the petitioner may appeal that denial to the state board. The state board will either hear the appeal or summarily deny review of the appeal based on the documentary record. If the state board hears the appeal, the state board may affirm the determination of the governing board of the school district or the county board of education, or both of those determinations, or may reverse only upon a determination that there was an abuse of discretion by both the governing board of the school district and the county board of education. If the denial of a charter petition is reversed by the state board, the state board will designate, in consultation with the petitioner, either the governing board of the school district or the county board of education in which the charter school is located as the chartering authority.

If either the county board of education or the state board fails to act on a petition within 180 days of receipt, the decision of the governing board of the school district to deny the petition will be subject to judicial review.

The Borrower operates the School pursuant to a countywide charter approved by the Riverside County Board of Education. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

Charter Renewal

A chartering authority may grant one or more renewals of a charter petition. Except as otherwise described herein, each renewal will be for a period of five years. Renewals and material revisions of charters are governed by the same standards and criteria as initial approvals of charter petitions, and will include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

Assembly Bill 130 (“AB 130”), an omnibus budget trailer bill signed into law by the Governor on July 9, 2021, automatically extended by two years the term of all existing charter schools whose term expires between January 1, 2022 and June 30, 2025, inclusive. Senate Bill 114 (“SB 114”), an omnibus budget trailer bill signed into law by the Governor on July 10, 2023, automatically extended by a further year the term of all existing charter schools whose term expires between January 1, 2024 and June 30, 2027.

A charter school that, concurrently with its renewal, proposes to expand operations to one or more additional sites or grade levels must request a material revision to its charter, which may be made only with the approval of the chartering authority and is governed by the standards and criteria of an initial approval or denial of a charter petition. Paragraphs numbered (7) and (8) under the heading “— Approval or Denial of Charter Petition” above may not be used to deny a renewal of an existing charter school, but may be used to deny a proposed expansion constituting a material revision.

The chartering authority shall consider the schoolwide performance and performance of all subgroups of pupils served by the charter school on the state indicators included in the California School Dashboard and the performance of the charter school on the local indicators included in the California School Dashboard. The chartering authority shall provide greater weight to performance on measurements of academic performance in determining whether to grant a charter renewal. In addition to the state and local indicators, the chartering authority shall consider clear and convincing evidence, demonstrated by verified data, showing either of the following:

- (A) The school achieved measurable increases in academic achievement, as defined by at least one year’s progress for each year in school.
- (B) Strong postsecondary outcomes, as defined by college enrollment, persistence, and completion rates equal to similar peers.

The chartering authority may deny a charter renewal only upon making written findings, setting forth specific facts to support the findings, that the charter school has failed to meet or make sufficient progress toward meeting standards that provide a benefit to the pupils of the school, that closure of the charter school is in the best interest of pupils and, if applicable that its decision provided greater weight to performance on measurements of academic performance.

Authorizer Shall Renew. The chartering authority shall not deny renewal for a charter school if either of the following apply for two consecutive years immediately preceding the renewal decision; provided, however, that a charter school eligible for technical assistance shall not qualify for renewal under this provision:

- (A) The charter school has received the two highest performance levels schoolwide on all the state indicators included in the California School Dashboard for which it receives performance levels; and

(B) For all measurements of academic performance, the charter school has received performance levels schoolwide that are the same or higher than the state average and, for a majority of subgroups performing statewide below the state average in each respective year, received performance levels that are higher than the state average.

The chartering authority that granted the charter may renew a charter pursuant to this paragraph for a period of between five and seven years.

Notwithstanding the above, the chartering authority may deny renewal of a charter school upon a finding that the school is demonstrably unlikely to successfully implement the program set forth in the petition due to substantial fiscal or governance factors, or is not serving all pupils who wish to attend. The chartering authority may deny renewal of a charter school pursuant to this provision only after it has provided at least 30 days' notice to the charter school of the alleged violation and provided the charter school with a reasonable opportunity to cure the violation, including a corrective action plan proposed by the charter school.

Authorizer Shall Not Renew. The chartering authority shall not renew a charter if either of the following apply for two consecutive years immediately preceding the renewal decision:

(A) The charter school has received the two lowest performance levels schoolwide on all the state indicators included in the California School Dashboard for which it receives performance levels.

(B) For all measurements of academic performance, the charter school has received performance levels schoolwide that are the same or lower than the state average and, for a majority of subgroups performing statewide below the state average in each respective year, received performance levels that are lower than the state average.

The chartering authority shall consider the following factors, and may renew a charter that meets the criteria above only upon making both of the following written factual findings, specific to the particular petition, setting forth specific facts to support the findings:

(A) The charter school is taking meaningful steps to address the underlying cause or causes of low performance, and those steps are reflected, or will be reflected, in a written plan adopted by the governing body of the charter school.

(B) There is clear and convincing evidence showing either of the following:

(i) The school achieved measurable increases in academic achievement, as defined by at least one year's progress for each year in school.

(ii) Strong postsecondary outcomes, as defined by college enrollment, persistence, and completion rates equal to similar peers.

For a charter renewed pursuant to this provision, the chartering authority may grant a renewal for a period of two years.

Countywide Benefit Charter Schools

Education Code Section 47605.6 provides for the creation of countywide benefit charter schools to operate at one or more sites within the geographic boundaries of a county and that provide instructional services that are not generally provided by a county office of education. A county board of education may approve a countywide charter only if it finds, in addition to the other requirements of the Charter School Law, that the educational services to be provided by the charter school will offer services to a pupil population that will benefit

from those services and that cannot be served as well by a charter school that operates in only one school district in the county.

The provisions governing denial of a charter petition for school district governing boards also apply to the denial of a charter petition for countywide benefit charters. A county board of education will deny a petition if it finds one or more of the following: (i) the charter school presents an unsound educational program for the pupils to be enrolled in the charter school, (ii) petitioners are demonstrably unlikely to successfully implement the program set forth in the petition, (iii) the petition does not contain the number of required signatures, (iv) the petition does not contain an affirmation of each of the enumerated conditions described in Education Code Section 47605(e), (v) the petition does not contain reasonably comprehensive descriptions of the educational program of the school, measurable pupil outcomes and certain other factors, as required by State law, (vi) the petition does not contain a declaration of whether or not the charter school will be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7 of the Government Code, and (vii) any other basis that the county board of education finds justifies the denial of the petition. If a petition for a countywide benefit charter is denied, or the renewal of an existing countywide benefit charter is denied, the petition may not be submitted to the State Board of Education (“SBE”) for review.

The School operates pursuant to a countywide benefit charter. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

Charter Management Organizations

As the number of charter schools operating pursuant to the Charter School Law has increased over time, nonprofit organizations have been established, referred to as charter management organizations (“CMOs”), to manage the operations of several charter schools for the purpose of achieving certain economic and operational efficiencies. CMOs centralize or share certain functions and resources among multiple charter schools, including but not limited to accounting, human resources, marketing, purchasing, property management and administration. CMOs may operate at the regional or statewide level. SCS, Inc. functions as a CMO for the School. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

Charter Revocation

A charter may be revoked if the charter granting authority finds, based on substantial evidence, that a charter school (i) has committed a material violation any of the conditions, standards or procedures set forth in its charter, or (ii) has failed to meet or to pursue any of the student outcomes identified in its charter, or (iii) has failed to meet generally accepted accounting principles, or engages in fiscal mismanagement, or (iv) has violated any provision of law. Prior to revoking a charter, the charter granting authority must notify the charter school of the violation, afford the charter school a reasonable opportunity to remedy the violation (unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils), and, upon failure to do so, give written notice of intent to revoke and notice of facts in support of revocation to the charter school and hold a public hearing on the matter. An adverse decision by a school district governing board may be appealed to the county board of education and an adverse decision by the county board, directly or on appeal, may be appealed to the SBE. See “CERTAIN RISK FACTORS – Specific Risks of Charter Schools – Non-Renewal or Revocation of Charters” herein.

In addition, the SBE may take action based on the recommendation of the State Superintendent of Public Instruction, including but not limited to revocation of a school’s charter, upon a finding of (i) gross financial mismanagement that jeopardizes the financial stability of the charter school, (ii) illegal or substantially improper use of charter school funds for the personal benefit of any officer, director or fiduciary of the charter school, (iii) substantial and sustained departure from measurably successful practices such that continuing departure would jeopardize the educational development of the school’s pupils, or (iv) failure to improve pupil outcomes across multiple state and school priorities identified in the charter. Regulations promulgated by the SBE require the

California Department of Education to identify and notify the SBE of each charter school that is determined to warrant action pursuant to clause (iii) of the immediately preceding sentence by November 1 of each year. Under these regulations, charter schools so notified are required to be given an opportunity to submit written information as to why its charter should not be revoked. Any resulting action to revoke a charter is effective at the end of the fiscal year in which the action is taken, unless the SBE identifies departures at the school that are so significant as to be cause for immediate revocation and closure of the charter school. The regulations require the SBE to hold a public hearing to consider action including but not limited to charter revocation not later than March 31. See “CERTAIN RISK FACTORS – Specific Risks of Charter Schools – Non-Renewal or Revocation of Charters” herein.

The Borrower has not received any notice from the SBE or the Riverside County Board of Education regarding any violation or proposal to revoke the School’s charter or of any other violation requiring corrective action. In addition, as noted above, any future adverse decision by the Riverside County Board of Education may be subject to appeal.

Amendments to the Charter School Law

The Legislature has amended the Charter School Law frequently since its initial adoption in 1992, and legislative and public attitudes are still evolving. Neither the Borrower nor any other charter school operator has any control over State legislative or regulatory decision making that could affect the operations or ongoing funding sources for the School.

Senate Bill 414 (“SB 414”) was approved by the legislature on September 13, 2025, and enrolled and presented to the Governor on September 23, 2025. SB 414 would make certain changes to the establishment and oversight of charter schools, including but not limited to the following:

- Extension of the existing moratorium on the establishment of new nonclassroom-based charter schools from January 1, 2026, to June 30, 2026.
- Increased financial oversight by charter school authorizers to identify and address financial issues earlier.
- Require charter school governing boards by January 31 of each year to review in a public meeting the annual financial audit for the preceding fiscal year, including any audit exceptions, any recommendations or findings of any management letter issued by the auditor, and any description of corrective action.
- Establishment the Office of the Education Inspector General, to conduct and supervise forensic audits and investigations relating to the programs and operations of the department, local educational agencies, and entities managing a charter school related to fraud, misappropriation of funds, and other illegal practices and annually report to the appropriate policy committees of the State legislature on investigations and audits of the programs and operations of the CDE, local educational agencies, and entities managing charter schools.
- Delay implementation of certain performance standards and procedures previously set to take effect on January 1, 2026, until January 1, 2028.
- Revise the provisions relating to funding determinations for non-classroom-based charter schools.
- Measures to increase transparency and disclosure of contracts and conflicts of interest.

SB 414 was approved by the State legislature with bipartisan support and was supported by the California Charter School Association. The Governor may sign SB 414 into law or veto the bill by October 12, 2025. If the Governor takes no action by that date, SB 414 will become law.

The Borrower can make no representation as to whether any proposed amendments to the Charter School Law will be enacted into law, or what, if any, impact such proposed amendments would have on the Borrower or the School.

Growth in Charter Schools in California

California has the largest concentration of charter schools in the nation with approximately 727,723 students enrolled in charter schools for the 2024-25 school year (up approximately 15,525 students from the prior school year), which was approximately 12.5% of total state-wide enrollment in the 2024-25 school year (up from approximately 12.2 percent of total state-wide enrollment in the prior school year). The following table shows the total number of charter schools in California by year since 1998-99.

TOTAL CHARTER SCHOOLS IN CALIFORNIA Fiscal Years 1998-99 Through 2024-25

<i>Fiscal Year</i>	<i>Number of Charter Schools</i>
2024-25	1,279
2023-24	1,281
2022-23	1,285
2021-22	1,289
2020-21	1,296
2019-20	1,304
2018-19	1,323
2017-18	1,275
2016-17	1,254
2015-16	1,230
2014-15	1,182
2013-14	1,130
2012-13	1,063
2011-12	982
2010-11	912
2009-10	809
2008-09	746
2007-08	682
2006-07	585
2005-06	560
2004-05	502
2003-04	443
2002-03	408
2001-02	349
2000-01	299
1999-00	235
1998-99	177

Source: The Borrower.

For information concerning the School’s charter, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

STATE FUNDING OF EDUCATION

General

The Charter School Law provides that the State legislature intended “each charter school be provided with operational funding that is equal to the total funding that would be available to a similar school district serving a similar pupil population . . .” As is true for school districts in the State, charter schools’ revenue is derived primarily from two sources: a State portion funded from the State’s general fund and a locally generated portion derived from each sponsoring school district’s share of the local *ad valorem* property tax. Decreases in State revenues, or in the legislative appropriations made to fund education, may significantly affect charter schools’ operations.

Adoption of Annual State Budget. According to the State Constitution, the Governor of the State is required to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by the State Legislature no later than June 15, although this deadline has been breached in previous years. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State’s voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. This lower vote requirement also applies to trailer bills that appropriate funds and are identified by the State Legislature “as related to the budget in the budget bill.” The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. See “– 2025-26 State Budget” below.

Failure by the State to adopt a budget may restrict the State Controller’s ability to disburse State funds. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002 and later refined by a California Supreme Court decision in 2003, the State Controller may be able to disburse State funds after the beginning of the fiscal year prior to the adoption of the State budget bill or emergency appropriation if the expenditure, among other things, is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the Borrower might experience delays in receiving certain expected revenues. See “CERTAIN RISK FACTORS” herein.

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. A brief description of the adopted State budget for the current fiscal year is included below; however, no prediction can be made as to how State income or State education funding will vary over the entire term to maturity of the Notes, and neither the Borrower nor the Authority takes any responsibility for informing Beneficial Owners of the Notes as to any such annual fluctuations. Information about the State budget and State spending for education is regularly available at various State maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, currently located at www.treasurer.ca.gov, and the Electronic Municipal Market Access (“EMMA”) website of the Municipal

Securities Rulemaking Board, currently located at <http://emma.msrb.org>. The information referred to is prepared by the respective entities maintaining each website and not by the Borrower or the Authority, and neither the Borrower nor the Authority can take any responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references. The information referred to above should not be relied upon in making an investment decision with respect to the Notes.

Aggregate State Education Funding. Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a minimum level of funding is mandated for school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs, including charter schools.

The Proposition 98 guaranteed amount for education is based on prior year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post year end revisions, as additional information regarding the various factors becomes available. Over the long run, the guaranteed amount may increase as enrollment and per capita personal income grow.

If, at year end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the mandated amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 (QEIA), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal years 2004-05, 2010-11, 2011-12 and 2012-13; and by proposing to amend the Constitution's definition of the guaranteed amount and settle up requirement under certain circumstances. The 2014-15 State Budget and 2015-16 State Budget reversed certain of these trends by, among other things, eliminating certain deferrals, authorizing payments of certain deferred amounts owed to schools subject to State General Fund Revenues and authorizing settle-up payments with respect to deferred apportionments of the Proposition 98 minimum guarantee.

2025-26 State Budget. On June 27, 2025, the Governor signed the State budget for fiscal year 2025-26 (the “2025-26 State Budget”). The following is drawn from the DOF summary of the 2025-26 State Budget.

The 2025-26 State Budget reports that, since the release of the Governor’s proposed State budget, the imposition of federal policy changes significantly slowed economic growth within the State. Most notably, broad-based tariffs blunted economic growth and drove a downgrade of the economic forecasts built into the May revision to the proposed State budget. Additionally, the State experienced substantial cost and caseload growth in several core State programs, most notably within Medi-Cal, which combined to create a State general fund shortfall of \$11.8 billion. The 2025-26 State Budget notes that the budget does not reflect the impact of substantial cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The State continues to monitor the impacts of the federal spending cuts and may need to make adjustments to the 2025-26 State Budget as a result. The 2025-26 State Budget solves the projected \$11.8 billion deficit through significant reductions in ongoing programs and a mix of other broad-based measures, including:

- *Reductions* – \$2.8 billion in total reductions in fiscal year 2025-26, which grows to \$11.9 billion by fiscal year 2028-29 through (i) an enrollment freeze for full-scope Medi-Cal expansion for undocumented adults ages 19 and older, (ii) a reduction in Medi-Cal premiums for adults 19-59 with unsatisfactory immigration status, (iii) altering the Medi-Cal asset test limit, (iv) an elimination of dental benefits for adults age 19 or older with unsatisfactory immigration status, (v) a reduction in prospective payment system payments to federally qualified health centers and rural health clinics, (vi) eliminating specialty drug coverage for weight loss, (vii) a reduction in pharmacy drug rebates and (viii) requiring provider mandates for quality incentive payment program eligibility.
- *Revenues/Borrowing* – \$7.8 billion in additional revenues and borrowings through (i) \$1.3 billion of support from the managed care tax approved in November of 2024 (Proposition 35) in fiscal year 2025-26 for Medi-Cal rate increases, as well as \$263.7 million of such support in fiscal year 2026-27, (ii) a loan of \$4.4 billion across the three-year budget window, including \$1 billion for fiscal year 2025-26 from the medical providers interim payment fund loan, (iii) a loan of \$150 million in fiscal year 2025-26 from the unfair competition law fund loan (iv) a loan of \$400 million in fiscal year 2025-26 from the labor and workforce development fund loan and (v) \$1.5 billion in additional special fund and internal borrowing.
- *Fund Shifts* – \$1.2 billion in total solutions for fiscal year 2025-26 primarily through shifting the costs for Cal Fire operations from the general fund to the greenhouse gas reduction fund. The 2025-26 State Budget estimates additional savings in shifting the costs to the greenhouse gas reduction fund of \$1.3 billion in fiscal year 2026-27 and \$500 million in both fiscal years 2027-28 and 2028-29.

For fiscal year 2024-25, the 2025-26 State Budget projects total general fund revenues and transfers of \$226.7 billion and authorizes expenditures of \$233.6 billion. The State is projected to end fiscal year 2024-25 with total reserves of approximately \$35.9 billion, including \$18.3 billion in the BSA, \$455 million in the PSSSA and \$17.1 billion in traditional general fund reserves. The State budget for fiscal year 2024-25 authorized BSA withdrawals of \$5.1 billion in fiscal year 2024-25 and \$7.1 billion in fiscal year 2025-26. The 2025-26 State Budget maintains the scheduled \$7.1 billion withdrawal for fiscal year 2025-26. For fiscal year 2025-26, the 2025-26 State Budget projects total general fund revenues and transfers of \$215.7 billion and authorizes expenditures of \$228.4 billion. The State is projected to end fiscal year 2025-26 with total reserves of approximately \$15.7 billion, including \$4.5 billion in the traditional general fund reserve and \$11.2 billion in the BSA. The PSSSA and the Safety Net Reserve are projected to have zero balances in fiscal year 2025-26.

The 2025-26 State Budget sets total funding in fiscal year 2025-26 for all TK-12 education programs at \$137.6 billion, including \$80.5 billion from the State general fund and \$57.1 billion from other sources. The minimum funding guarantee in fiscal year 2025-26 is set at \$114.6 billion. The 2025-26 State Budget also makes

retroactive changes to the minimum funding guarantee in fiscal years 2023-24 and 2024-25, setting them at \$98.5 billion and \$119.9 billion, respectively. The revised general fund estimates resulted in notable adjustments to the minimum funding guarantee with an increase of approximately \$3.9 billion from the State budget for fiscal year 2024-25 over the three-year period.

For fiscal year 2024-25, the 2025-26 State Budget appropriates \$118 billion, instead of the previously calculated level of \$119.9 billion, in order to mitigate the risk of potentially appropriating more resources to the minimum funding guarantee than are available in the final calculation for fiscal year 2024-25. The minimum funding level for fiscal year 2024-25 will not be finalized until that fiscal year is certified, which is a process that will occur throughout 2026. The 2025-26 State Budget projects that Test 1 will be in effect for fiscal year 2025-26. To accommodate enrollment increases related to the continued implementation of Universal Transitional Kindergarten and property tax backfills related to the January 2025 fires in the County of Los Angeles, the 2025-26 State Budget rebenchs the Test 1 percentage, from approximately 39.2% to 39.6%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

Other significant features relating to TK-12 education funding include the following:

- *LCFF* – The 2025-26 State Budget includes an LCFF COLA of 2.3%. When combined with population growth adjustments, these result in an increase of roughly \$2.1 billion in discretionary funds for local educational agencies, as compared to the level set in the prior State budget. The 2025-26 State Budget authorizes a mandatory deposit of \$455 million into the PSSSA in fiscal year 2024-25, of which the entirety is exhausted in fiscal year 2025-26, including \$405.3 million to support LCFF costs.
- *Deferrals* – The 2025-26 State Budget reflects LCFF apportionment deferrals from 2024-25 to 2025-26 of approximately \$246.6 million, and from 2025-26 to 2026-27 of approximately \$1.9 billion.
- *Universal Transitional Kindergarten (TK)* – The 2025-26 State Budget provides \$2.1 billion (inclusive of all prior years' investments) in ongoing Proposition 98 funding to support the full implementation of universal TK so that all children who turn 4 years old by September 1 of the school year can enroll in the 2025-26 school year. The 2025-26 State Budget also provides \$1.2 billion ongoing Proposition 98 funding to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom. Additionally, the 2025-26 State Budget shifts \$232.9 million of ongoing Proposition 98 funding for universal TK funding that was previously allocated to community college districts as a result of the Proposition 98 statutory split to the TK-12 side of the budget.
- *Before School, After School and Summer School* – \$515.5 million in ongoing Proposition 98 funding for the Expanded Learning Opportunities Program, which seeks to implement before, after and summer school instruction and enrichment for students in grades TK-6, by increasing the number of local education agencies that offer universal access to students with an unduplicated count of 75 percent to an unduplicated count of 55 percent. The 2025-26 State Budget includes an additional \$10.4 million to increase the minimum grant amounts from \$50,000 to \$100,000 per local educational agency.
- *Literacy Instruction* – \$480 million in one-time Proposition 98 funding for the support of the English Language Arts/English Language Development framework, which includes investments such as literacy coaches, reading specialists, trainings for educators, administering screenings and providing materials. The 2025-26 State Budget also provides \$10 million in one-time Proposition 98 funding for the statewide use of English language proficiency screeners to support multilingual learners in TK.

- *Teacher Preparation and Professional Development* – \$300 million in one-time Proposition 98 funding to establish the Student Teacher Stipend Program, which will provide \$10,000 grants to qualifying teacher candidates, \$70 million in one-time Proposition 98 funding for high-quality teacher residency programs and \$30 million in one-time Proposition 98 funding to extend the timeline of existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.
- *State Preschool* – The 2025-26 State Budget provides \$19.3 million Proposition 98 funding and \$10.2 million non-Proposition 98 funding for the California State Preschool Program to augment provider rates, supporting the costs of care. The 2025-26 State Budget also provides authority to the Department of Education to take certain actions related to the California State Preschool program.
- *Learning Recovery Emergency Block Grant* – \$378.6 million in one-time Proposition 98 funding to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing learning recovery initiatives through the 2027-28 school year.
- *Universal School Meals Support Grant* – \$145 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure, training and procurement of sustainably grown food to support schools in providing more freshly prepared meals, \$10 million in one-time Proposition 98 funding to recruit and retain school food service workers and \$5 million in one-time Proposition 98 funding for a study of ultra-processed foods offered in California school meals.
- *Special Olympics* – \$30 million in one-time general funds, available over three years, for the Special Olympics of Northern and Southern California.
- *Mathematics Professional Learning Partnership* – \$30 million in one-time Proposition 98 funding for the Mathematics Professional Learning Partnership and for the Kern County Superintendent of Schools to support educator training and mathematics coaching in local educational agencies, including expanding upon collaboration with the Rural Math Collective and training mathematics coaches who can be deployed in schools with the highest need of support.
- *Summer Electronic Benefits Transfer (SUN Bucks)* – \$21.9 million in additional ongoing Proposition 98 funding to support the SUN Bucks program, which provides nutrition funding to eligible students during the summer months, to provide a match to an equal amount of federal funds to support the program.
- *Children and Youth Behavioral Health Initiative Grants* – \$20 million in one-time Proposition 98 funding to support the implementation of the Children and Youth Behavioral Health Initiative's all-payer fee schedule.
- *Secondary School Redesign Pilot Program* – \$10 million in one-time Proposition 98 funding for the California Collaborative of Educational Excellence to administer a pilot program to redesign middle and high schools to better serve the needs of all students and increase student outcomes, and to manage a network of grantees to support peer learning and documentation of practices.
- *TK Multilingual Learner Supplemental Funding* - \$7.5 million in one-time Proposition 98 funding, available through fiscal year 2026-27, to mitigate reductions in potential LCFF

apportionment to local educational agencies resulting from the exemption of TK students from the English language proficiency assessment.

For additional information regarding the 2025-26 State Budget, see the DOF website www.dof.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Future Actions and Events. The Borrower cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The Borrower also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the Borrower will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the Borrower and the School.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved. Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 4, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years – such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Allocation of State Funding to Charter Schools

General Purpose Entitlement. Under the Charter School Law, each charter school is calculated to have a "general purpose entitlement," which has in the past been based on the statewide average amount of State aid, local property taxes and other revenue received by school districts of similar type and serving similar pupil populations. The general purpose entitlement is calculated on a per student basis at each of four grade level ranges (grades K-3, grades 4-5, grades 6-8, and grades 9-12) and is multiplied by the charter school's Average Daily Attendance ("ADA") in each grade level range.

Each charter school's general purpose entitlement is funded from local funding in lieu of property taxes and, to the extent such funding is insufficient to fulfill the entire entitlement, from money appropriated by the State from the State's general fund for education. The local share, which must be transferred in monthly installments to the charter school by the sponsoring local educational agency in lieu of property taxes, is the average amount of property taxes per ADA received by the district, including charter school students, multiplied by the charter school's ADA.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the 2013-14 State budget, establishes a new system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91").

Funding. The primary component of AB 97, as modified by SB 91, is the implementation of the Local Control Funding Formula ("LCFF"), which replaces the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. Under the LCFF, State allocations will be provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans (identical to the grade spans previously used for charter school funding). Each Base Grant is subject to certain adjustments and add-ons, as discussed below. LCFF was fully implemented over a period of six fiscal years, by fiscal year 2018-19. Beginning in fiscal year 2013-14, an annual transition adjustment is calculated for each charter school, equal to such charter school's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, charter schools had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of the charter school's respective funding gaps.

The Base Grants per unit of ADA for each grade span as of the first year of the LCFF's implementation, were as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for cost-of-living increases by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. The LCFF also provides additional add-ons to charter schools that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include Transitional Kindergarten ("TK") to all four-year olds. This plan is expected to phase in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. As a result, school districts and charter schools that serve TK students will be eligible to receive an add-on equal to \$2,813, multiplied by second principal reporting period ADA for TK students for the current fiscal year. Beginning in fiscal year 2023-24, this add-on is subject to COLA adjustments to the same degree as LCFF Base Grants.

Charter schools that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately. The LCFF authorizes a supplemental grant add-on (each, a "Supplemental Grant") for charter schools that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such charter schools' respective percentages of unduplicated EL/LI student enrollment. Charter schools whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-

on (each, a “Concentration Grant”) equal to 50% of the applicable Base Grant multiplied by the percentage of such charter school’s unduplicated EL/LI student enrollment in excess of the 55% threshold; provided that a charter school may not receive a Concentration Grant for a greater proportion of EL/LI than the highest percentage of any school district in which the charter school has a physical location.

For certain charter schools that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the general purpose funding such charter schools would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such charter schools in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on was paid incrementally over the eight-year implementing period of the LCFF.

The sum of a charter school’s adjusted Base Grants, Supplemental Grants and Concentration Grants will be multiplied by the charter school’s total current year ADA. This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district’s total LCFF allocation. Generally, the amount of annual State apportionments received by a school district or charter school will amount to the difference between such total LCFF allocation and such entity’s share of applicable local property taxes. Most school districts and charter schools receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts and charter schools.

Accountability. The SBE has adopted regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that school districts and charter schools increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts/schools on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts and charter schools can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts and charter schools are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. Charter school LCAPs are required to be included in charter petitions and updated annually. School district and charter school LCAPs must be annually updated and posted on the district or charter school’s website using a State-mandated standard reporting format.

Lottery Funding. Charter schools receive funding from the State Lottery Fund, which receives all proceeds from, among other sources, the sale of lottery tickets. Lottery funding is allocated to charter schools per unit of ADA. Lottery funds are distributed quarterly by the State Controller’s Office. Funding is based on annual average ADA. Lottery funds are identified as either “Proposition 20” funds or “non-Proposition 20” funds. Proposition 20 lottery funds may only be used to purchase instructional materials. Non-Proposition 20 lottery funds are unrestricted, except that they may not be used for acquisition of property, construction of facilities, financing of research, or for other non-instructional purposes. Lottery funding is not included in the charter school categorical block grant. Lottery funding is approximately 2% of public school revenues and is estimated at \$207 per unit of ADA for the 2019-20 fiscal year, of which approximately \$153 is “non-Proposition 20” and \$54 is “Proposition 20” funding.

Categorical Funding. Charter schools may apply for and receive categorical funds for many programs that are not included in general purpose entitlement funding, if otherwise eligible, but may not receive aid for programs exclusively or almost exclusively provided by a county office of education.

Charter School Facility Grant Program Funding. In fiscal year 2024-25, charter schools that meet certain criteria were eligible to receive additional funding per unit of ADA to reimburse an amount up to 75% of their annual facilities rent and lease costs from amounts appropriated under the annual Budget Act (as defined below) under the Charter School Facility Grant (“SB740”) Program. This per-ADA amount may increase in subsequent years based on cost of living adjustments. To be eligible for SB 740 benefits: (i) 55% or more of the charter school’s students must be eligible for free or reduced priced meals; or (ii) the charter school must be located in the attendance area of a public elementary school in which 55% or more of students are eligible for free or reduced priced meals and the charter school must give a preference in admissions to students who are currently enrolled in that public elementary school and to students who reside in the elementary school attendance area where the charter school is located. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL”

SB 740 facilities funding may be used for costs associated with facilities rents and leases (consistent with the definitions used in the California School Accounting Manual) (“Facility Rents”), and for costs associated with remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites (collectively, “Other Costs”). SB 740 facilities funding is not included in the charter school categorical block grant.

SB 740 funding is subject to the annual Budget Act. In the event insufficient moneys are appropriated to the program, the available moneys are first used to reimburse for Facility Rents (on a pro rata basis if moneys are insufficient), and any remaining moneys are apportioned to reimburse for Other Costs on a pro rata basis. In addition to the risk of underfunding, should there be any changes to the free and reduced-price meal eligibility data, the amount of grant moneys, which is awarded in three disbursements, may be adjusted or transfer of moneys back to CSFA may be required.

The SB 740 program is administered by CSFA. In prior years, the program has been “undersubscribed,” meaning that awards were not limited by the level of appropriation. However, the program was “oversubscribed” in fiscal years 2017-18 through 2021-22, with awards being reduced on a pro-rata basis.

Effective beginning the 2017-18 fiscal year, reimbursable costs under the SB 740 program are limited to either of the following conditions: (i) reimbursable facility rent or lease costs do not exceed the prior year’s costs on file with CSFA as of the 2016–17 fiscal year, subject to a cost-of-living adjustment; or (ii) the rent or lease costs of new facility agreements are at or below market rate based on an independent appraisal paid for by the charter school. See “CERTAIN RISK FACTORS – SB 740 Funding” herein.

Set forth in the following table are historical data regarding SB 740 funding and awards for fiscal years 2018-19 through 2023-24.

HISTORICAL SB 740 GRANT AWARDS
Fiscal Years 2018-19 to 2023-24

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>
A. No. of Schools Awarded	415	437	424	423	423	437 ⁽¹⁾
B. Total Amount Awarded	\$136,786,000	\$136,786,000	\$136,786,000	\$143,520,000	\$184,273,000	\$193,583,000 ⁽¹⁾
Amount awarded for lease costs	124,180,307	136,786,000	136,786,000	143,520,000	154,273,000	\$163,583,000 ⁽¹⁾
Amount awarded for Other Costs	12,605,693	--	--	--	30,000,000	30,000,000
C. Total Moneys Appropriated to SB 740⁽²⁾	\$136,786,000	\$136,786,000	\$136,786,000	\$143,520,000	\$184,273,000	\$193,583,000
D. Subscription Percentage⁽⁴⁾	109%	103%	108%	103%	99%	97-103% ⁽¹⁾
E. Total Average Daily Attendance (“ADA”)⁽⁵⁾	175,087	165,489	172,143	171,812	158,272	164,780 ⁽⁸⁾
F. Average Award Per ADA⁽⁶⁾	\$781	\$827	\$795	\$835	\$1,164 ⁽¹⁾	\$1,174 ⁽¹⁾
G. Maximum Award Allowed Per ADA⁽⁷⁾	\$1,147	\$1,184	\$1,211	\$1,232	\$1,313	\$1,421

⁽¹⁾ Figures are current estimates as of July 9, 2024, and subject to change.

⁽²⁾ Moneys annually appropriated by the State Legislature toward SB 740 grant awards. For 2022-23 and 2023-24, an additional amount of \$30 million was provided for the reimbursement of other facility related costs.

⁽³⁾ Includes an additional approximately \$21.1 million appropriated for fiscal year 2017-18 in the 2018-19 Budget.

⁽⁴⁾ From fiscal years 2013-14 to 2016-17, the SB 740 Program had been undersubscribed. However, for fiscal year 2017-18, the SB 740 Program was oversubscribed. CSFA made SB 740 awards by first reimbursing lease costs, and then applying a pro-rata reduction in the award amount for applied-for “other costs” spread across all eligible applicants. In fiscal year 2017-18, lease costs were fully funded at 100%, and other costs were funded at a pro-rata rate of 73.01%. In fiscal year 2018-19, lease costs were fully funded at 100%, and other costs were funded at a pro-rata rate of 49%. In fiscal years 2019-20, 2020-21, and 2021-22, CSFA expected to fund lease costs at 97.47%, 92.61%, and 94.5%, respectively, and therefore was unable to fund other costs. The SB740 program was not oversubscribed in fiscal year 2022-23. There is not final information for CSFA to determine an estimated subscription rate for 2023-24, leaving the indicated range as the best estimation available. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

⁽⁵⁾ Total ADA from all schools awarded in each fiscal year.

⁽⁶⁾ Equal to the “Amount Awarded” divided by the “Total ADA.” The Average Award Per ADA is lower than the Maximum Award Allowed Per ADA because a significant number of schools do not qualify for the maximum amount allowed; instead they are capped at 75% of actual rent. For 2023-24, figures are current estimates because SB 740 applications are still being received and final awards are being calculated.

⁽⁷⁾ SB 740 Program grant awards are calculated at the lower of: (a) 75% of actual rent paid or (b) maximum award allowed per ADA by State law. From fiscal years 2012-13 to 2016-17, the maximum award allowed per ADA by State law was \$750 per ADA. Pursuant to a change in State law passed by the Legislature in June 2017, the maximum award allowed by State law was increased from \$750 per ADA to \$1,117 per ADA, subject to cost of living adjustments. The maximum award for fiscal year 2023-24 is \$1,421.

⁽⁸⁾ Total ADA for fiscal year 2023-24 is provided through the California Department of Education’s Certified 2023-24 Second Principal Apportionment Attendance Data.

Source: *The Borrower*.

Annual Funding Components. The following tables describe ADA-based state funding of California charter school education for Fiscal Year 2021-22 through 2025-26:

STATE FUNDING OF CHARTER SCHOOL EDUCATION

Fiscal Year 2021-22

	<i>Grades</i>			
	<i>K-3</i>	<i>4-6</i>	<i>7-8</i>	<i>9-12</i>
Target LCFF Base Grant	\$8,903	\$8,215	\$8,458	\$9,802
CTE/CSR Add-ons	842	--	--	255
Lottery ⁽¹⁾	<u>228</u>	<u>228</u>	<u>228</u>	<u>228</u>
Total ⁽²⁾	\$9,163	\$8,443	\$8,686	\$10,285

Fiscal Year 2022-23

	<i>Grades</i>			
	<i>K-3</i>	<i>4-6</i>	<i>7-8</i>	<i>9-12</i>
Target LCFF Base Grant	\$9,166	\$9,304	\$9,580	\$11,102
TK-3/9-12 Grade Span Add-ons	953	--	--	289
Lottery ⁽¹⁾	<u>237</u>	<u>237</u>	<u>237</u>	<u>237</u>
Total ⁽²⁾	\$10,356	\$9,541	\$9,717	\$11,628

Fiscal Year 2023-24

	<i>Grades</i>			
	<i>K-3</i>	<i>4-6</i>	<i>7-8</i>	<i>9-12</i>
Target LCFF Base Grant	\$9,919	\$10,069	\$10,367	\$12,015
TK-3/9-12 Grade Span Add-ons	1,032	--	--	312
Lottery ⁽¹⁾	<u>249</u>	<u>249</u>	<u>249</u>	<u>249</u>
Total ⁽²⁾	\$11,200	\$10,318	\$10,616	\$12,576

Fiscal Year 2024-25

	<i>Grades</i>			
	<i>K-3</i>	<i>4-6</i>	<i>7-8</i>	<i>9-12</i>
Target LCFF Base Grant	\$10,025	\$10,177	\$10,478	\$12,144
TK-3/9-12 Grade Span Add-ons	1,043	--	--	316
Lottery ⁽¹⁾	<u>273</u>	<u>273</u>	<u>273</u>	<u>273</u>
Total ⁽²⁾	\$11,341	\$10,450	\$10,751	\$12,733

Fiscal Year 2025-26⁽³⁾

	<i>Grades</i>			
	<i>K-3</i>	<i>4-6</i>	<i>7-8</i>	<i>9-12</i>
Target LCFF Base Grant	\$10,256	\$10,411	\$10,719	\$12,423
TK-3/9-12 Grade Span Add-ons	1,067	--	--	323
Lottery ⁽¹⁾	<u>272</u>	<u>272</u>	<u>272</u>	<u>272</u>
Total ⁽²⁾	\$11,595	\$10,683	\$10,991	\$13,018

⁽¹⁾ Estimated.

⁽²⁾ Excludes special education, nutrition, After School Education and Safety, SB 740, Charter School Facility Grants, No Child Left Behind or Every Student Succeeds Act, class size reduction, supplemental instruction, economic impact aid, and National School Lunch Program funding and any private philanthropy, grants, or other fund-raising.

⁽³⁾ The Fiscal Year 2025-26 funding amounts are preliminary, used for initial budgeting purposes in general. For specific projections with respect to the School, see "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL" attached hereto.

Sources: California Charter Schools Association; California Department of Education.

For a description of the School's ADA and funding related thereto, see "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL" attached hereto.

Nonclassroom-Based Funding

A number of the Borrower's educational programs are considered nonclassroom-based independent study programs. For such programs, the determination of corresponding ADA depends upon the documentation showing that the students performed what is, in the discretion of the charter school and the assigned certificated teacher, the minimum amount of work necessary to constitute a day's worth of work done by a student. The minimum amount of work performed by a student in a day must be done on the day for which it is claimed as attendance for ADA. Any extra amount of work performed by the student on that given day generates no further ADA credit.

Nonclassroom-based independent study programs demonstrate nonclassroom-based ADA by articulating which days are considered to be school days and providing contemporaneous records for each student clearly showing the school days within that school calendar that the student is engaged in the required education activities to an extent sufficient to constitute at least one day of time value, as determined in the discretion of the charter school and evaluated by the assigned certificated teacher. Charter schools are required to have at least 175 school days in a fiscal year, unless the school has a State Board of Education approved waiver. Additionally, charter schools are required by statute to provide certain levels of instructional minutes for each grade level, which requirements are taken into consideration when defining the value of educational activities sufficient to constitute at least one day of time value.

Nonclassroom-based independent study programs are required to request a funding determination from the State Board of Education before they may receive their apportionments based on ADA. Schools are not required to reapply annually for a funding determination when the information submitted has not materially changed. Furthermore, schools with a 6 or better on the State's Academic Performance Index ("API") for two (2) years prior to a request for a funding determination are entitled to a funding determination of five (5) years, unless there is a material revision to the information requested.

Through the funding determination process, SBE, through recommendations of the Advisory Committee on Charter Schools ("ACCS"), approves the charter school's request for a specific percentage of funding based upon the charter school's ADA using specific criteria outlined in Title 5 of the California Code of Regulations.

A charter school may be granted 100% of its ADA funding in its funding determination request if (1) the total expenditures for salaries and benefits of all of its employees who possess a valid teaching credential, permit, certificate, etc., are forty percent (40%) or greater of the school's total public revenues (as defined in regulation); (2) the school's total expenditures on instruction and related services equals eighty percent (80%) or more of the school's total public revenues (as defined in regulation); and (3) the school's teacher to student ratio does not exceed 25 students to 1 full-time certificated teacher. If, however, other factors provide a reasonable basis for the ACCS to recommend otherwise, the amount of the apportionment may be reduced.

A charter school may be granted 85% of its ADA funding in its funding determination request if (1) the total expenditures for salaries and benefits of all of its employees who possess a valid teaching credential, permit, certificate, etc., are forty percent (40%) or greater of the school's total public revenues (as defined in regulation); (2) the school's total expenditures on instruction and related services equals seventy percent (70%) but less than eighty percent (80%) of the school's total public revenues (as defined in regulation). If, however, other factors provide a reasonable basis for the ACCS to recommend otherwise, the amount of the apportionment may be reduced or increased. Such other factors might include one-time expenditures required for capital expenditures or facilities costs.

A charter school may be granted 70% of its ADA funding in its funding determination request if (1) the total expenditures for salaries and benefits of all of its employees who possess a valid teaching credential, permit, certificate, etc., are between thirty-five percent (35%) and thirty-nine point nine percent (39.9%) of the school's total public revenues (as defined in regulation); (2) the school's total expenditures on instruction and related services equals at least sixty percent (60%) but less than seventy percent (70%) of the school's total public revenues (as defined in regulation). If, however, other factors provide a reasonable basis for the ACCS to recommend otherwise, the amount of the apportionment may be reduced or increased. Such other factors might include one-time expenditures required for capital expenditures or facilities costs.

A charter school may be denied apportionment funding for ADA if (1) the total expenditures for salaries and benefits of all of its employees who possess a valid teaching credential, permit, certificate, etc., is less than thirty-five percent (35%) of the school's total public revenues (as defined in regulation); or (2) the school's total expenditures on instruction and related services is less than sixty percent (60%) of the school's total public revenues (as defined in regulation). If, however, other factors provide a reasonable basis for the ACCS to recommend otherwise, it may recommend that the State Board of Education to approve the funding determination request. Denial of a determination of funding request by SBE shall result in no funding being apportioned for average daily attendance identified by the charter school as being generated through nonclassroom-based instruction.

With respect to its nonclassroom-based programs, the Borrower submitted its most recent funding determination request for 100% in May 2022, which was granted and expires in June 2026. While SBE maintains authority to request a new funding determination request at charter renewal and within its discretion at any time, the Borrower has not been provided any notice that it will be required to submit such a funding determination renewal request prior to normally scheduled renewal. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL" attached hereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING EDUCATION REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIII A of the California Constitution. Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent of "full cash value," and provides that such tax will be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on: (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the ballot proposition, but only if certain accountability measures are included in the bond proposition. Charter schools may not conduct bond elections or issue bonds payable from property taxes, but may benefit from the proceeds of bonds issued by the school district in which the charter school is located.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre decline value of the

property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of local school districts.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place. Charter schools are not directly dependent on local property taxes. To the extent local property taxes fund the general purpose entitlement, losses in local property tax income are required to be made up by the State.

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but not over \$300,000 for single filers (over \$340,000 but not over \$408,000 for joint filers), (ii) 2% for taxable income over \$300,000 but not over \$500,000 for single filers (over \$408,000 but not over \$680,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for joint filers). The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends through 2030 the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State

account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that

would otherwise be paid to K-14 school districts as part of the Minimum Funding Guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the Minimum Funding Guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the Minimum Funding Guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated Minimum Funding Guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

2024 State School Facilities Bond

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (referred to herein as the “2024 State School Facilities Bond” was a ballot measure that was approved by State voters on November 5, 2024. The 2024 State School Facilities Bond authorizes the sale and issuance of \$10 billion in State general obligation bonds for the repair, upgrade and construction of facilities at K-12 public schools, community colleges and career technical education programs, including the development of health and safety conditions.

K-12 School Facilities. The 2024 State School Facilities Bond includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Up to \$10 million of the allocation for new constructions will be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion assigned for modernization of existing K-12 facilities, up to \$115 million will be allocated for the repairment of lead in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school facilities (\$600 million) and technical education facilities (\$600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

Community College Facilities. The 2024 State School Facilities Bond includes \$1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. The table below shows the expected use of bond funds under the 2024 State School Facilities Bond:

2024 STATE SCHOOL FACILITIES BOND Use of Bond Funds (In Millions)

<u>K-12 Public School Facilities</u>	
New construction	\$3,300
Modernization	4,000
Career technical education facilities	600
Charter school facilities	600
Subtotal	<hr/> \$8,500
<u>Community College Facilities</u>	
Total	<hr/> \$1,500
	<hr/> \$10,000

Future Initiatives

Articles XIII A, Proposition 98, Proposition 30 and Proposition 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting State and local revenues for education, and the ability or obligation of these government agencies to expend revenues for charter school purposes.

CERTAIN RISK FACTORS

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

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

See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL" "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2024" and "APPENDIX C – FINANCIAL PROJECTIONS OF THE BORROWER" attached hereto.

Sufficiency of Revenues

The Notes are payable primarily from Payments which are derived from payments received under the Loan Agreement. Based on present circumstances, including the successful operating history of the Borrower and the School, the Borrower believes the School will generate a sufficient amount of such revenues to meet the Borrower's payment obligations under the Loan Agreement representing the source of payment of debt service on the Notes. However, the School's charter may be terminated or not extended or renewed, or the basis of the assumptions utilized by the Borrower to formulate such beliefs may otherwise change. No representation or assurance can be made that the Borrower generate or will continue to generate sufficient revenues to meet their obligations under the Loan Agreement with respect to the Notes.

THE BORROWER IS PROJECTING SUBSTANTIAL INCREASES IN THE SCHOOL'S ENROLLMENT IN THE CURRENT FISCAL YEAR. SEE " – OPERATING HISTORY; RELIANCE ON PROJECTIONS; MAINTENANCE OF ENROLLMENT AND ADA" BELOW. SEE ALSO "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL – THE SCHOOL – ENROLLMENT" AND " – PROJECTIONS AND CASH FLOWS."

NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER OR ANY PERSON EXECUTING THE NOTES IS LIABLE PERSONALLY ON THE NOTES OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE NOTES ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF CERTAIN REVENUES UNDER THE INDENTURE. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE NOTES, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE NOTES ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

Operating History; Reliance on Projections; Maintenance of Enrollment and ADA

See Appendices A and C attached hereto for information regarding current and projected enrollment of the School. No assurance is given that such projections will be met, or that the number of students attending the School may not diminish in the future. The projections of revenues and expenses contained in Appendices A and C are based upon the number of students projected to be enrolled at the School and were prepared by the Borrower and have not been independently verified by any party other than the Borrower. If enrollment or ADA were to be lower than projected, either through a mid-year drop in ADA or from not meeting growth projections, revenues of the School may decrease.

Notwithstanding the projected increase in the School's enrollment, the Borrower believes that the School's current enrollment of 8,508 students will generate Gross School Revenues in an amount sufficient to pay the principal and interest on the Notes (and payments of rent under the Facility Leases) as scheduled. In addition, the Borrower estimates that the School's Average Daily Attendance for the 2025-26 fiscal year could decline by approximately 38.9%* from the projections set forth in Appendices A and C attached hereto and the Borrower would still receive sufficient Gross School Revenues to pay the principal and interest of the Notes as scheduled. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL" and "APPENDIX C – FINANCIAL PROJECTIONS OF THE BORROWER" attached hereto. The projections set forth in Appendix C reflect receipt of the amounts scheduled to be deposited in the Revenue Fund in the months ending the respective periods noted in "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – The Indenture – Allocation of Revenues." Payments of apportionment received on behalf of the School by the Collateral Agent are generally received within the last few days of the calendar month.

The projections are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter has not independently verified the Borrower's projections set forth in Appendix A or otherwise, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct.

THE BORROWER PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS, INCLUDING STUDENT ENROLLMENT AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT REVENUES AND EXPENSES WILL BE CONSISTENT WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. MOREOVER, NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS OF REVENUES AND EXPENSES INCLUDED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE PROJECTIONS' UNDERLYING ASSUMPTIONS. ACTUAL OPERATING RESULTS MAY BE

* Preliminary, subject to change.

AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. THIS RISK IS HEIGHTENED BY THE SCHOOL'S LACK OF OPERATING HISTORY. REFER TO "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL" AND "APPENDIX C – FINANCIAL PROJECTIONS OF THE BORROWER" ATTACHED HERETO TO REVIEW THE PROJECTIONS, THEIR UNDERLYING ASSUMPTIONS, AND THE OTHER FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER SIGNIFICANTLY FROM PROJECTED RESULTS. REFER TO "INTRODUCTION" ABOVE, FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors

California charter schools such as the School may not charge tuition and have no taxing authority. The primary source of revenue generated by charter schools is aid provided by the State for all public schools. The amount of State aid received with respect to any individual school is based on a variety of factors. The amount of aid available in any year to pay the per pupil allowance is subject to appropriation by the California Legislature. The Legislature bases its decisions about appropriations on many factors, including the State's economic performance. Moreover, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. As a result, the Legislature may not appropriate funds, or may not appropriate funds in a sufficient amount, for the School to generate sufficient revenue to meet the Borrower's obligations under the Loan Agreement representing debt service payments on the Notes. No liability would accrue to the State in such event, and the State would not be obligated or liable for any future payments or any damages. If the State were to withhold State aid payments for any reason, even for a reason that is ultimately determined to be invalid or unlawful, the School and Borrower could be forced to cease operations.

Financial Projections

The Borrower's financial projections are presented in Appendix C attached to this Limited Offering Memorandum.

Payments of the State Aid component of the Local Control Funding Formula ("LCFF State Aid") are typically received at RCOE from the State a few days before the end of each calendar month, and will then be Blocked Account, before schedule amounts are transferred (i) pursuant to the Payment Direction, to the Trustee, and (ii) pursuant to the payment direction related to the 2024 Master Loan Agreement, to Sunflower Bank. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Indenture – Pledge of Payments and Other Amounts" herein. To allow for sufficient processing time of the Payment Direction by the Collateral Agent and the Trustee, the payments are reflected in the financial projections to be received in the month in which the corresponding Payment Direction periods end. For example, the amount of LCFF State Aid from the State that is scheduled to be deposited to the Revenue Fund in the period from March 15, 2026 to April 15, 2026 is reflected in the projections in April 2026. Repayment of the Notes is projected to be primarily from LCFF State Aid payments for the months of March 2026 through June 2026, which are shown on the projections to be received in the months of April 2026 through July 2026.

If the Borrower has set aside all of the principal and interest payments on the Notes by July 15, 2026, as projected, the Borrower intends to exercise the optional redemption provision to redeem the Notes prior to maturity.

If the Borrower does not receive sufficient LCFF State Aid to pay the principal of and interest on the Notes at maturity, it expects to refinance the Notes at that time or obtain other sources of revenue to pay the

principal of and interest on the Notes at maturity. There can be no assurance that the Borrower will be able to refinance the Notes or obtain other sources of funds at such time, and if it is unable to refinance the Notes or access another source of liquidity at such time, the Borrower may be unable to pay debt service on the Notes as scheduled.

Possible Offsets to State Apportionment

Section 41344 of the Education Code provides that if an audit or review requires the School to repay prior year apportionments because of significant audit exceptions, including penalty payments (“Audit Exceptions”), the Superintendent of Public Instruction (the “Superintendent”) and the Director of the Department of Finance (the “Director”), or their designees, will jointly establish a plan for the annual repayment of Audit Exceptions (the “Audit Repayment Plan”), which under certain circumstances can extend for a period of up to eight equal annual payments. The State Controller withholds from the State School Fund the amounts specified in the Audit Repayment Plan. If the Superintendent and the Director do not establish an Audit Repayment Plan, the State Controller withholds the entire amount of the Audit Exceptions from the next apportionment.

The funds subject to the Payment Direction (and the payment direction related to the 2024 Master Loan Agreement) are primarily state apportionments with respect to the School. Because the apportionments are the sum of multiple program entitlement calculations as well as prior adjustments, the amount available may be more or less than sum of (i) amount of funds subject to the Payment Direction, and (ii) the amount subject to the payment direction related to the 2024 Master Loan Agreement. The amount available for transfer pursuant to the Payment Direction for any period is therefore the lesser of (a) the scheduled amount under the Payment Direction, and (b) the pro rata amount of Gross School Revenues provided to the Borrower during such period in relation to the sum of the amounts scheduled to be transferred in such period pursuant to the Payment Direction and the payment direction related to the 2024 Master Loan Agreement.

The State Controller may reduce the funding available in the payment schedules for these apportionments to offset for funds owing to the State. These offsets include, but are not limited to, the following: Charter School Revolving Loan (Education Code Section 41365), Class Size Reduction (Education Code Section 52124); Audit Repayment (Education Code Sections 41341, 41344); and Accounts Receivable (Government Code Section 12419.5), in addition to other possible authorized or required offsets, or additional offsets not yet authorized by legislation. None of the foregoing offsets are currently applicable to the School.

Outbreak of Disease; COVID-19

General. An outbreak of disease or similar public health threat, such as the ongoing coronavirus (“COVID-19”) pandemic, or fear of such an event, could have an adverse impact on the Borrower’s financial condition and operating results.

The spread of COVID-19 had significant negative impacts throughout the world, including in vicinity of the School. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus. As noted below, the states of emergency declared by the State and the United States have since been ended.

The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures have been lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the School and the Borrower associated with the COVID-19 outbreak or other outbreak of disease may include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, decreased demand for the Borrower's services, increased competition from established virtual or on-line schools or other distance learning programs, potential decline in academic assessment results due to transition to distance learning programs, disruption of the regional and local economy with corresponding effects on students and their families, adverse effects on State revenues that may affect budgeting and appropriation for charter schools and public education generally.

The COVID-19 outbreak is ongoing, and, notwithstanding the general availability of vaccines and vaccine boosters, the ultimate geographic spread of the virus, the duration and severity of the outbreak, the effectiveness of available vaccines in containing the spread or mutation of the virus, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The information on such websites is not incorporated herein by reference, and neither the Borrower nor the Underwriter assumes any responsibility for the accuracy of the information on such websites.*

Purchases and Transfers of Notes Restricted to Approved Buyers

As described in the "NOTICE TO INVESTORS" that precedes the Table of Contents of this Limited Offering Memorandum, the Notes are to be sold (including in secondary market transactions) only to Approved Buyers. The Indenture contains provisions limiting transfers of the Notes and beneficial interests therein to Approved Buyers. The face of each Note will contain a legend indicating that the Note is subject to transfer restrictions as set forth in the Indenture. The Notes will be issued in minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof. In light of these restrictions, purchasers should not expect that there will be an active secondary market for the Notes.

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

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

Tax Related Issues

Maintenance of Tax-Exempt Status. Loss by the Borrower of its status as an organization described in Section 501(c)(3) of the Code could have a material adverse effect on its finances and operations. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including the operation for charitable and educational purposes and avoidance of transactions which may cause the assets of the Borrower to inure to the benefit of private individuals.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding tax-exempt organizations and, in particular, charter schools. As a result, tax-exempt organizations are increasingly subject to a greater degree of scrutiny. The primary penalty available to the IRS under the Code

with respect to a tax-exempt entity engaged in unlawful private benefit is the revocation of tax-exempt status. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future.

State Income Tax Exemption. The loss by the Borrower of federal tax exemption might trigger a challenge to its State income tax exemption. Such event could be adverse and material.

Unrelated Business Income. In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income (“UBTI”). The Borrower currently reports no UBTI. The Borrower may, however, participate in activities which generate UBTI in the future. If so, the Borrower believes such UBTI would be properly accounted for and reported; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the tax-exempt status of the Borrower, as well as the exclusion from gross income for federal income tax purposes of the interest on the Notes.

Bankruptcy

The rights and remedies of the Beneficial Owners of the Notes are subject to various provisions of the Federal Bankruptcy Code (the “Bankruptcy Code”). If the Borrower were to become a debtor in a bankruptcy case, its revenues and certain of its accounts receivable and other property created or otherwise acquired after the filing of such petition and for up to 90 days prior to the filing of such petition may not be subject to the security interests created under the Note Documents for the benefit of the Beneficial Owners of the Notes. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such entity, and their property, and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over such property. If the bankruptcy court so ordered, the property of the Borrower, including accounts receivable and proceeds thereof, could be used for the financial rehabilitation of such entity despite the security interest of the Trustee therein. While the Bankruptcy Code requires that the interest of the Trustee as lien owner be adequately protected before the collateral may be used by the Borrower, such protection could take the form of a replacement lien on assets of the Borrower acquired or created after the bankruptcy petition is instituted. The rights of the Trustee to enforce liens and security interests against the Borrower’s assets could be delayed during the pendency of the rehabilitation proceedings.

The Borrower could file a plan for the reorganization of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two thirds in dollar amount and more than one half in number of the class cast votes in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Factors Associated with the School’s Operations

There are a number of factors affecting schools generally that could have an adverse effect on the School and, consequently, on the Borrower’s financial position and ability to operate and, consequently, on the Borrower’s abilities to make Loan Repayments necessary to make debt service payments on the Notes. These factors include, but are not limited to: (i) failure to qualify for statutory reimbursement under state programs; (ii) increasing costs of compliance with federal, state or local laws or regulations, including, but not limited to, laws or regulations concerning environmental quality, work safety and accommodation of persons with disabilities; (iii) taxes or other charges imposed by federal, state or local governments; (iv) the ability to attract a sufficient number of students; (v) changes in existing statutes pertaining to the powers of the School and

disruption of the School's operations by real or perceived threats against the School, its staff members or students; and (vi) decline in the reputation of the School or the ability of the School and its management to provide educational services desired and accepted by the population it serves.

Potential purchasers should be aware that the School faces constant competition for students and there can be no assurance that the School will continue to attract and retain the number of students that are needed to generate revenues sufficient to make payments on the Loan Agreement that are the source of revenue to debt service on the Notes. The Borrower cannot assess or predict the ultimate effect of the foregoing factors on its operations or financial results of its operations or on its ability to make payments required under the Loan Agreement.

State Financial Difficulties

Charter schools, like all public schools, depend on revenues from the State for a large portion of their operating budgets. The availability of State funds for public education is a function of constitutional and statutory provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State School Fund) and the annual State budget process. Decreases in State revenues may adversely affect education appropriations made by the Legislature. As noted, the Legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See "CERTAIN RISK FACTORS – Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors" herein.

The State has previously experienced severe financial difficulties. In prior years, the State's response to its financial difficulties has had a significant impact on Proposition 98 funding and settle-up treatment, as further described in "STATE FUNDING OF EDUCATION" herein. In the past, the State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. The State has also sought to avoid increases in the minimum guarantee through various mechanisms by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current-year increases; by deferring State aid payments from one fiscal year to the next; and by suspending Proposition 98. Continued decreases in State revenues may adversely affect education appropriations made by the Legislature. Neither the Borrower nor any other party to the Note transaction can predict how State income or State education funding will vary over the entire term of the Notes. No party to the Note transaction takes any responsibility for informing owners of the Notes about any such changes.

Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites, including those of the LAO, the Department of Finance and the California State Controller. In addition, various State of California official statements, which contain summaries of current and past State budgets and the impact of those budgets on State education funding, may be found at the website of the California State Treasurer, www.treasurer.ca.gov. Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

Budget Delays and Restrictions on Disbursement of State Funds during a Budget Impasse

The State Constitution specifies that an annual budget will be proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues for the ensuing fiscal year. State law also requires the Governor to update the Governor's Budget projections and budgetary proposals by May 14 of each year (the "May Revision"). The May Revision is normally the basis for final

negotiations between the Governor and Legislature to reach agreement on appropriations and other legislation to fund State government for the ensuing fiscal year (the “Budget Act”).

The Budget Act must be approved by a majority vote of each House of the Legislature and must be in balance. The budget becomes law upon the signature of the Governor. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, currently under the heading “California Budget.” Analyses of budgets are prepared by the Legislative Analyst’s Office at www.lao.ca.gov. Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

The State Legislature is required to approve a State Budget Act no later than June 15 of each year. The State Legislature has failed to approve the State Budget Act by the deadline therefor in a number of years. Failure by the State to adopt a Budget Act restricts the California State Controller’s ability to disburse State funds after the beginning of the ensuing fiscal year. See “STATE FUNDING OF EDUCATION – General – Adoption of Annual State Budget” herein regarding the ability of the State Controller to disburse State funds in such situations. Any State budget delay would delay the State’s appropriation of funds and could negatively impact the School’s and Borrower’s ongoing viability and the Borrower’s ongoing ability to make payments under the Loan Agreement representing debt service on the Notes.

Key Management

The creation of, and the philosophy of teaching in, charter schools generally initially may reflect the vision and commitment of a few key persons on the board of directors and/or the upper management of the charter school or its management organization (“Key Directors/Managers”). Loss of any such Key Directors/Managers, and the inability of the Borrower to find comparable qualified replacements, could adversely affect its operations or financial results.

In addition, relationships between existing managers and employees may present additional risks, including the risk that the departure of one such employee may trigger departures of related employees. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto for more information regarding the Borrower’s management.

Other Limitations on Enforceability of Remedies

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

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

Specific Risks of Charter Schools

Charter School Law. The Charter School Law is evolving. Amendments are made relatively frequently and legislative and public attitudes are still forming. Certain amendments have been described elsewhere in this Limited Offering Memorandum. It is likely that additional changes will be made in the future, some of which may be adverse to charter schools in general and to the Borrower in particular. See “CHARTER SCHOOLS – Amendments to the Charter School Law” herein.

Non-Renewal or Revocation of Charters. The Charter School Law enables charter authorizers to grant five-year charters which may be renewed after evaluation and can be revoked at any time because of either educational non-performance or fiscal mismanagement. See “CHARTER SCHOOLS” herein. Management of the Borrower believe that they have stable relationships with the authorizer of the School’s charter, and representatives on County Office of Education and the State Board of Education, which, under appropriate circumstances, are authorized to grant a charter on appeal or direct the School’s authorizer or a county to authorize a charter on appeal, respectively, under the Charter School Law. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

Legal Challenges. In addition to non-renewal or revocation, a charter may also be subject to challenge by an interested third-party. No assurance can be given that the School’s charter will not be subjected to legal challenge. See “ABSENCE OF MATERIAL LITIGATION – the Borrower” herein. Any failure of the Borrower to have a charter for the School in place could well have a material adverse effect on the Borrower and its ability to generate revenues necessary to make payments under the Loan Agreement which are expected to provide sufficient revenues to satisfy the debt service requirements for the Notes.

Budgetary Constraints. Charter schools are funded primarily from State and local tax revenues and budgetary pressures at the State or local level may jeopardize future funding levels, which may adversely affect the ability of the Borrower to make payments under the Loan Agreement. See “STATE FUNDING OF EDUCATION” above.

Enrollment Levels. The Borrower’s revenues and financial strength will depend in part upon maintaining certain enrollment levels at the School. A reduction in enrollment for the School will have a direct result of reducing revenues available to pay amounts due under the Loan Agreement. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto.

Risk of Reduction in ADA Funding. Since the majority of funds for the School’s operations come from the State on the basis of ADA, the School is subject to State funding reductions or restrictions that might affect all public school districts and charter schools. Among other such risks, over time the State may not increase ADA-based funding commensurate with increases in the cost of school operations, or the State may even decrease ADA-based funding.

ADA-based funding is determined by actual attendance, and not by student enrollment data. Regardless of the statewide level of ADA-based funding, the School is subject to loss of revenue if enrollment should decrease, or if average daily attendance should decrease even if enrollment remains steady, whether due to student illness, truancy or other factors. If enrollment or ADA were to be lower than projected, either through a mid-year drop in ADA or from not meeting growth projections, revenues of the School may decrease. Such a loss of revenues could adversely affect the ability of the Borrower to make payments under the Loan Agreement.

In addition, the Charter School Law prohibits a charter school from imposing fees or charges for its educational services. Therefore, the School is dependent upon receipt of ADA-based funding, as well as philanthropic support. There is little the Borrower can do to increase revenues for the School, other than for the School to admit a larger number of students.

Compliance with the Elementary and Secondary Education Act. Prior to the adoption of the ESSA (defined below), the No Child Left Behind Act of 2001 (the “NCLB”) served as the primary federal law with respect to K-12 education. NCLB employed the concept of Adequate Yearly Progress (“AYP”) to measure and hold schools and school districts responsible for student achievement. In California, the NCLB subjected California schools to an annual AYP determination. AYP was calculated by using a formula set by the California Department of Education. It measured participation rates, math and reading performance, and graduation rate targets for the elementary, middle and high school levels. In connection with the adoption of ESSA, the federal government has repealed the AYP requirement.

Under California law, if a school received Title I funds and did not make AYP for two consecutive years, the school was placed on “Program Improvement” status and the school was required to develop a school improvement plan. If the school did not achieve AYP goals for a third year, “corrective action” was undertaken, which could include the provision of supplemental educational services for low-performing, low-income students. A school that continued to fail to make AYP was required to take corrective action and undergo restructuring plans. Failure to meet AYP for years subsequent to the second year carried further consequences under the NCLB. Under California law, the right to operate a charter school may be terminated if the school fails to make or meet reasonable progress toward achievement of goals, objectives, content standards, pupil performance standards or applicable federal requirements.

In March 2014, the State of California was granted a one-year waiver by the U.S. Department of Education from using test results of academic assessments to calculate AYP under the then-existing NCLB, in order to facilitate the state’s transition to the new California Assessment of Student Performance and Progress (“CAASPP”) system. In March 2015, the California State Board of Education requested another one-year waiver from the U.S. Department of Education. In May 2015, the U.S. Department of Education granted the additional one-year waiver, with certain conditions.

In December 2015, the Every Student Succeeds Act of 2015 (“ESSA”) was passed by Congress and signed by the President in connection with the amendment and reauthorization of the Elementary and Secondary Education Act of 1965. With the passage of ESSA, states are no longer required to produce AYP, but are required to develop new accountability systems by 2017-18. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto. ESSA, among other things, prohibits officers and employees of the federal government from mandating, directing or controlling a state, local education agency or school’s specific instructional content, academic standards and assessments, curriculum, or program of instruction, as a condition of eligibility to receive funds under ESSA.

State Retirement Systems. The Borrower is currently a member employer of the California State Teachers’ Retirement System (“STRS”) and California Public Employees Retirement System (“PERS”) defined benefit retirement programs. Such programs have substantial unfunded liabilities, portions of which constitute long-term liabilities of the Borrower. See the Borrower’s audited financial statements for the fiscal year ended June 30, 2024, attached to this Limited Offering Memorandum as Appendix B, for more information on such liabilities. Although the Borrower does not anticipate withdrawing from or otherwise terminating its membership in STRS or PERS, there can be no assurance that State law or Federal law under the Code, including IRS rulings and other guidance, will permit charter schools to continue to participate in the STRS or PERS Governmental Plans (as defined in Section 414(d) of the Code). Neither the Borrower nor the Underwriter can predict what liabilities, if any, would result if the Borrower’s member employer status in the retirement systems were to terminate, or what impact any such a termination would have on the Borrower’s finances and operations.

Claims and Insurance Coverage

Litigation could arise from the corporate and business activities of the School or the Borrower. Such litigation may result as a result of the Borrower’s status as an employer. Many of these risks are covered by insurance, but some are not. For example, claims arising from wrongful termination or sexual molestation claims and business disputes may not be covered by insurance or other sources. Such claims may, in whole or in part,

constitute a significant liability of the Borrower if determined or settled adversely, as may any additional claims for other torts, accidents, or environmental enforcement actions, to the extent such claims exceed the limits of applicable insurance coverage.

See “APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT” attached hereto.

SB 740 Funding

Effective beginning the 2017-18 fiscal year, reimbursable costs under the SB 740 program are limited to either of the following conditions: (i) reimbursable facility rent or lease costs do not exceed the prior year’s costs on file with CSFA as of the 2016–17 fiscal year, subject to a cost-of-living adjustment; or (ii) the rent or lease costs of new facility agreements are at or below market rate based on an independent appraisal paid for by the charter school.

In order to be eligible for the SB 740 program, a charter school must be in good standing with its chartering authority and be in compliance with the terms of its charter at the time of application submission, and without interruption throughout the term of the grant. The Authority relies on information from the chartering authority regarding a school’s good standing and compliance with the terms of its charter.

The Borrower has received SB 740 funding in connection with its classroom-based programs in the past, and expects to continue receiving such funding relating to facilities costs associated with such classroom-based programs. However, there can be no assurances that the Borrower will continue to qualify for or receive SB 740 funding, or that such funding will not be restricted, reduced or eliminated by the State in the future. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding” and “CERTAIN RISK FACTORS – Specific Risks of Charter Schools” herein, and “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL” attached hereto. The financial projections set forth in Appendix A attached hereto assume the receipt of SB 740 funding relating to certain of the Borrower’s classroom-based programs in future fiscal years, and a failure to receive such funding would negatively affect its finances.

Other Obligations of Borrower; Subordinate Nature of Payment Direction

The California School Finance Authority previously issued the CSFA Bonds, which are currently outstanding in the aggregate principal amount of \$56,000,000.

The pledge of and lien on the Gross School Revenues for the payment of the Notes is on parity with an existing pledge of and lien on such revenues relating to the Borrower’s obligations under the Facilities Leases; provided, however, that revenues of the Borrower that are intercepted or anticipated to be intercepted pursuant to the State Intercepts for the payment of the Borrower’s obligations under the Facilities Leases relating to the CSFA Bonds do not constitute Gross School Revenues for the payment of the Notes. The CSFA Bonds are also secured by deeds of trust relating to various charter school facilities owned and leased by the limited liability company borrowers with respect to such CSFA Bonds. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL – THE BORROWER – Current Facilities of the Borrower.” However such deeds of trust do not secure the Borrower’s obligations under the Loan Agreement relating to the Notes.

The Borrower’s obligations under the Facilities Leases relating to the CSFA Bonds are further secured by the State Intercept, whereby the State Controller’s Office makes apportionments to the Collateral Agent with respect to the various issues of CSFA Bonds, in amounts sufficient to repay the CSFA Bonds and related costs. The State Intercept is senior in position to the Payment Direction relating to the Notes. Approximately \$377,000 of State apportionments are expected to be directed by the State Controller’s Office to the Collateral Agent, on

average in each month from March through July 2026 for the payment of the CSFA Bonds. This represents approximately 2.54% of the Borrower's projected State apportionments in this period.

Pursuant to the Intercreditor Agreement and State law, amounts received pursuant to the State Intercept may only be used to satisfy certain obligations related to the CSFA Bonds. In addition, pursuant to the Intercreditor Agreement, the trustees with respect to the CSFA Bonds, Sunflower Bank, and the Trustee for the Notes, as secured parties under the Intercreditor Agreement, are each entitled to share ratably in the Gross School Revenues, in the event such Gross School Revenues are insufficient to satisfy the Borrower's aggregate outstanding obligations under (i) the Loan Agreement, and (ii) the Facility Leases. If the Borrower were to generate Gross School Revenues in an amount insufficient to pay debt service on both the CSFA Bonds, the 2024 Master Loan Agreement, and the Notes, there may be insufficient or no Gross School Revenues available for the Payment Direction or otherwise available to pay debt service on the Notes.

See "INTRODUCTION – Security for the Notes – Other Obligations of Borrower; Intercreditor Agreement" and "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – The Loan Agreement" herein.

Cybersecurity

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

Failure to Provide Ongoing Disclosure

The Borrower will enter into a Continuing Disclosure Agreement with U.S. Bank Trust Company, National Association, as dissemination agent, pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule") in connection with the issuance of the Notes. Any failure to comply with the Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the affected Notes and their market price in the secondary market.

No Rating on the Notes

The Notes are not rated, and the Borrower does not presently contemplate making application to any rating agency for the assignment of a rating to the Notes. See "NO RATING" herein.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the knowledge of the Authority, there is no material litigation pending or threatened against the Authority concerning the validity of the Notes or any proceedings of the Authority taken with respect to the issuance thereof.

The Borrower

To the knowledge of the Borrower, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Borrower seeking to restrain or enjoin the sale or issuance of the Notes, or in any way contesting or affecting any proceedings of the Borrower taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Notes, the validity or enforceability of the documents executed by the Borrower in connection with the Notes, the completeness or accuracy of the Limited Offering Memorandum or the existence or powers of the Borrower relating to the sale of the Notes.

TAX MATTERS

In the opinion of Note Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the excess of the stated redemption price at maturity of a Note over the issue price of a Note (the first price at which a substantial amount of the Notes of the same maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Note will increase the Beneficial Owner's basis in the Note. Beneficial Owners of Notes should consult their own tax advisor with respect to taking into account any original issue discount on the Notes.

The amount by which a Note Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Note (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a Note may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Note Beneficial Owner's basis in the applicable Note (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in the Beneficial Owner of a Note realizing a taxable gain when a Note is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Note to the Beneficial Owner. The Beneficial Owners of the Notes that have a basis in the Note that is greater than the principal amount of the Note should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

In the event of a legal defeasance of a Note, such note might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Note Beneficial Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance of the Beneficial Owner's adjusted tax basis in such note.

The federal income tax discussion set forth above with respect to the Notes is included for general information only and may not be applicable depending upon a Beneficial Owner's particular situation. The ownership and disposal of the Notes and the accrual or receipt of interest with respect to the Notes may otherwise affect the tax liability of certain persons. Note Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE NOTES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE NOTES AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Note Counsel is attached hereto as Appendix G.

APPROVAL OF LEGALITY

The validity of the Notes and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Note Counsel to the Authority, the approval of certain matters for the Underwriter by Kutak Rock LLP, as Underwriter's counsel, and the approval of certain matters by Young, Minney & Corr, LLP, as counsel to the Borrower. Note Counsel and the Underwriter and its counsel will receive compensation contingent upon the sale and delivery of the Notes. A complete copy of the proposed form of Note Counsel opinion is contained in Appendix G hereto. Note Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum.

RELATED PARTIES

In connection with the issuance of the Notes, the Authority, the Borrower, and the Underwriter are being represented by attorneys or law firms identified above under the heading "APPROVAL OF LEGALITY." In other transactions not related to the Notes, certain of these attorneys or law firms may have acted as bond counsel or represented the Authority, the Underwriter, or an affiliate of the Underwriter, in capacities different from those described above, and there will be no limitations imposed as a result of the issuance of the Notes on the ability of any of these firms or attorneys to act as bond counsel to the Authority or represent any of these parties in any future transactions.

NO RATING

The Notes are not rated. Neither the Borrower nor the Authority has made or contemplates making application to any rating agency for the assignment of a rating to the Notes.

LIMITED OFFERING OF NOTES

The Notes are exempt from registration under federal securities law but are being offered only to a limited number of sophisticated investors and will be sold only to purchasers who are Approved Buyers. By purchasing the Notes, each investor is deemed to have made the acknowledgments, representations, warranties and agreements set forth in the "NOTICE TO INVESTORS" that precedes the Table of Contents of this Limited Offering Memorandum, and will be required to submit an investor letter to the Authority and the Trustee in the form attached hereto as Appendix H.

CONTINUING DISCLOSURE

The Borrower and U.S. Bank Trust Company, National Association, as dissemination agent (the "Dissemination Agent"), will execute and deliver a Continuing Disclosure Agreement pursuant to which they will, for the benefit of the Beneficial Owners of the Notes, provide notices of the occurrence of certain enumerated events and file certain periodic reports. These covenants have been made to assist the Underwriter in marketing the Notes. A form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

The Borrower has previously entered into continuing disclosure undertakings pursuant to the Rule in connection with the California School Finance Authority Educational Facility Revenue Bonds (River Springs Charter School Project) Series 2015A and Series 2015B (Taxable), the Series 2017 Bonds, the Series 2022AB Bonds, the Series 2022CD Bonds, the Series 2023AB Bonds, and other obligations (the "Prior Undertakings"). The Borrower has, within the last five years, failed to timely file annual reports as required under certain of the Prior Undertakings, and notices of failure to file were not always filed for such annual reports. Audited financial statements for the following fiscal years were filed late: 2019-20 (106 days late) and 2020-21 (64 days late). In addition, the document originally submitted as the audited financial statements of the Borrower for the year ended June 30, 2022, while timely filed, did not bear the signature of the auditor. Late annual filings did not

always include notices of late filings as required by the Prior Undertakings. Additionally, in the past five years, various operating information required under annual reports for fiscal years 2018-19 through 2020-21 was filed between 8 days late and 64 days years late without late notices being filed. The consolidated annual report filed for fiscal year 2022-23 omitted required academic testing scores, as did the report for the prior year filed in connection with the Series 2017 Bonds. In addition, a notice regarding a change in the Moody's Investor Service credit rating for the Series 2017 Bonds was filed 289 days late.

Quarterly reports required by certain of the Prior Undertakings due on the following dates were filed late: Q1 2021 due November 29, 2020 (1 day late), Q4 2021 due July 15, 2021 (57 days late), Q1 2022 due October 15, 2021 (47 days late), Q3 2023 due March 31, 2023 (1 day late), Q4 2024 due June 30, 2024 (1 day late), and Q3 2025 due May 30, 2025 (10 days late). Additionally, in the past five years, various operating information required under quarterly reports was not complete.

Since November 2020, monthly reports required by certain of the Prior Undertakings have been late or not filed as follows: November 2020 (1 day late), February 2021 (3 days late), March 2021 (16 days late) and May 2021 (not filed).

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Notes or to any decision to purchase, hold or sell Notes and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Notes or any other person with respect to the Rule.

MUNICIPAL ADVISOR

Key Charter Advisors, LLC (the "Municipal Advisor") has acted as Municipal Advisor to the Borrower in conjunction with the issuance of the Notes. The Municipal Advisor has assisted the Borrower in preparation of this Limited Offering Memorandum and in other matters related to the planning, structuring, and issuance of the Notes. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Notes.

The Municipal Advisor has not audited, authenticated or otherwise independently verified the information set forth in the Limited Offering Memorandum, or any other information related to the Notes with respect to the accuracy or completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting the accuracy or completeness of this Limited Offering Memorandum or any other matter related to this Limited Offering Memorandum.

UNDERWRITING

The Notes are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Notes at a price of \$_____ (being the aggregate principal amount of the Notes of \$_____, plus aggregate original issue premium in the amount of \$_____, less an Underwriter's discount of \$_____). The Note Purchase Agreement ("Note Purchase Agreement") pursuant to which the Notes are being purchased by the Underwriter provides that the Underwriter will purchase all of the Notes if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Note Purchase Agreement. The Underwriter may offer and sell the Note to certain dealers, institutional investors, banks, and others at prices different from the prices stated on the inside cover page of this Limited Offering Memorandum. The offering prices may be changed from time to time by the Underwriter. The Underwriter is not obligated to create a secondary market for the purchase or sale of the Note and there may, in fact, be no market for the Notes depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Borrower.

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Authority or the Borrower and to persons and entities with relationships with the Authority or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority or the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority or the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority or the Borrower.

MISCELLANEOUS

The foregoing and subsequent summaries and descriptions of provisions of the Notes and the Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and reference is made to said documents for full and complete statements of their provisions. The appendices attached hereto are a part of this Limited Offering Memorandum. Copies, in reasonable quantity, of the Indenture, Loan Agreement and other documents may be obtained during the offering period upon request directed to the Borrower.

NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY OTHER THAN THE INFORMATION UNDER THE CAPTIONS “THE AUTHORITY” AND “ABSENCE OF MATERIAL LITIGATION – THE AUTHORITY.” THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE ACCURACY (OTHER THAN IN THE SECTIONS IDENTIFIED ABOVE) OR COMPLETENESS OF INFORMATION IN THIS LIMITED OFFERING MEMORANDUM.

The distribution and use of this Limited Offering Memorandum has been approved by the Authority and the Borrower.

RIVER SPRINGS CHARTER SCHOOL, INC., a
California nonprofit public benefit corporation, as
Borrower

By: _____
Kathleen Hermsmeyer
Superintendent

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APPENDIX A

CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL

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APPENDIX A

CERTAIN INFORMATION REGARDING RIVER SPRINGS

Certain statements contained in this Appendix A reflect forecasts, projections and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved. Actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify 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 Supplement. Unless otherwise noted, all information, data, and projections in this Appendix A were furnished by the Borrower. All capitalized terms in this Appendix A that are not defined herein will have such meaning as given to them in the forepart of this Supplement.

INTRODUCTION

The proceeds of the California Enterprise Development Authority Revenue Anticipation Notes (River Springs Charter School) Series 2025 (Taxable) (the “Notes”) will be loaned (the “Loan”) to River Springs Charter School, Inc., a California nonprofit public benefit corporation (the “Borrower”), pursuant to the Loan Agreement (as defined in the forepart of this Limited Offering Memorandum). The Borrower is a California nonprofit public benefit corporation under Division 2 of Title 1 of the Corporations Code of the State of California (the “State”) and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Borrower holds the charter for and operates a countywide benefit charter school known as River Springs Charter School, CDS Code 33-10330-0110833 (the “School”) at 22 facilities throughout Riverside County, including 19 facilities currently serving students, two facilities being remodeled to serve students in upcoming years, one central kitchen, and one administrative facility.

THE BORROWER

The Borrower was organized in June 2006 to operate as a charter school established pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the State Education Code (the “Charter School Law”). See “GOVERNANCE AND ADMINISTRATION – Formation and History” herein.

The School began operating as a countywide benefit charter school in August 2006 in Riverside County (the “County”). As of September 10, 2025, the School serves approximately 8,508 students in transitional kindergarten (“TK”) through 12th grade residing in the County and the four contiguous counties through a network of California-credentialed Homeschool Education Specialists (“ESs”) and academy teachers at 19 regional student centers. Of the approximately 8,508 students currently served by the School in the 2025-26 school year, the majority reside in the County (95.95%) with additional populations of students residing in San Bernardino County (3.33%), San Diego County (0.27%), Orange County (0.43%) and Imperial County (0.01%).

The Borrower operates the School pursuant to a single charter approved by the Riverside County Board of Education (“RCBOE”) at 23 different facilities (19 currently operational regional student centers, two future regional student centers currently undergoing construction/remodeling with each anticipated to be completed in Summer 2026 and serving students in Fall 2026, a central kitchen facility, and the Temecula Administrative Building (as defined herein)) and through its homeschool program, as described under the caption “CHARTER – The Borrower’s Charter” herein. Revenues generated at all locations (as well as all revenue generated through the homeschool program) are pledged to the payment of the Notes. As of the 2024-25 school year, the School is the second largest single charter school in the State of California based on enrollment, and is accredited by the Western Association of Schools and Colleges.

As shown in the following table, Riverside County has a lower percentage of students enrolled in charter schools (8.1%) than the neighboring counties of Los Angeles (16.2%) San Diego (18.5%) and San Bernardino (11.3%). Of the 34,053 students enrolled in charter schools in Riverside County in 2024-25, the School accounted for 21.7% with a Riverside County enrollment of 7,387 in the 2024-25 school year.

TABLE 1
CHARTER SCHOOL ENROLLMENT STATISTICS BY COUNTY
2024-25 School Year

	<i>Riverside County</i>	<i>Los Angeles County</i>	<i>San Diego County</i>	<i>San Bernardino County</i>
Total Enrollment	419,992	1,275,769	476,844	396,773
Charter School Enrollment	34,053	206,413	88,347	44,815
% Charter School Enrollment	8.1%	16.2%	18.5%	11.3%

Source: California Department of Education.

Educational Programs

The Borrower offers a range of educational approaches to suit the needs of its students, including academy programs (“Academy”), homeschool programs (“Homeschool”), and three independent study programs that combine aspects of Homeschool and Academy; Virtual Academy (“Virtual”), Venture Online (“Venture”) and Connections Academy (“Connections”).

In the Academy programs, students attend class from two to five days a week and receive direct instruction from fully credentialed teachers. Each teacher in an Academy program structures lessons and assignments working collaboratively with the parent, who oversees student work during home study days. In the Homeschool program, students and their parents work with credentialed Homeschool Education Specialists to determine each student’s goals and objectives, and to determine individualized curriculum and effective learning strategies. Homeschool students may attend in-person classes at homeschool resource center locations for additional instructional program enrichment, but this participation is optional and not a requirement of the Homeschool program. The Virtual, Venture and Connections programs are similar in approach to the Homeschool program, but interaction between students, parents and credentialed Education Specialists is online vs. through in-person visits.

For purposes of ADA calculations (due to the regulatory definition of nonclassroom-based ADA), as explained more fully in the forepart of this Supplement and herein, Homeschool, Virtual, Venture and Connections models are all considered to be fully nonclassroom-based programs. The Academy programs provide a combination of classroom-based and nonclassroom-based education, with five-day-a-week Academy programs typically generating classroom-based attendance, and two- to four-day-a-week Academy programs generating nonclassroom-based attendance (see “CURRICULUM AND EDUCATIONAL PROGRAMS – Educational Programs” herein). Base per-student funding through the Local Control Funding Formula (LCFF) is identical for both instructional methods. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Nonclassroom-based Funding” in the forepart of this Supplement and “OPERATING AND FINANCIAL INFORMATION – State Aid Payments and ADA” herein.

Related Charter Schools

The Borrower has replicated its instructional model at seven additional independent charter schools that share staff and management services with the Borrower: Harbor Springs Charter School (“Harbor Springs”), Empire Springs Charter School (“Empire Springs”), Inland Empire Springs Charter School (“Inland Empire Springs”), Citrus Springs Charter School (“Citrus Springs”), Orange Springs Charter School (“Orange Springs”), Pacific Springs Charter School (“Pacific Springs”), and Vista Springs Charter School (“Vista Springs” and, together with Harbor Springs, Empire Springs, Inland Empire Springs, Citrus Springs, Orange Springs and

Pacific Springs, the “Related Schools”). Harbor Springs operates pursuant to a charter approved by the Julian Union Elementary School District. Empire Springs operates pursuant to a charter approved by the Helendale Elementary School District. Inland Empire Springs operates pursuant to a charter approved by the San Bernardino County Board of Education. Citrus Springs and Orange Springs operate pursuant to charters approved by the Orange County Board of Education. Pacific Springs operates pursuant to a charter approved by the San Diego County Board of Education. Vista Springs operates pursuant to a charter approved by the State Board of Education. Harbor Springs and Empire Springs both began operation in the 2013-14 school year, Citrus Springs began operation in the 2016-17 school year, Pacific Springs and Vista Springs both began operation in the 2018-19 school year, Inland Empire Springs began operation in the 2024-25 school year, and Orange Springs began operation in the current 2025-26 school year. The Related Schools primarily serve students in San Diego, San Bernardino, Orange and Los Angeles Counties.

Each of the Related Schools is governed by a board of directors independent from that of the Borrower. See “GOVERNANCE AND ADMINISTRATION” herein. The Superintendent of the Borrower serves as Superintendent of each of the Related Schools, pursuant to independent agreements with each of them. Pursuant to a Memorandum of Understanding between the Borrower and each of the Related Schools, the costs of certain administrative services and key leadership are shared by the Borrower and each of the Related Schools. In addition, Springs Charter Schools, Inc., (“SCS, Inc.”) an independent California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code, serves as the sole statutory member of each of the nonprofit corporations operating the following charter schools, as follows: Citrus Springs Charter School, Inc., the nonprofit corporation operating Citrus Springs and Orange Springs, Empire Springs Charter Schools, Inc. the nonprofit corporation operating Empire Springs and Inland Empire Springs, and Harbor Springs Charter School, the nonprofit corporation authorizing Harbor Springs, Pacific Springs, and Vista Springs.

The following table shows the relationship of SCS, Inc., the Borrower, the School and the Related Schools.

<u>501(c)3 Corporation</u>	<u>Schools Operated</u>	<u>Charter Authorizer</u>	<u>Sole Statutory Member</u>
River Springs Charter School, Inc.	River Springs Charter School	Riverside County Board of Education	N/A
Springs Charter Schools, Inc.	N/A	N/A	N/A
Citrus Springs Charter School, Inc.	Citrus Springs Charter School Orange Springs Charter School	Orange County Board of Education Orange County Board of Education	Springs Charter Schools, Inc.
Empire Springs Charter Schools, Inc.	Empire Springs Charter School Inland Empire Springs Charter School	Helendale School District San Bernardino County Board of Education	Springs Charter Schools, Inc.
Harbor Springs Charter School	Harbor Springs Charter School Pacific Springs Charter School Vista Springs Charter School	Julian Union Elementary School District San Diego County Board of Education California Department of Education	Springs Charter Schools, Inc.

None of the Related Schools are obligated with respect to the Notes; and the Borrower is not obligated with respect to any indebtedness of any Related School. For additional information regarding shared costs between the Borrower and the Related Schools, see Note 12 to the fiscal year 2023-24 audited financial statements of the Borrower attached hereto as Appendix B.

Springs Charter Schools, Inc.

The Borrower and each of the Related Schools are parties to separate memoranda of understanding with SCS, Inc., pursuant to which SCS, Inc. provides certain staff development and other services to each school in return for an annual amount currently equal to \$82 per unit of ADA. The Borrower paid \$549,165 in the 2022-23 fiscal year, \$591,476 in the 2023-24 fiscal year, \$621,806 in the 2024-25 fiscal year, and projects to pay \$700,608 in the 2025-26 fiscal year.

Current Facilities of the Borrower

The Charter School Law explicitly permits nonclassroom-based charter schools to operate multiple resource centers in the county in which a charter school's granting agency is located. County-wide benefit charters such as the Borrower are only allowed to operate resource centers in their county of authorization. While the Borrower can enroll students who reside outside the County, the majority of its students must reside in its county of authorization. The Borrower is not currently limited in the number of resource centers it may operate within the County.

The Borrower currently operates academic programs in 19 facilities owned or leased by the Borrower throughout the County, including three locations in Hemet (Hemet Quest Student Center, Hemet Learning Center, and Keys Hemet), three locations in Temecula (iShine Student Center, Temecula Student Center, and Temecula Resource Center), four locations in the City of Riverside (Magnolia Student Center, Pathfinder Student Center, Flabob Airport Facility, and Riverside Student Center), three locations in Corona (Corona Early Childhood Center, Corona Student Center and Homeschool Corona), one location in Murrieta (Murrieta Student Center), one location in Menifee (Bear River Student Center), one location in Perris (Del Rio Student Center), one location in San Jacinto (Renaissance Valley Academy), one location in Cherry Valley (Cherry Valley Student Center) and one location in Indio (Palm Academy Student Center). In addition to its academic facilities, the Borrower owns a separate facility in Temecula housing its administrative offices (the "Temecula Administrative Building") and a separate facility in Temecula housing its central kitchen.

Table 2a hereinbelow provides information on two additional facilities that are in the process of being remodeled or acquired and remodeled for use by the Borrower. Both facilities are anticipated to begin serving students in the 2026-27 school year.

The table on the following page shows the Borrower's leased and owned facilities, indicating for each the program(s) operated there, whether it is owned by the Borrower, River Springs Facilities LLC, a California limited liability company, the sole member of which is the Borrower ("River Springs Facilities LLC"), River Springs Facilities II LLC, a California limited liability company, the sole member of which is the Borrower ("River Springs Facilities II LLC"), River Springs Facilities III LLC, a California limited liability company, the sole member of which is the Borrower ("River Springs Facilities III LLC"), or River Springs Facilities IV LLC, a California limited liability company, the sole member of which is the Borrower ("River Springs Facilities IV LLC") and together with the River Springs Facilities LLC, River Springs Facilities II LLC, and River Springs Facilities III LLC (the "River Springs Facilities I-IV LLCs") or leased from an unrelated party, the current lease expiration date (if applicable), and the number of students served at each location during the current 2025-26 school year. During the 2025-26 school year, approximately 3,761 students, or 44% of the 8,508 students enrolled with the Borrower are expected to receive academic services in a facility owned by the River Springs Facilities I-IV LLCs. For more information on such facilities, see "OPERATING AND FINANCIAL INFORMATION – Facilities Leases" herein.

The fiscal year 2023-24 audited consolidated financial statements of the Borrower and the River Springs Facilities I-IV LLCs attached hereto as Appendix B and referenced herein reflect the combined financial information of the Borrower and the River Springs Facilities I-IV LLCs (River Springs Facilities IV LLC was not yet formed as of June 30, 2024 and thus is not included in the 2023-24 audit). River Springs Facilities I-IV LLCs are controlled by the Borrower, but their only operations consist of participating in applicable financings, receiving payments under the applicable leases and providing for payment of the applicable bonds therefrom. See "OPERATING AND FINANCIAL INFORMATION – Outstanding Debt" herein.

TABLE 2
CURRENT FACILITIES
The Borrower

<i>Name</i>	<i>Address</i>	<i>Programs</i>	<i>Owned/Lease Expiration</i>	<i>2025-26 Enrollment</i>
Bear River Student Center	26800 Newport Road, Menifee	Homeschool Enrichment, Da Vinci Academy	Owned by River Springs Facilities III LLC	666 ⁽¹⁾
Temecula Student Center	43040 Margarita Road, Temecula	Da Vinci Academy; Renaissance Real World Academy	Owned by River Springs Facilities III LLC	542
Magnolia Student Center	4020 Jefferson Street, Riverside	Magnolia Academy	Owned by River Springs Facilities II LLC	773
iShine Student Center	42145 Lyndie Lane, Temecula	Homeschool Enrichment; iShine Mosaic Academy	Owned by River Springs Facilities II LLC	443 ⁽¹⁾
Pathfinder Student Center	4260 Tequesquite Avenue, Riverside	Homeschool Enrichment	Owned by River Springs Facilities II LLC	N/A ⁽²⁾
Temecula Administrative Facility	27740 Jefferson Avenue, Temecula	Administrative Offices	Owned by River Springs Facilities II LLC	N/A
Palm Academy Student Center	81840 Avenue 46, Indio	Palm Academy	Owned by River Springs Facilities LLC	149
Murrieta Student Center	41863 & 41866 Kalmia Street, Murrieta	Homeschool Enrichment; Classical Homeschool Academy; Casa Montessori; Montessori Middle School; Da Vinci Academy	Owned by River Springs Facilities LLC	605 ⁽¹⁾
Flabob Airport Facility	5580 42 nd Street, Riverside	Flabob Airport Preparatory Academy	3/31/2051	101
Homeschool Corona	1861 California Ave. Corona	Homeschool Enrichment	8/31/2029	N/A ⁽²⁾
Homeschool Hemet	760 W. Acacia Ave. Hemet	Homeschool Enrichment	6/30/2028	N/A ⁽²⁾
Corona Early Childhood Center	510 W. 2 nd St. Corona	Mosaic Academy (TK and K only)	6/30/2029	21
Corona Student Center	2115 Compton Ave. Corona	Homeschool Enrichment; Mosaic Academy (Grades 1-8), Da Vinci Academy	1/31/2032	212 ⁽¹⁾
Hemet Quest Student Center	790 W. Acacia Avenue, Hemet	Quest Academy	6/30/2028	560
Hemet Learning Center	105 N. Girard Street, Hemet	Homeschool Enrichment	9/30/2025	N/A ⁽²⁾
Riverside Student Center	3050 Chicago Avenue, Riverside	Homeschool Enrichment; Mosaic Academy	9/30/2030	243 ⁽¹⁾
Temecula Resource Center	27463 & 27477 Enterprise Circle Temecula	Homeschool Enrichment	3/31/2029	N/A ⁽²⁾
Renaissance Valley Academy	1091 West Esplanade Avenue, San Jacinto	Homeschool Enrichment; Renaissance Valley Academy	6/30/2043	673 ⁽¹⁾
Del Rio Student Center	745 North Perris Boulevard, Perris	Del Rio Academy	7/31/2029	198
Central Kitchen	41662 Enterprise Circle North, Suites B & C, Temecula	The Central Kitchen is used to storage, prepare and distribute student meals and is not part of an academic program.	8/31/2030	N/A
Cherry Valley Student Center	10257 Beaumont Avenue, Cherry Valley	Cherry Valley Academy, Homeschool Enrichment	6/30/37	223 ⁽¹⁾

⁽¹⁾ Academy program enrollment does not include students in the Homeschool Enrichment, Virtual, Venture or Connections program.

⁽²⁾ Homeschool, Virtual, Venture and Connections enrollment are not broken out by site, rather the enrollment figures herein are for the program as a whole. Total 2025-26 enrollment in Homeschool is 2,330 students, in the Virtual program is 242 students, in the Venture program is 304 students, and in the Connections program is 223 students, for 3,099 total non-Academy students of the Borrower.

TABLE 2a
NEW FACILITIES NOT YET OPERATIONAL
The Borrower

<i>Name</i>	<i>Address</i>	<i>Expected Programs</i>	<i>Owned/Lease Expiration</i>	<i>2025-26 Enrollment</i>
Riverside Student Center – Van Buren	17241 Van Buren Blvd, Riverside	(not yet operational)	Owned by River Springs Facilities IV LLC	N/A
Hemet Student Center - Florida	45252 Florida Ave, Hemet	(not yet operational)	Owned by River Springs Facilities IV LLC	N/A

Source: The Borrower.

Outbreak of COVID-19

Due to the outbreak of COVID-19, the Borrower closed its on-site learning center facilities and transitioned its programs to only remote learning and instruction from March 2020 through the remainder of the 2019-20 school year. As a nonclassroom-based school, the Borrower was able to transition its programs to fully remote learning through the development of additional procedures to continue to develop and support individualized learning plans without having students physically present at their facilities. The Borrower provided remote learning for the 2020-21 school year. The Borrower resumed normal operation of its nonclassroom-based programs in 2021-22. The Borrower developed a comprehensive plan, the COVID-19 Prevention Program and Safety Plan for Reopening In-Person Instruction (the “COVID-19 Plan”), for the operation of its facilities and the continuation of its in-person programs during the pandemic. The COVID-19 Plan is consistent with the latest guidance provided to the Borrower by the California Department of Public Health and the Center for Disease Control. See “CERTAIN RISK FACTORS – Outbreak of Disease; COVID-19” in the forepart of this Supplement. The Borrower keeps its COVID-19 Plan updated in the event of future health emergencies.

State Aid. State law allows charter schools to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. There can be no assurance that enrollment, ADA or LCFF funding for the Borrower will not decrease in the future, as a result of an outbreak of disease or otherwise.

CHARTER

The Borrower’s Charter

The Borrower operates under a countywide benefit charter agreement (the “Charter”) originally granted by the Riverside County Board of Education (the “RCBOE”) in 2005, and renewed in 2007, 2013 and 2018, each time for additional five-year terms. The current term of the Charter was subsequently extended for three years until June 30, 2026, pursuant to California Education Code Section 47607.4. See “CHARTER SCHOOLS – Approval or Denial of Charter Petition” and “– Countywide Benefit Charter Schools” and “CERTAIN RISK FACTORS – Specific Risks of Charter Schools – Non-Renewal or Revocation of Charters” in the forepart of this Supplement.

The Riverside County Office of Education (“RCOE”) is responsible for overseeing the Borrower and its compliance with the terms of the Charter and applicable laws. In connection with the Notes, the Borrower expects to deliver a certificate substantially to the effect that, to the best of its knowledge, it remains in compliance with the terms of the Charter.

Payments to Chartering Agencies

In accordance with the memoranda of understanding entered into with the RCOE, the Borrower paid fees to the RCOE in the fiscal years ended June 30, 2023, 2024 and 2025 totaling \$763,364, \$897,881, and \$989,961 respectively, representing 1% of LCFF revenues in each year. Such fees were assessed for supervisorial oversight of the Borrower by the RCOE. The Borrower projects it will pay \$1,147,581 for such fees in the fiscal year ending June 30, 2026.

MISSION AND VISION

The School is a parent choice school where the community is the classroom. The Borrower's mission is to empower students by fostering their innate curiosity, engaging their parents, and promoting optimum learning by collaboratively developing a personalized learning program for each student.

Through choice of curriculum, teachers, and program the educators and participants of the Borrower believe that the best learning occurs when:

- The parent is directly involved in the teaching/learning process;
- Learning styles are tailored to each individual student's needs;
- One-to-one teaching is the primary arrangement;
- Real life "context-based" learning is emphasized;
- There is enrichment through field trips, apprenticeships, cooperative classes, and appropriate uses of technology; and
- The entire community serves as the school campus.

CURRICULUM AND EDUCATIONAL PROGRAMS

General

The Borrower's leaders operate it in accordance with their belief that learning best occurs when students are educated through a personalized learning, goal-oriented curriculum which is developed utilizing home-based learning programs, cooperative school programs and classes, site-based personalized learning models, internships, community-based educational programs, group seminars, distance learning via current technology, supplemental learning projects, and current educational research. The Borrower's philosophy centers upon the beliefs and expectations that:

- Curriculum should be tailored to an individual student's learning styles;
- One-to-one teaching should be used as appropriate;
- Real life, context-based learning is to be encouraged;
- A variety of enrichment should be implemented through classroom instruction, independent learning, field trips, apprenticeships, technology and integrated projects across the curriculum;
- Schooling is only one aspect of an education;
- The entire community is the classroom;
- Learning is promoted by engaging student interests;
- Optimum learning by the student can be achieved by encouraging parent involvement and support;
- Students can be active participants in their personalized learning plan with the support of Borrower staff;
- Borrower students will perform and achieve as well as or better than students in traditional California public schools;

- Students will be intrinsically motivated;
- Students will achieve competency in basic academic skills;
- Opportunities will be provided for students to explore their potential in the performing and living arts and in the use of technology; and
- Students will recognize and use their strongest skills and abilities and improve in areas where they are weak.

Parents who enroll their children in one of the Borrower's programs, through specific enrollment and curriculum contracts described below, accept primary responsibility for their children's education. The Borrower supports students and parents in all aspects of student education, by providing appropriate educational materials and access to a team of education specialists and advisors.

All student curricula are subject to approval by the Borrower. Each minor student and at least one parent or guardian, and each adult student, with the assistance of the Borrower's Education Specialists (each, an "Education Specialist") and advisors, designs, consistent with the Borrower's student standards and policies, appropriate curricula based upon the student's educational needs and objectives and signs one or more contracts (each, a "Student Agreement") with the Borrower that clearly describes the student's individual educational goals and curriculum for each semester the student is enrolled with the Borrower. Each Student Agreement describes the manner for submitting assignments and reporting progress, the frequency of meetings, the student's courses of study, the chosen methods of ascertaining competence in designated courses of study, and, if applicable, the credits the student will receive upon successfully demonstrating competence and completing the course of study. Each Student Agreement also details the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements. The Borrower offers and aligns its college preparatory high school curriculum to the University of California-California State University "a-g" requirements, and all Education Specialists who are assigned high school students are trained in the requirements of a-g coursework and high school graduation policies and procedures.

Educational Programs

General. The Borrower offers flexibility to choose among a wide variety of programs to meet students' individual needs. The educational programs offered by the Borrower fall into one of three major categories: (1) Academy programs, (2) Homeschool/Independent Study programs and (3) the Virtual and Connections programs which combines elements of the Academies and Homeschool/Independent Study programs. Students in the Academy programs attend classes on site for 2 to 5 days per week, depending on the specific program. In the current 2025-26 school year, five Academy programs offer classroom-based instruction, where attendance is determined based on physical seat time (see "– Hybrid Instruction" below in this section). For the remaining Academy programs, regardless of number of days spent on site (2 to 4), the Borrower receives full ADA funding based on work completed by each student and not based on days attending on-site classes. See "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Nonclassroom-based Funding" in the forepart of this Supplement.

Over the last 15 years, the Borrower has had consistent growth in its total enrollment in all but two years (2013-14 and 2021-22) due to the addition of new programs at new locations, and the expansion of existing programs. For the 2020-21 school year, the Borrower experienced an enrollment increase of 693 students (10.4%), largely due to the COVID-19 pandemic, as families sought the variety of options that the Borrower offers during a school year in which many district schools were forced to operate in distance-learning mode and did not offer independent study options. In school year 2021-22, California school districts were required to provide independent study options per law, and many students that had enrolled at the Borrower in 2020-21 returned to their district schools, switched to non-public schools with fewer pandemic-related restrictions, or moved out of state. In 2023-24, the Borrower's enrollment exceeded its previous 2020-21 high, and enrollment in 2024-25 and 2025-26 has increased further.

TABLE 3
ENROLLMENT BY PROGRAM⁽¹⁾
 2020-21 through 2025-26
 The Borrower

<i>School Year</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>
Academy Programs	5,448	4,527	4,868	5,284	5,314	5,409
Homeschool/ Independent Study ⁽²⁾	1,915	1,917	2,018	2,264	2,389	3,099
Total	7,363	6,444	6,886	7,548	7,703	8,508

⁽¹⁾ Represents certified CALPADS enrollment as of the first Wednesday in October of each year for school years 2020-21 through 2024-25, and current enrollment as of September 10, 2025, for school year 2025-26.

⁽²⁾ Includes Virtual, Venture and Connections independent study programs.

Source: The Borrower.

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Academy Programs. The Borrower offers a variety of Academy programs at 12 facilities throughout the County that combine traditional on-site instruction with homeschool/independent study. The Academy programs range from as high as 5 days of on-site instruction per week to a low of 2 days per week.

TABLE 4
CURRENT ENROLLMENT OF ACADEMY
AND HOMESCHOOL PROGRAMS
The Borrower

<i>Community</i>	<i>Sites</i>	<i>2025-26 Academy Enrollment⁽¹⁾</i>	<i>Programs</i>	<i>Grades Served</i>	<i>On-Site Days/Week</i>
Temecula	Temecula Student Center	383	Da Vinci Academy	TK-8	5
		159	Renaissance Real World Academy	9-12	5
	i-Shine Student Center	443	iShine Mosaic Academy	TK-8	4
Riverside	Riverside Student Center	243	Mosaic Academy	TK-8	3
	Magnolia Student Center	773	Magnolia Academy TK-8	TK-8	5
			Renaissance Real World Academy 9-12	9-12	4
	Flabob Airport Preparatory Academy	101	Flabob Middle School 6-8	6-8	5
			Flabob Global Transitions 9-12	9-12	4
Perris	Del Rio Student Center	198	Del Rio Academy	TK-8	5
Hemet	Hemet Quest Student Center	560	Quest Academy	TK-5	5
San Jacinto	Renaissance Valley Academy	673	Renaissance Valley Academy Middle School (6-8)	6-8	5
			Renaissance Real World Academy (9-12)	9-12	5
Menifee	Bear River Student Center	666	Da Vinci Academy	TK-8	5
Murrieta	Murrieta Student Center	605	Da Vinci Academy	TK-6	5
			Casa Montessori Academy	TK-6	3
			Classical Homeschool Academy	TK-8	2
			Montessori Middle School	7-8	5
Corona	Corona Student Center	233	Mosaic Academy	1-8	3
			Da Vinci Academy	TK-8	5
Indio	Palm Academy Student Center	149	Palm Academy	TK-8	5
Cherry Valley	Cherry Valley Student Center	223	Cherry Valley Academy	TK-8	3
Total Academy		5,409			
Homeschool/ Independent Study⁽²⁾		3,099			
Total		8,508			

⁽¹⁾ Represents current enrollment in Academy programs at each location as of September 10, 2025.

⁽²⁾ Includes Virtual, Venture and Connections independent study programs.

Source: The Borrower.

Hybrid Instruction. Beginning in the 2022-23 school year, in alignment with its hybrid instructional model offering a variety of instructional settings and methods, the Borrower began offering five-day-per-week classroom-based instruction at certain Academy programs vs. the previous nonclassroom-based program. Classroom-based instruction, as defined in California Education Code 47612.5(e), occurs only when charter school pupils are engaged in educational activities required of those pupils and are under the immediate supervision and control of an employee of the charter school who possesses a valid certification document registered as required by law. For purposes of calculating average daily attendance for classroom-based instruction apportionments, at least 80 percent of the instructional time offered by the charter school shall be at the schoolsite, all instruction shall be under the direct physical supervision of a credentialed teacher, and the charter school shall require the attendance of all pupils for whom a classroom-based apportionment is claimed at the schoolsite for at least 80 percent of the minimum instructional time required. Classroom-based average

daily attendance is determined by physical attendance of the student at the schoolsite, vs. by body of work completed as with a nonclassroom-based program.

In the 2025-26 school year, the Borrower is offering classroom-based instruction at: (a) Quest Academy (560 students) at the Hemet Quest Student Center; (b) Palm Academy (149 students) at the Palm Student Center in Indio; (c) Renaissance Valley Academy (673 students) at the Renaissance Valley Academy location in San Jacinto; (d) Magnolia Academy (773 students) at the Magnolia Student Center in Riverside; (e) Da Vinci Academy and Renaissance Real World Academy (542 students total) at Temecula Learning Center in Temecula; (f) Flabob Airport Preparatory Academy Grades 6-8 (38 students) at the Flabob Airport Facility; (g) Del Rio Academy (198 students) at the Del Rio Student Center in Perris, (h) Da Vinci Academy (666 students) at the Bear River Student Center in Menifee, and (i) Da Vinci Academy (93 students) at the Corona Student Center in Corona. Total enrollment in classroom-based Academy programs is thus approximately 3,692 students, or 68.3% of the total enrollment of 5,409 students in all classroom-based and nonclassroom-based Academy programs, and 43.4% of total current schoolwide enrollment of 8,508 students for the 2025-26 school year.

The Borrower intends to continue offering classroom-based instruction in subsequent years as a key component of its overall hybrid instructional model that includes both classroom-based and nonclassroom-based instruction in a variety of instructional programs.

Da Vinci Academy – Bear River Student Center. The Da Vinci Academy program at the Bear River Student Center serves 666 students in grades TK-8 in a 5-day per week classroom-based program in the 2025-26 school year. Enrollment at the Da Vinci Academy program at Bear River Student Center is at capacity and is heavily oversubscribed, with a waiting list of 516 students across all grades.

The Da Vinci Academy provides a unique program of learning based on the 7 Da Vinci principles for creative thinking: Curiosity; Independent thinking; Sharpen your senses; Embrace ambiguity; Balance logic and imagination; Balance body and mind; and Make new connections. The Da Vinci Academy offers a unique small-school environment where everybody knows every student's name. Creative projects, core mastery, and positive interpersonal skills are the focus of every grade.

Da Vinci Academy – Temecula Student Center. The Da Vinci Academy program at the Temecula Student Center currently serves 383 students in grades K-8 in a 5-day per week full classroom-based program. Currently, enrollment at the Da Vinci Academy program at Temecula Student Center is at capacity and is oversubscribed with a waiting list of 13 students across all grades.

The Temecula Student Center also hosts the on-site classes of the Renaissance Real World Academy for grades 9-12, which will remain nonclassroom-based at the same location, serving high school students 5 days per week.

K-8 Programs. In the Academy K-8 programs, on-site days are organized like a traditional school. Students in kindergarten through grade 5 have a single multi-subject teacher throughout the day, while students in grades 6 through 8 have one teacher for math and science and a second teacher for English language arts and social studies. Class sizes typically range from 28 to 35 students, and each K-8 class has an assistant classroom educator in addition to a primary teacher.

Teachers in kindergarten through grade 8 use a combination of standardized curriculum and curriculum that was developed in-house by the Borrower. Math curricula include GO Math!, enVision Math, and Spring into Math. English language arts curricula include Daily 5, Writer's Workshop, Reading Plus, Lexia, and Moving Beyond the Page. Technology is a strong learning component inside and out of the classroom. The Borrower has achieved 1:1 computing (a computer for each student) in some programs and is adding more 1:1 computing where budget allows. Cloud-based computing, including Google cloud services, is used heavily, and the Borrower provides free broadband service and Chromebooks for families in need.

Parents are very involved in the hybrid Academy programs, where students are on-site in the classroom less than 5 days per week. In the hybrid Academy programs, math and English language arts are the academic focus in the classroom, while social studies and science are typically the focus for homeschool days. Teachers in the hybrid Academy programs spend the nonclassroom days providing teaching support to parents.

High School Programs. The primary high school Academy program for the Borrower is the Renaissance Real World Academy (“Renaissance”), which in 2025-26 enrolls approximately 648 students in grades 9-12 at three sites (159 students in a classroom-based 5-day-a-week program at Temecula Student Center in Temecula, 182 students in a nonclassroom-based 4-day-a-week program at Magnolia Student Center in Riverside, and 285 students in a classroom-based 5-day-a-week program at the Renaissance Valley Academy in San Jacinto). Class sizes vary between 15 and 35 students, depending on subject. The program is a combination of classroom-based instruction and teacher-guided independent study, with full classroom-based instruction at the Temecula Student Center and Renaissance Valley Academy locations. The Canvas Learning Management System is used for both content delivery and grading. Renaissance takes a university approach to classroom learning, including Socratic seminars, projects, on-line activities and other hands-on learning methods. Students in grades 9 and 10 are on-site 5 days per week, while students in grades 11 and 12 are on-site 3 days per week and at internships the remaining 2 days per week, except at Temecula Student Center and Renaissance Valley Academy, where instruction is fully classroom-based. Renaissance high school students have several options for taking college classes, including dual enrollment, concurrent enrollment, and articulated classes.

Students in grades 6 through 12 can also attend the Flabob Airport Preparatory Academy (“FAPA”) program, the only aviation/aeronautics-focused high school in Riverside County. The program introduces students to aviation, mechanics, engineering, and science, and was recently expanded to include transportation, public safety, hospitality, and computer networks. The FAPA program has a 2025-26 enrollment of 101 students. Students in the FAPA program are on-site 4 or 5 days per week, depending on their grade level. The nonclassroom days of the FAPA program are used for home study, electives, and/or Career Technical Education.

Homeschool/Independent Study. In addition to the Academy programs, the Borrower offers four distinct programs that do not include any regularly scheduled on-site component: the Homeschool program for grades K-12, Virtual Academy for grades K-8, Venture Online for grades TK-12 and the Connections Academy for grades K-10.

Homeschool. In the Homeschool program for TK-12 students, parents and students work closely with a California-credentialed Education Specialist to choose the right combination of learning programs for each individual student. Under this program, parents are the primary educators of their children, and the Borrower’s primary mission is to support and encourage families in the challenging task of educating their children. Families are allotted instructional funds, depending on the grade-level. These funds are used to purchase curriculum, educational materials, and services from approved Borrower vendors. Homeschool students are able to use a portion of their instructional funds to take TK-8 enrichment classes at a student center or grade 9-12 enrichment classes through an online course management system. Homeschool families are able to take advantage of field trips, a lending library, various health and fitness programs, and numerous parent and student events throughout the year. Homeschool student progress is tracked through the use of individualized learning plans which are created monthly and revised regularly through parent-Education Specialist-student collaboration. Assessment is done regularly for a variety of purposes, including the Borrower’s common benchmark assessments. Assessment results are analyzed regularly and used to modify instruction as necessary.

Homeschool students can attend enrichment workshops at the River Springs Learning Centers (each, a “Learning Center”), which are located in Temecula, Hemet, Riverside, Corona, Perris, Cherry Valley, San Jacinto, Menifee, Murrieta, and Indio. Learning Center schedules vary by location and student interests and needs. Though Learning Center classes are created to supplement homeschooling provided by a parent/adult and many classes involve the arts, some workshops also provide core content such as writing, science, and math. Academic counseling services are offered on an appointment basis at the Learning Center locations. In addition, special education services, including a resource specialist program, occupational therapy, speech, and

individualized education plan meetings are provided at most Learning Centers. Homeschool students are required to meet with their Educational Specialist at least once every twenty days.

Parent education is an important component of the Homeschool program. The Borrower hosts an online parent preparation course that is required for all newly enrolled families in the Homeschool program. The course focuses on educational topics and best practices such as goal setting, annual planning, learning and the brain, and assessment. The Educational Specialists support parents' learning at the monthly learning plan meeting. An optional Parent Certification program is available for parents that wish to achieve a deeper understanding for developing best practices. The program includes online and face-to-face learning options, and parents must complete three core courses, four electives, and a final project in order to receive the certification. Parents earn \$200 in additional student funds upon completion.

The Borrower hosts its Student Parent Regional Educational Events throughout the school year to help connect Homeschool families and have them develop personal networks. Parent and student workshops are offered at these events, which are typically well-attended. In addition the Borrower hosts an annual homeschool parent event called the Ignite Conference, which offers a variety of workshops, networking opportunities, and guest speakers.

Virtual Academy (K-8). The Virtual program provides a nearly identical personalized learning program to the Homeschool program described above, but interaction between parents, students, and credentialed Educational Specialists is online rather than through in-person visits. Virtual Academy staff believe students can build relationships, connect, and learn in any environment. All students have access to curriculum, support, and growth opportunities through daily direct instruction, small group sessions, online social time, park days, field trips, and parent guidance.

Teachers and instructional aides work with students during live online sessions as a whole group, in small groups, and one on one. Families work with their students throughout the day to ensure that students attend their live sessions, demonstrate their learning, complete and submit assignments, and attend tutoring sessions as they need additional support. In addition to regular communication via emails and phone calls, teachers meet with families virtually every 20 days to celebrate achievements and discuss progress. Online visits are “synchronous”, meaning students and their teachers are communicating directly online via teleconferencing software vs. through recorded sessions.

Venture Online (TK-12). The Venture TK-12 program caters to the needs of 21st-century students allowing them to complete their education anytime, anywhere, with the full support of single-subject credentialed teachers. Venture Online provides a comprehensive program that recognizes individual learning styles as one of the keys to student success and provides opportunities for personalized learning. The goal of Venture Online is to make it possible for students to achieve success while pursuing their dreams.

Connections Academy (K-10). Connections at River Springs, an online independent study program, begins its association with the Borrower last school year serving 12 students in grades K-10, and has increased significantly to 223 in the current 2025-26 school year, with the plan to increase enrollment each year thereafter. The Connections Academy curriculum was created by Pearson Education and has a long record of success, and requires a less active commitment by parents/guardians of the students overseeing their children's education. Students are given daily assignments which are assessed by teachers; there is also an option to participate in live lessons online.

GOVERNANCE AND ADMINISTRATION

Board of Directors

The Borrower is governed by a board of directors (the “Board”) of no fewer than five and no more than seven members, which members shall be (i) parents of students currently attending the School and

(ii) community members residing in Riverside County or a contiguous county in which students attending the School reside. Members of the Board shall not have personal financial interests in the ongoing operations of the Borrower or be related to persons with such interests. At least thirty days prior to the date of election of any Board members (the “Election Date”), the Chair of the Board shall appoint a committee (the “Nominating Committee”) to designate qualified candidates for election to the Board. With the exception of one board position that may be appointed by RCOE, members of the Board are elected by the Board and may serve up to two consecutive three-year terms.

The current members of the Board and their backgrounds are listed below.

<i>Name</i>	<i>Position</i>	<i>Term Expires</i>
Louis Fetherolf	Chair	June 30, 2026
Jenny Adamo	Vice-Chair	June 30, 2027
James McCallion	Secretary	June 30, 2026
Dr. Annica Meza Dawe	Treasurer	June 30, 2027
Stephanie Heiliger	Director	June 30, 2027
Dr. Givona Sandiford	Director	June 30, 2028
Jamie Thompson	Director	June 30, 2028

Louis Fetherolf, Chair. Mr. Fetherolf retired after a 43 year career in law enforcement, including 30 years as chief of police, and has extensive volunteer experience with Rotary International and Springs. Mr. Fetherolf earned a Bachelor’s degree in Chemistry and Mathematics, a Master’s degree in Public Administration and performed doctoral studies in Public Administration.

Jenny Adamo, Vice-Chair. Ms. Adamo has experience in consulting and education. She earned her Bachelor of Arts degree in Health and Human Development and her Master of Arts degree in Social Work. She served on the District Advisory Board Central Union School District from 2019 through 2020. Ms. Adamo has two children enrolled in different programs at the Borrower.

James McCallion, Secretary. Mr. McCallion is the Director of Business Development at Lead Audit, LLC. He has served in that position over six years, after serving the company in various capacities since 2012. Previously, Mr. McCallion held positions at AuditPros for over five years. He has extensive experience equipping sales teams with the tools, resources and training to succeed in “software as a service” cloud-based software delivery enterprises. Mr. McCallion holds a Bachelor’s degree in Social Ecology from the University of California at Irvine and an Associate degree from Santiago Canyon College.

Dr. Annica Meza Dawe, Treasurer. Dr. Annica Meza Dawe has a background in education at all levels, starting with the primary levels through the postsecondary stage. Her background in both the public and private sectors has provided her with a wealth of information, expertise, and best practices in many disciplines (mainly in education, health, and the business/nonprofit arena). She is a proud supporter of SCS and its important mission and lasting vision. She and her husband love traveling to new places and experiencing new cuisines & cultures with their two children.

Stephanie Heiliger, Director. Ms. Heiliger has experience in business finance, structure and process implementation, administration, management and political systems. She earned her Bachelor of Arts degree in Political Science with an emphasis in Constitutional Law from California State University, Long Beach. Ms. Heiliger has experience serving on non-profit boards including the positions of Secretary of the Board for Return With Freedom, Inc. and Secretary of the Board for Reclaim You Now, Inc.

Dr. Givona Sandiford, Director. Dr. Sandiford is a nationally certified speech-language pathologist and health-tech entrepreneur. She currently serves as the CEO and Founder of Melospeech Inc. and possesses over 20 years of clinical and leadership experience, including 15 years in the public school system. Dr. Sandiford has served as a member of the Forbes Business Council and Young Entrepreneurs Council, and maintains active

memberships with the American Speech-Language-Hearing Association and the Society for Human Resource Management. Her work has been recognized by Cosmopolitan's 2024 New C-Suite, Fast Company, Forbes, and Titan Women in Business. Dr. Sandiford earned her Ph.D. in Rehabilitation Sciences, M.S. in Speech-Language Pathology, B.S. in Speech-Language Pathology and Audiology and a Certificate in Business Administration and Management from Harvard Extension School.

Jamie Thompson, Director. Ms. Thompson is an English teacher, AVID teacher and department co-chair who comes from a family of educators. She earned her Bachelor's degree in Literature & Writing Studies from California State University, San Marcos and her Master's degree in Administrative Services from National University.

Management Staff

In addition to Members of the Board, the Borrower is served by the following management staff:

Kathleen Hermsmeyer, Superintendent. Ms. Hermsmeyer has served as Superintendent of the Borrower since 2006. Previously, she served as Executive Director of Eagles Peak Charter School. Ms. Hermsmeyer holds a Bachelor of Arts degree in Liberal Studies and a Master's degree in Computer-Based Education, both from California Polytechnic State University, San Luis Obispo and a Doctorate degree in Education with a focus on Curriculum and Instruction from the University of the Pacific.

Amy Podratz, Assistant Superintendent, Administrative Operations. Ms. Podratz has served as Assistant Superintendent, Administrative Operations of the Borrower since 2006. Prior to arriving at the Borrower, she served as the Senior Director of Business and Administrative Operations of Eagles Peak Charter School. From 1997 to 2000, she served in numerous roles with Eagles Peak Charter School, including Education Specialist ("ES"), ES Trainer, ES Advisor, Western Association of Schools and Colleges Chairperson, Director of Student Services, and Senior Director of Business and Administrative Operations. She holds a Bachelor of Arts degree in Political Science from California State University at Long Beach, a Master's in Leadership from Walden University, a Certification in Legal Studies, a Secondary Credential, an Administrative Credential, and she has completed the coursework for her Chief Business Official certification.

Tanya Rogers, Assistant Superintendent, Business. Ms. Rogers has served as Assistant Superintendent, Business of the Borrower since 2015. Prior to joining the Borrower, Ms. Rogers was a partner for an audit firm that specialized in audits of educational agencies. Prior to the auditing firm Ms. Rogers worked in the hospitality industry, managing large full-service hotels such as Hilton and Embassy Suites. Ms. Rogers holds a Bachelor of Science degree in Business from California State University, San Marcos, and a Master of Business Administration degree from the University of Phoenix. Ms. Rogers is a licensed Certified Public Accountant and has the designation as a Certified Fraud Examiner.

Vivian Price, Assistant Superintendent, Education – Personalized Learning. Ms. Price has served as Assistant Superintendent, Education – Personalized Learning of the Borrower since 2010. Previously she taught middle and high school English for nine years, in traditional, private and charter schools. Ms. Price holds a Bachelor's degree from Plymouth State University and Master's degree in Education with a focus on Literature from California State University, San Marcos.

Related Parties/Employees

Several employees and administrators of the Borrower are related by birth or marriage to the Superintendent, Dr. Hermsmeyer. In most cases, these personnel began working with Ms. Hermsmeyer before the Borrower was formed, while Ms. Hermsmeyer was the Executive Director of Eagles Peak Charter School ("Eagles Peak"). See "– Formation and History" below. However, no such relationship relates to any member of the Borrower's Board, and such Board and unrelated employee supervisors oversee all such related employees, and all decisions related to their employment and compensation.

John Kane, Physics Teacher and Data Analyst, a brother of Superintendent Hermismeyer, is under direct supervision and review by the Director of Instructional Support (an unrelated employee). Erin Spock, a part-time teacher at the Hemet Student Center under the direct supervision and review by the site Principal (an unrelated employee), is Mr. Kane's daughter and thus the Superintendent's niece. Ms. Spock is certificated as a single subject Social Science teacher. Thomas Hermismeyer, the son of Superintendent Hermismeyer, is employed by the Borrower as an Accounting Technician, under direct supervision and review by the Assistant Superintendent of Business (an unrelated employee). Robert Hermismeyer, the son of Superintendent Hermismeyer, is employed by Vista Springs as an Academy teacher, under direct supervision and review by the Site Director of Vista Student Center (an unrelated employee).

In order to avoid potential, apparent or actual conflicts of interest regarding related-employee compensation, the Borrower engages independent outside counsel to perform annual compensation surveys to identify comparable market-level compensation for senior management. The Superintendent's salary is recommended by counsel, then reviewed and recommended by senior staff (excluding the Superintendent) and finally reviewed and approved by the Board of the Borrower and the boards of the Related Schools.

The Borrower's Board has adopted a policy on nepotism, which provides that:

"The basic criteria for appointment and promotion of all faculty and staff will be appropriate qualifications and performance. Relationship by family, marriage, or partnership will constitute neither an advantage nor a deterrent to appointment in the school provided the individual meets and fulfills the appropriate standards. It is not the intent of this policy to encourage the employment of relatives within the same unit, but rather to reemphasize the concept that the selection of personnel will be on the basis of job-related qualifications.

Members of the same immediate family whose qualifications rank each of them first for the positions under consideration may be employed (full-time or part-time), so long as neither family member is immediately responsible for the decision to hire, or for the supervision, direction, evaluation, or salary recommendation of the other. In such instances, all final decisions will be referred to the Board of Directors and to the Office of Human Resources."

Formation and History

The Borrower began operation as a part of the Eagles Peak Charter School ("Eagles Peak"), which was established in 1999. The Eagles Peak charter was approved by the Julian Union High School District, in San Diego County. Eagles Peak operated nonclassroom-based programs similar to the Borrower's Academy and Homeschool programs, with students from San Diego County and contiguous counties. Over a number of years, Eagles Peak's enrollment in Riverside County grew to exceed its enrollment in San Diego County. Changes in the Education Code effective in June 2005 made it necessary for Eagles Peak to obtain a charter from within Riverside County. In 2005, a charter was approved by the RCBOE for "Eagles Peak Charter School – Inland Empire."

Although the separate Riverside County charter was approved in 2005, a separate corporation to operate under such charter was not organized until June 2006, when the Borrower was formed, originally under the name "Eagles Peak – Inland Empire, Inc." Some of the current management staff of the Borrower previously served Eagles Peak in similar capacities, as reflected above under " – Management Staff." The process by which the Borrower separated from Eagles Peak in the latter part of 2006 was the subject of dispute between the Eagles Peak governing board and the executive management team, which was resolved through a settlement agreement in April 2007. In July 2009, the Julian Union High School District refused to renew Eagles Peak's charter and the school was subsequently closed.

In 2007, the former Eagles Peak – Inland Empire, Inc. changed its name to River Springs Charter School, Inc. and RCBOE renewed its charter for a five year term. In June 2013, RCBOE renewed the Borrower’s charter for an additional five years, approving a memorandum of understanding between RCOE and the Borrower pursuant to which the Borrower agreed to enter into a contract with the Fiscal Crisis & Management Assistance Team (“FCMAT”) to conduct a management review of the Borrower. In its report, dated August 30, 2013, titled “River Springs Charter School: Annual Oversight Checklist,” FCMAT concluded that the Borrower scored as “Low Risk” in each of the three operational areas reviewed: Fiscal and Business Operations; Educational Program and Ongoing Assessment; and Personnel. Of the 127 total applicable items on the checklist across the three operational areas, the Borrower scored satisfactorily on 122, or 96%. The Charter was renewed most recently by RCBOE in 2018, and its current term extends to June 30, 2026.

Accreditation

The Borrower was evaluated by the Western Association of Schools and Colleges (“WASC”) in 2022 and was granted a six-year accreditation extension through the 2027-28 school year.

FACULTY AND PERSONNEL

Faculty and Personnel

As of September 15, 2025, the Borrower employed 497 full-time equivalent (“FTE”) certificated employees and an additional 508 FTE non-certificated employees. Of the certificated teachers, 100% hold bachelor’s degrees and 46% hold master’s degrees. Currently, 85% of teachers have more than five years of teaching experience.

As of September 15, 2025, the Borrower employed 66 FTE administrators in management positions and 92 FTE administrative staff in its central offices. Each academic site is run by a principal, with sites serving over 400 students generally also having a vice-principal. The Borrower currently employs 24 principals and vice-principals.

The 2024-25 overall student-teacher ratio of the Borrower was approximately 19.56:1 as of November 15, 2024. The 2025-26 student-teacher ratio will not be available until November 2025.

The Borrower recruits teachers through a variety of methods in order to attract the largest pool of applicants: (i) open teaching positions are posted on a widely used education job site for online employee recruitment; (ii) the Borrower has established relationships with eight colleges and universities to post its open positions; (iii) the Borrower participates in several job fairs including the annual Teacher Recruitment Fair at RCOE; and (iv) the Borrower joined an RCOE consortium for a grant for classified staff who wish to become teachers in the areas of SPED and STEM credentials.

There are currently eleven classified employees of the Borrower participating in the grant program, receiving \$3,200 per year for up to five years of education. Upon becoming a teacher, those employees will be required to teach for the Borrower for a term at least equal to the number of years participating in the grant program.

ENROLLMENT

Enrollment

Over the last 15 years, the Borrower has enjoyed consistent growth in its total enrollment in all but two years (2013-14 and 2021-22) due to the addition of new programs at new locations, and the expansion of existing programs. For the 2020-21 school year, the Borrower experienced an enrollment increase of 693 students

(10.4%), largely due to the COVID-19 pandemic, as families sought the variety of options that the Borrower offers during a school year in which many district schools were forced to operate in distance-learning mode and did not offer independent study options. In school year 2021-22, California school districts were required to provide independent study options per law, and many students that had enrolled at the Borrower in 2020-21 returned to their district schools, switched to non-public schools with fewer pandemic-related restrictions, or moved out of state. In 2023-24, the Borrower's enrollment exceeded its previous 2020-21 high, and enrollment in 2024-25 and 2025-26 has increased further.

Enrollment information for the Borrower for the last five academic years measured on the first Wednesday in October and the current academic year is set forth in the table below.

TABLE 5
HISTORICAL AND CURRENT ENROLLMENT BY GRADE
2020-21 through 2025-26
The Borrower

<i>Grade</i>	<i>Historical⁽¹⁾</i>					<i>Current⁽²⁾</i>
	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>
TK	N/A	N/A	N/A	315	367	406
K	744	685	873	717	748	826
1	642	609	638	748	741	818
2	698	568	624	716	738	815
3	679	627	597	690	738	815
4	673	570	645	643	689	761
5	675	594	591	663	641	708
6	660	611	614	637	682	753
7	697	599	641	682	690	762
8	658	566	608	662	682	753
9	405	334	312	309	305	337
10	336	261	313	278	258	285
11	285	225	236	279	217	240
12	211	195	194	209	207	229
Total	7,363	6,444	6,886	7,548	7,703	8,508

⁽¹⁾ Reflects certified enrollment as of the fall census day (the first Wednesday in October), as reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year.

⁽²⁾ Reflects current enrollment as of September 10, 2025; this is also projected CALPADS enrollment as of October 1, 2025.

Source: *The Borrower*.

TABLE 6
HISTORICAL AND CURRENT ENROLLMENT BY PROGRAM
2020-21 through 2025-26
The Borrower

<i>Site</i>	<i>Community</i>	<i>Historical⁽¹⁾</i>					<i>Current⁽²⁾</i>
		<i>2020-21</i>	<i>2021-22⁽³⁾</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>
Homeschool	Various	1,631	1,581	1745	1,973	2,202	2,330
Virtual Academy	Various	284	316	273	291	187	242
Venture Online	Various	--	--	--	--	--	304
Connections Academy	Various	--	--	--	--	--	223
Temecula Student Center	Temecula	759	589	587	609	552	542
Hemet Quest Student Center	Hemet	600	492	551	557	583	560
Palm Academy Student Center	Indio	91	56	80	145	153	149
Murrieta Student Center	Murrieta	627	503	535	572	615	605
iShine Student Center	Temecula	531	413	419	478	445	443
Magnolia Student Center	Riverside	761	697	744	785	768	773
Corona Student Center	Corona	219	166	182	190	200	233
Bear River Student Center	Menifee	638	589	651	674	711	666
Riverside Student Center	Riverside	295	235	282	337	241	243
Flabob Airport Center	Riverside	165	129	109	110	119	101
Renaissance Valley Academy	Various	589	542	554	482	562	673
Del Rio Student Center	Perris	173	136	174	175	178	198
Cherry Valley Student Center	Cherry Valley	--	--	--	170	187	223
Total		7,363	6,444	6,886	7,548	7,703	8,508

(1) Reflects certified enrollment as of the fall census day (the first Wednesday in October), as reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year.

(2) Reflects current enrollment as of September 10, 2025, this is also projected CALPADS enrollment as of October 1, 2025.

(3) Enrollment decline from 2020-21 to 2021-22 is due to migration of students back to towards full classroom-based programs at the end of pandemic, reversing previous migration towards nonclassroom-based programs such as many of those operated by the Borrower during pandemic lockdown in 2020-21.

Source: The Borrower.

Wait List

Because of the diversity of the Borrower's educational programs and the number of locations from which it operates, wait lists are maintained at certain of the Borrower's programs and learning center locations, depending upon programmatic offerings and local market demand. Program options not impacted by physical facilities capacity, such as Homeschool, Keys, and alternate locations enable the Borrower to begin serving students immediately that would otherwise be placed on a waiting list. The same wait list procedure is applicable to students who are new applicants to the Borrower or are submitting a request to transfer from one program to another.

Currently, while enrollment in the Homeschool program is not restricted or capped, the majority of the Borrower's Academy programs are at physical capacity and have waitlists. For the Homeschool and Virtual Academy programs, the waitlist represents students in the enrollment process but who will be enrolled following completion of all enrollment paperwork. As of September 15, 2025, the Borrower had 1,556 students on wait lists for admission, as shown in the following table.

TABLE 7
CURRENT WAITLIST BY PROGRAM
As of September 15, 2025
The Borrower

<i>Program</i>	<i>2025-26</i>
Homeschool	70
Virtual Academy	33
Venture Online	0
Connections Academy	0
Temecula Student Center	13
Hemet Quest Student Center	82
Palm Academy Student Center	0
Murrieta Student Center	541
iShine Student Center	16
Magnolia Student Center	166
Corona Student Center	5
Bear River Student Center	516
Riverside Student Center	34
Flabob Airport Center	4
Renaissance Valley Academy	17
Del Rio Student Center	5
Cherry Valley Student Center	54
<i>Total</i>	<i>1,556</i>

Source: The Borrower.

Projected Enrollment

The School projects growth in both Academy and homeschool programs between the current 2025-26 year and the subsequent 2026-27 year, based on (i) a combination of pre-enrollments and returning enrollment forms as compared to historical norms, (ii) additional available Academy site capacity, and (iii) its intention to contract with an experienced marketing firm.

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Projected enrollment by grade level for the Borrower is set forth in the table below.

TABLE 8
PROJECTED ENROLLMENT BY GRADE⁽¹⁾
 2026-27 through 2029-30
 The Borrower

<i>Grade</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
TK	436	440	446	451
K	885	894	906	917
1	876	885	896	907
2	873	882	893	904
3	873	882	893	904
4	815	823	834	844
5	758	766	776	785
6	807	815	826	836
7	816	824	835	845
8	807	815	826	836
9	361	365	370	374
10	305	308	312	316
11	257	260	263	266
12	245	247	250	253
<i>Total</i>	<i>9,114</i>	<i>9,206</i>	<i>9,326</i>	<i>9,438</i>

⁽¹⁾ Enrollment increases not necessary for repayment of outstanding obligations including the Notes. the Borrower projects that current enrollment is sufficient to permit compliance with all financial covenants.

Source: The Borrower.

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Projected enrollment by program for the Borrower is set forth in the table below.

TABLE 9
PROJECTED ENROLLMENT BY PROGRAM
2026-27 through 2029-30
The Borrower

<i>Site</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Homeschool	2,345	2,355	2,372	2,403
Virtual Academy	243	244	246	249
Venture Online	306	307	309	313
Connections Academy	224	225	227	230
Temecula Student Center	545	547	551	558
Hemet Quest Student Center	563	565	569	576
Palm Academy Student Center	150	151	152	154
Murrieta Student Center	609	611	615	623
iShine Student Center	446	448	451	457
Magnolia Student Center	778	781	787	797
Corona Student Center	234	235	237	240
Bear River Student Center	670	673	678	687
Riverside Student Center	244	245	247	250
Flabob Airport Center	102	102	103	104
Renaissance Valley Academy	677	680	685	694
Del Rio Student Center	199	200	201	204
Cherry Valley Student Center	224	225	227	230
Riverside Student Center II (Van Buren)	229	286	343	343
Hemet Student Center (Florida)	326	326	326	326
Total	9,114	9,206	9,326	9,438

Source: The Borrower.

Student Demographics

The following table shows the Borrower's student demographics for the 2020-21 through 2024-25 school years.

TABLE 10
STUDENT ENROLLMENT BY SUBGROUP
2020-21 through 2024-25
The Borrower

	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Free and Reduced Priced Meals	56.5%	56.8%	57.9%	58.5%	59.3%
English Learners	4.3	4.7	5.5	5.8	5.8
Students with Disabilities	14.0	13.7	13.8	14.7	15.7

Sources: California Department of Education and the Borrower.

ACADEMIC OUTCOMES

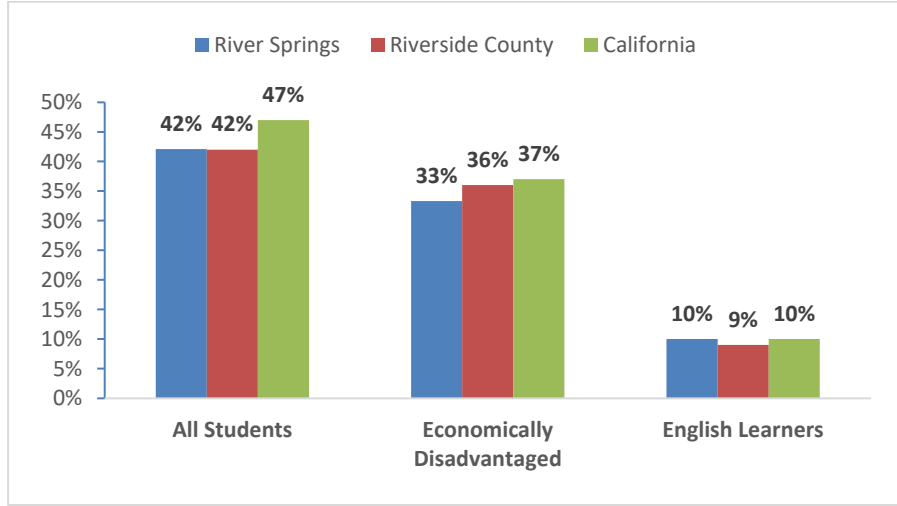
CAASPP. Academic Performance Index (“API”) scores have, in the past, been calculated using results of the State’s STAR program and, for high school students, the California High School Exit Examination (“CAHSEE”). Changes to the Education Code enacted in 2013 deleted certain provisions of State law establishing the STAR program and replaced them with the California Assessment of Student Performance and Progress program (“CAASPP”), effective July 1, 2014. As a means to assess certain elementary and secondary pupils, CAASPP comprises:

- (a) the State’s Smarter Balanced Assessments, composed of (i) summative assessments in English language arts (“ELA”) and mathematics for grades 3 to 8 inclusive, and grade 11, (ii) interim assessments to monitor student progress toward mastery of the Common Core State Standards in ELA and mathematics, and (iii) a “Digital Library” consisting of tools and practices designed to help teachers utilize formative assessment processes for improved teaching and learning;
- (b) alternate assessments for ELA and mathematics in grades 3 through 8 and 11, that are based on alternate achievement standards and aligned with the Common Core State Standards for students with significant cognitive disabilities;
- (c) science assessments in grades 5, 8, and 10, measuring specified content standards, currently composed of (i) the California Standards Test (“CST”) for students in public schools, (ii) the California Modified Assessment (“CMA”) for students with an individualized education program, and the (iii) California Alternate Performance Assessment (“CAPA”) for students with significant cognitive disabilities; and
- (d) the Standards-based Tests in Spanish (“STS”), which are multiple-choice tests that allow Spanish-speaking English learners in grades 2 through 11 to demonstrate their knowledge of California content standards by taking a reading/language arts (“RLA”) assessment in their primary language.

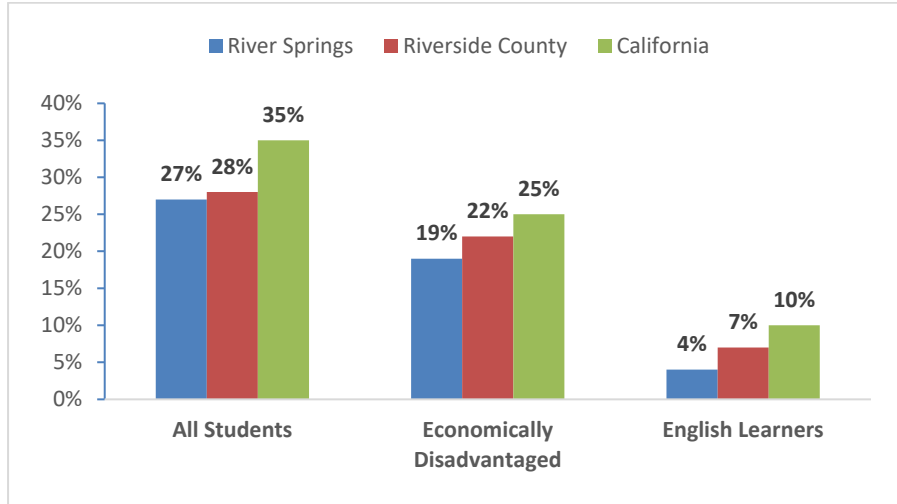
The following figures summarize the performance of the School’s students on CAASPP Smarter Balanced Assessments for ELA and mathematics in 2023-24, compared against averages for schools in the State and Riverside County. Results for 2024-25 are not anticipated to be released until Fall 2025.

FIGURE 1
RIVER SPRINGS CHARTER SCHOOL
 2023-24 Smarter Balanced Assessment Consortium (SBAC) Results
 Percent of Students Met or Exceeded Standard

English Language Arts/Literacy



Mathematics



Source: California Department of Education.

California School Dashboard. The California State Board of Education (“SBE”) has adopted an integrated accountability and continuous improvement system (the “Accountability System”) that is used to evaluate local education agency (“LEA”) and school performance in areas critical to students’ preparedness for college and career. The Accountability System is aligned to both (i) the LCFF priority areas, as required under State law, and (ii) accountability measures required under the provisions of the federal Every Student Succeeds

Act. Performance by individual LEAs and schools under the Accountability System is reported through the State’s California School Dashboard (the “Dashboard”).

The Accountability System measures performance in the following priority areas using various state and local indicators:

Priority Areas	State Indicator	Local Indicator
Basic Services or Basic Condition at schools	N/A	Appropriately assigned teachers, access to curriculum-aligned instructional materials, and safe, clean and functional school facilities
Implementation of State Academic Standards	N/A	Progress in implementing state academic standards
Parent Engagement	N/A	Progress in seeking input from parents in decision making and promoting parental participation in programs
Student Achievement	<ul style="list-style-type: none"> • Academic Performance (Grades 3-8 and Grade 11); • English Learners Progress 	N/A
Student Engagement	<ul style="list-style-type: none"> • Graduation Rate; • Chronic Absenteeism 	N/A
School Climate	Suspension Rate	Administration of a local climate survey at least every other year that provides a valid measure of perceptions of school safety and connectedness to students in at least one grade within the grade span(s) that the LEA serves (e.g., K-5, 6-8, 9-12)
Access to a Broad Course of Study	N/A	Annually measures progress on the extent students have access to, and are enrolled in, a broad course of study
Outcomes in a Broad Course of Study	College/Career	N/A

Source: California Department of Education.

State Indicators. Typically, the Accountability System measures performance on state indicators through a combination of current performance (“Status”) and improvement over time (“Change”). Both Status and Change are weighted equally, and scores approved by SBE serve as performance standards based on the state-wide distribution of Status and Change for each indicator. For each state indicator, a school or LEA will be assigned (i) a Status level of Very High, High, Medium, Low or Very Low; and (ii) a Change level of Increased Significantly, Increased, Maintained, Declined or Declined Significantly. For each state indicator, the combination of Status level and Change level yields a performance level of Blue, Green, Yellow, Orange or Red, with Blue representing the highest performance and Red indicating the lowest performance. Any performance level below Green indicates that improvement is needed.

Local Indicators. The local indicators require LEAs (including individual charter schools) to determine whether they have Met, Not Met, or Not Met for More than Two Years the standards for each local indicator. For each local indicator, LEAs (and charter schools) must (i) measure their progress using locally available information, (ii) report the results at a regularly scheduled public meeting of the LEA’s (or charter school’s) local governing board, and (iii) upload the results to the public through the Dashboard.

School Performance Overview. Each LEA and school’s School Performance Overview provides the performance level for all students on state and local indicators.

Below are the State and local indicators for 2023-24 for the Borrower. Results for 2024-25 are not anticipated to be released until late October 2025.

TABLE 11
CALIFORNIA SCHOOL DASHBOARD STATE AND LOCAL INDICATORS
2023-24
The Borrower

<u>State Indicators</u>	<u>All Students Performance</u>	<u>Status</u>	<u>Change⁽¹⁾</u>
Chronic Absenteeism ⁽²⁾	 Orange Medium	10.4% chronically absent	Maintained -0.1%
Suspension Rate ⁽³⁾	 Green Medium	2% suspended at least one day	Declined 1.8%
English Learner Progress ⁽⁴⁾	 Green Low	50.2% making progress towards English language proficiency	Increased 11.3%
English Language Arts ⁽⁵⁾	 Orange Low	23.5 points below standard	Maintained 2.5 Points
Mathematics ⁽⁵⁾	 Yellow Low	64.3 points below standard	Increased 4.3 Points
Graduation Rate ⁽⁶⁾	 Orange Medium	87.9% graduated	Declined 5.2%
College/Career ⁽⁷⁾	 Orange Medium	Prepared 50%	Declined 4.6%
<u>Local Indicators</u>		<u>Ratings</u>	
Basics: Teachers, Instructional Materials, Facilities)		Standard Met	
Implementation of Academic Standards		Standard Met	
Parent and Family Engagement		Standard Met	
Local Climate Survey		Standard Met	
Access to a Broad Course of Study		Standard Met	

⁽¹⁾ Change level is based on the difference between data for the 2023-24 and 2022-23 school years.

⁽²⁾ Chronic Absenteeism Status level is based on the number of students absent for 10% or more of instructional days within the 2023-24 school year.

⁽³⁾ Suspension Rate Status level is based on the unduplicated number of students suspended within the 2023-24 school year.

⁽⁴⁾ English Learner Progress Status level is based on the percentage of English Language Proficiency Assessments for California (“ELPAC”) test takers scoring at a proficient level in the 2023-24 school year. A school’s progress level is deemed Very Low for less than 35%; Low for 35% to less than 45%; Medium for 45% to less than 55%; High for 55% to less than 65%; and Very High for 65% or higher.

⁽⁵⁾ English Language Arts (“ELA”) and Mathematics Status levels are based on the sum of all grades 3-8 and 11 students’ distance from the minimum score qualifying a student for “Standards Met” on the ELA or Math 2023-24 Smarter Balanced Assessment, divided by the total number of 2023-24 Smarter Balanced Assessment ELA or Math test takers.

⁽⁶⁾ Percentage of students who received a high school diploma within four or five years of entering ninth grade or completed their graduation requirements at an alternative school.

⁽⁷⁾ Determination of whether high school students are prepared for success after graduation based on measures like graduation rate, performance on state tests, and college credit courses.

Source: California Department of Education.

OPERATING AND FINANCIAL INFORMATION

State Aid Payments and ADA

Nonclassroom-based independent study programs, such as those operated by the Borrower, are required to request a funding determination from the State Board of Education before they may receive their apportionments based on ADA. Schools are not required to reapply annually for a funding determination when the information submitted has not materially changed. For a continuing charter school that meets the regulatory requirements, the State Board of Education may approve a determination of funding period that is prospective (not for the current year, but beginning with the next fiscal year) and for a period of at least two years and a maximum of five years in length.

Through the funding determination process, the State Board of Education, through recommendations of the Advisory Committee on Charter Schools (“ACCS”), approves the charter school’s request for a specific percentage of funding based upon the charter school’s ADA using specific criteria outlined in Title 5 of the California Code of Regulations. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Nonclassroom-based Funding” in the forepart of this Supplement.

The Borrower’s historical ADA figures from 2020-21 to 2024-25 are reflected in the table shown below. The Borrower’s most recent funding determination request for 100% was approved by the State Board of Education in May 2024 and is effect through the 2025-26 school year. The Borrower’s next funding determination due date is February 1, 2026. The Borrower has received 100% funding determinations for all years of operation since inception in 2007, in five prior funding determination cycles. While the State Board of Education maintains authority to request a new funding determination request at charter renewal and within its discretion at any time, The Borrower has not been provided any notice that it will be required to submit such a funding determination renewal request prior to normally scheduled renewal.

ADA information for the Borrower over the last five years, and projected information for the 2025-26 school year, is set forth in the table below.

TABLE 12
HISTORICAL, CURRENT AND PROJECTED P-2 ADA⁽¹⁾
2020-21 through 2025-26
The Borrower

<i>Grade⁽²⁾</i>	<i>2020-21⁽³⁾</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25⁽⁴⁾</i>	<i>2025-26⁽⁴⁾</i>
TK-3	2,579.28	2,472.80	2,701.73	3,070.46	3,129.22	3,764.56
4-6	1,806.92	1,741.58	1,798.60	1,883.81	2,054.46	2,309.66
7-8	1,180.05	1,121.14	1,192.36	1,249.74	1,358.97	1,532.25
9-12	1,052.84	992.84	1,004.81	1,009.36	1,103.86	1,237.53
<i>Total</i>	<i>6,619.09</i>	<i>6,328.36</i>	<i>6,697.50</i>	<i>7,213.37</i>	<i>7,646.51</i>	<i>8,844.00</i>

⁽¹⁾ For 2020-21 through 2024-25, represents average daily attendance as of the “P-2” attendance period which runs from the beginning of the school year through the last full school month ending on or before April 15. Final ADA-based funding for each year is based on this P-2 ADA number. For 2025-26, represents projected P-2 ADA.

⁽²⁾ Ranges of grade levels corresponding to funding levels of general purpose entitlement. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools” in the forepart of this Supplement.

⁽³⁾ Capped at 2019-20 ADA due to the State’s 2020-21 Budget which includes a “hold-harmless” clause for calculating apportionments in fiscal year 2020-21. This clause functions by providing that ADA for 2020-21 funding purposes will be based on the ADA for 2019-20 year and does not provide for funding above the 2019-20 ADA count, regardless of enrollment growth and attendance in fiscal year 2020-21. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools” in the forepart of this Supplement.

⁽⁴⁾ Projected.

Source: *The Borrower*.

Historic Statement of Activities

The following table presents the statements of activities and changes in net assets for the Borrower for fiscal years 2020-21 through 2024-25.

TABLE 13
STATEMENT OF ACTIVITIES⁽¹⁾
2020-21 through 2024-25
The Borrower

	<i>Audited</i> <i>2020-21</i>	<i>Audited</i> <i>2021-22</i>	<i>Audited</i> <i>2022-23</i>	<i>Audited</i> <i>2023-24</i>	<i>Unaudited</i> <i>2024-25</i>
SUPPORT AND REVENUES					
LCFF, state aid	\$56,935,727	\$62,792,952	\$76,368,987	\$89,762,922	\$98,986,080
Federal revenues	6,635,453	16,224,020 ⁽²⁾	14,656,970	13,959,188	6,334,012
Other state revenues	5,430,117	6,056,521	20,056,517	9,523,292	10,573,952
Total federal and state support and revenues	69,001,297	85,073,493	111,082,474	113,245,402	\$115,894,043
Local support and revenues					
Investment income, net	48,868	49,404	217,239	488,518	729,160
Other local revenues	4,849,413	5,524,161	6,993,745	10,645,056	10,722,655
Total local support and revenues	4,898,281	5,573,565	7,210,984	11,133,574	11,451,815
Total Support and Revenues	73,899,578	90,647,058	118,293,458	124,378,976	127,345,858
EXPENSES⁽³⁾					
Program services	59,945,372	66,660,774	80,987,813	93,177,328	100,543,657
Management and general	12,400,900	14,584,398	23,036,462	28,335,770	26,191,487
Total Expenses	72,346,272	81,245,172	104,024,275	121,513,098	126,726,144
CHANGE IN NET ASSETS	1,553,306	9,401,886	14,269,183	2,865,878	619,714
Net Assets, Beginning	17,383,962	18,937,268	28,339,154	42,608,337	45,474,215
Net Assets, Ending	\$18,937,268	\$28,339,154	\$42,608,337	\$45,474,215	\$46,093,929

⁽¹⁾ For 2020-21 through 2023-24, reflects figures for the Borrower only, from Consolidating Statement of Activities and Changes in Net Assets included as Supplementary Information in the Borrower's audited consolidated financial statements for the fiscal year ended June 30, 2024, attached hereto as Appendix B. For 2024-25, reflects figures from the Borrower's Unaudited Actuals report.

⁽²⁾ \$9,842,281 of this amount represents the principal amount of the PPP loan converted to federal revenues in fiscal year 2021-22.

⁽³⁾ The Borrower is a participating employer under the California State Teachers' Retirement System and California Public Employees Retirement System defined benefit retirement programs. Such programs have substantial unfunded liabilities, portions of which constitute long-term liabilities of the Borrower. See the Borrower's audited consolidated financial statements for the fiscal year ended June 30, 2024, attached hereto as Appendix B, for more information on such liabilities.

Source: The Borrower.

Historical Statement of Financial Position

The table on the following page sets forth the audited assets, liabilities and net assets of the Borrower as of June 30 of each year for fiscal years 2020-21 through 2023-24, and unaudited information for fiscal year 2024-25.

TABLE 14
STATEMENT OF FINANCIAL POSITION⁽¹⁾
2020-21 through 2024-25
The Borrower

	<i>Audited</i> 2020-21	<i>Audited</i> 2021-22	<i>Audited</i> 2022-23	<i>Audited</i> 2023-24	<i>Unaudited</i> 2024-25
ASSETS					
Current assets					
Cash and cash equivalents ⁽²⁾	\$34,590,655	\$33,639,960	\$21,099,853	\$30,610,414	\$32,333,275
Accounts receivable	10,458,430	6,454,997	21,729,463	9,109,115	9,022,690
Due from other funds	1,908	--	--	--	--
Prepaid expenses	87,810	487,048	473,167	1,148,053	1,373,426
Total current assets	<u>45,138,803</u>	<u>40,582,005</u>	<u>43,302,483</u>	<u>40,867,582</u>	<u>42,729,392</u>
Non-current assets					
Security deposits	1,253,264	1,366,704	1,366,704	1,417,689	1,417,689
Capital assets, net	47,260,519	25,734,068	5,496,153	8,150,335	12,728,291
Operating lease right-of-use asset	--	--	7,321,437	5,821,345	5,821,345
Finance lease right-of-use asset	--	--	82,568,523	80,036,259	80,036,259
Total non-current assets	<u>48,513,783</u>	<u>27,100,772</u>	<u>96,752,917</u>	<u>95,425,628</u>	<u>100,003,584</u>
Total Assets	<u>\$93,652,586</u>	<u>\$67,682,777</u>	<u>\$140,055,400</u>	<u>\$136,293,210</u>	<u>\$142,732,976</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$3,551,357	\$4,640,558	\$6,169,772	\$3,822,649	\$5,283,339
Due to other funds	1,907	--	--	--	3,300,000
Due to other agencies	26,623	9,454,470	--	--	--
Current loans ⁽³⁾	13,065,000	--	--	--	--
Deferred revenue	355,895	2,154,642	957,387	512,718	1,549,125
Current portion of operating lease liability	--	--	1,799,600	1,334,971	1,334,971
Current portion of finance lease liability	--	--	6,575,783	6,575,783	6,575,783
Total current liabilities	<u>17,000,782</u>	<u>16,249,670</u>	<u>15,502,542</u>	<u>12,246,120</u>	<u>18,043,218</u>
Long-term liabilities					
Bonds payable	\$48,590,000	\$22,965,000	\$--	\$--	\$--
Less: unamortized items	(717,745)	128,953	--	--	--
PPP loan	9,842,281	--	--	--	--
Compensated absences	--	--	429,844	626,025	648,979
Operating lease liability, less current portion	--	--	5,521,937	4,486,374	4,486,374
Finance lease liability, less current portion	--	--	75,992,740	73,460,476	73,460,476
Total long-term liabilities	<u>57,714,536</u>	<u>23,093,953</u>	<u>81,944,521</u>	<u>78,572,875</u>	<u>78,595,829</u>
Total Liabilities	<u>74,715,318</u>	<u>39,343,623</u>	<u>97,447,063</u>	<u>90,818,995</u>	<u>96,639,047</u>
Net assets					
Without donor restriction	18,937,268	28,339,154	42,608,337	45,474,215	46,093,929
Temporarily restricted	--	--	--	--	--
Total net assets	<u>18,937,268</u>	<u>28,339,154</u>	<u>42,608,337</u>	<u>45,474,215</u>	<u>46,093,929</u>
Total Liabilities & Net Assets	<u>\$93,652,586</u>	<u>\$67,682,777</u>	<u>\$140,055,400</u>	<u>\$136,293,210</u>	<u>\$142,732,976</u>

⁽¹⁾ For 2020-21 through 2023-24, reflects figures for the Borrower only, from Consolidating Statement of Financial Position included as Supplementary Information in the Borrower's audited consolidated financial statements for the fiscal year ended June 30, 2024, attached hereto as Appendix B. For 2024-25, reflects figures from the Borrower's Unaudited Actuals report.

⁽²⁾ Includes funds held at Riverside County Treasury and restricted balances of Bonds held by trustee.

⁽³⁾ Represents prior Revenue Anticipation Note balances, all of which have been paid in full.

Source: The Borrower; Audited Financial Reports for Fiscal Years 2020-21 through 2023-24.

Budgeting and Accounting

Each year in June, a budget is prepared by the Borrower's administration for the following fiscal year, with underlying assumptions and estimates clearly documented. The budget is subject at all times to review by the RCOE. The budget is based on state, local and federal educational funding.

The Borrower maintains a single general fund. Budgeted expenditure appropriations lapse at fiscal year-end. Mid-year, after enrollment numbers are stabilized and government funding levels are known, the Budget and Finance Committee reviews the underlying assumptions and modifies the operating budget to reflect known changes. This modified budget, titled the "First Interim Budget," is presented to the Board and adopted by December 15 of each year. A second mandated budget update, reflecting year-to-date actuals through January 31, is entitled the "Second Interim Budget" and must be Board-approved and submitted to the Borrower's charter authorizer by March 15 of each year.

As permitted by the Charter School Law, the Borrower operates as a nonprofit public benefit corporation under the California Nonprofit Public Benefit Corporation Law. The Borrower is required by State law to comply with all applicable generally accepted accounting principles ("GAAP") in all financial operations.

Under the Charter School Law, the Borrower is required to conduct an annual financial audit. The annual financial audit is completed pursuant to the regulations set forth in the Guide for Annual Audits of K-12 Local Education Agencies, prepared and updated annually by the California State Education Audit Appeals Panel within the California Department of Education. Federal funding and expenditures are audited pursuant to federal Governmental Auditing Standards issued by the Comptroller General of the United States, and by OMB Circular A-133 – Audits of States, Local Governments, and Non-Profit Organizations.

The Borrower has engaged CWDL, Certified Public Accountants, as its auditor for its audited financial statements for Fiscal Year ended June 30, 2024. Such financial statements are attached to this Supplement as "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF RIVER SPRINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Insurance

The Borrower maintains property, casualty, workers' compensation, and other insurance policies of the types and coverages typically maintained by similar charter schools in the State of California. The Borrower believes it has adequate insurance coverage for its current operations.

Outstanding Debt

On December 28, 2017, the Borrower borrowed the proceeds of the California School Finance Authority's Educational Facility Revenue Bonds (River Springs Charter School), Series 2017A and Series 2017B (Taxable), issued in an aggregate principal amount of \$23,995,000 (the "Series 2017 Bonds"), currently outstanding in the aggregate principal amount of \$21,565,000. The Series 2017 Bonds were issued pursuant to that certain Indenture, dated as of December 1, 2017 (the "Original 2017 Indenture"), by and between CSFA and U.S. Bank Trust Company, National Association, as trustee, with the proceeds of such Series 2017 Bonds loaned to the Borrower pursuant to the Loan Agreement, dated as of December 1, 2017 (the "Original 2017 Loan Agreement"), by and between CSFA and the Borrower.

On April 5, 2022, River Springs Facilities LLC borrowed the proceeds of the California School Finance Authority's Educational Facility Revenue Bonds (River Springs Charter School), Series 2022A and Series 2022B (Taxable), issued in an aggregate principal amount of \$10,845,000 (the "Series 2022AB Bonds"), currently outstanding in the aggregate principal amount of \$10,485,000. The obligations of the Borrower under the Series 2022AB Leases are secured on parity with other obligations by a pledge of Gross School Revenues.

See “CERTAIN RISK FACTORS – Additional Bonds And Additional Indebtedness” in the forepart of this Limited Offering Memorandum.

On June 3, 2022, River Springs Facilities II LLC borrowed the proceeds of the California School Finance Authority’s Charter School Revenue Bonds (River Springs Charter School), Series 2022C (Taxable Convertible) and Series 2022D (Taxable), issued in an aggregate principal amount of \$25,285,000 (the “Series 2022CD Bonds”), currently outstanding in the aggregate principal amount of \$23,950,000. The obligations of the Borrower under the Series 2022CD Leases are secured on parity with other obligations by a pledge of Gross School Revenues. See “CERTAIN RISK FACTORS – Additional Notes And Additional Indebtedness” in the forepart of this Limited Offering Memorandum.

On April 5, 2023, the Original 2017 Indenture was amended pursuant to the Amended and Restated Indenture, dated as of April 1, 2023 (the “Restated 2017 Indenture”), by and between CSFA and U.S. Bank Trust Company, National Association, Los Angeles, California, as trustee, and the Original 2017 Loan Agreement was amended pursuant to the Amended and Restated Loan Agreement, dated as of April 1, 2023 (the “Restated 2017 Loan Agreement”), by and between CSFA and River Springs Facilities III, LLC. Pursuant to the Restated 2017 Loan Agreement, River Springs Facilities III, LLC, assumed obligations of the borrower under such Amended and Restated 2017 Loan Agreement, in connection with the outstanding Series 2017 Bonds.

On April 13, 2023, River Springs Facilities III, LLC borrowed the proceeds of the California School Finance Authority’s Educational Facility Revenue Bonds (River Springs Charter School), Series 2023A and Series 2023B (Taxable), issued in an aggregate principal amount of \$5,210,000 (the “Series 2023AB Bonds”), currently outstanding in the aggregate principal amount of \$4,675,000. The obligations of the Borrower under the Amended Series 2017 Leases are secured on parity with other obligations by a pledge of Gross School Revenues. See “CERTAIN RISK FACTORS – Additional Bonds And Additional Indebtedness” in the forepart of this Limited Offering Memorandum.

On August 20, 2024, River Springs Facilities IV LLC entered into the 2024 Taxable Loan Agreement with Sunflower Bank, N.A., providing for taxable loans of up to \$30,811,000, of which \$23,712,959 is currently outstanding, and the remaining amount available to be drawn is \$7,098,041. The obligations of the Borrower under the related 2024 Taxable Loan Leases are secured on parity with other obligations by a pledge of Gross School Revenues. See “CERTAIN RISK FACTORS – Additional Bonds And Additional Indebtedness” in the forepart of this Limited Offering Memorandum.

The Leases permit the issuance of additional indebtedness by the Borrower, which may be secured by a parity pledge of Gross School Revenues, subject to certain conditions and limitations. See “THE LEASES – Certain Covenants of the School Under the Leases” herein.

Facilities Leases

The Borrower leases various facilities for its operations. The future minimum lease payments remaining under the current facility lease agreements as of June 30, 2024 are as follows:

<i>Year Ending June 30,</i>	<i>Minimum Lease Payments</i>
2025	\$7,910,754
2026	7,731,097

⁽¹⁾ Enrollment increases projected herein not necessary for repayment of outstanding obligations.
Source: The Borrower.

Charter School Facility Grant Program (SB740)

The Charter School Facility Grant Program (“CSFGP”) was initially authorized through Senate Bill 740 (“SB740”) in 2001, which also established the annual funding determination process for nonclassroom-based schools. The CSFGP is currently administered by CSFA. Under the CSFGP, California charter schools can apply to receive reimbursement for leased facilities used to provide classroom-based education of up to 75% of lease and related facility costs. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding” in the forepart of this Supplement.

Several constraints on this funding currently exist, including (a) at least 55% of the student population must be eligible for free or reduced cost meals under the National School Lunch Program or the site is located within a district elementary school boundary that serves 55% or more free or reduced lunch students; (b) grant funding is capped at a fixed dollar amount per unit of classroom-based attendance generated at that facility (currently \$1,432/ADA with an annual cost of living increase), (c) for leases with related entities such as bond-related leases between a charter school and an LLC with the charter school as its sole member, eligible lease costs are capped at the result of an independent Fair Market Rent appraisal, and (d) funding is pro-rated if statewide budget allocations to the CSFGP do not fully cover all eligible costs.

Eligibility in the program is determined through an annual application process, with an initial application due in May for charter schools that participated in previous years, and in October for charter schools participating for the first time. Charter Schools that fail to submit an application are not eligible for CSFGP funding for that fiscal year. Funding under the CSFGP is then allocated in three components: (a) an initial apportionment scheduled to be paid by October 31st of each year, equal to 50% of the estimated total CSFGP award for the year based on prior year leases for schools that participated the previous year (newly participating charter schools do not receive this initial apportionment); (b) a second apportionment scheduled to be paid by March 1 of each year, comprising an additional 25% of the estimated award; and (c) a final “true-up” award in the fall or winter following each year, which comprises the total CSFGP award for the fiscal year just ended, less all amounts paid to date.

The School has applied for the current 2025-26 fiscal year and has provided current information to CSFA regarding the ten existing leases for classroom-based programs operating in the 2025-26 fiscal year. The School thus anticipates receiving CSFGP revenues in the 2025-26 fiscal year, subject to the constraints outlined above, in the approximate amount of \$3,291,000. The Borrower received \$2,082,642 for the 2023-24 fiscal year and \$2,508,917 for the 2024-25 fiscal year.

See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding,” “CERTAIN RISK FACTORS – SB 740 Funding” and “INTRODUCTION – Potential Eligibility for Charter School Facility Grant Program” in the forepart of this Supplement.

No Material Litigation

The Borrower is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the Borrower, the aggregate amount of the uninsured liabilities under such litigation, will not materially affect the finances of the Borrower or its operations.

There is no action, suit, proceeding or investigation at law or in equity, before or by any court, governmental agency or public board or body, pending or, to the knowledge of the Borrower, threatened, affecting the validity or restricting of the Notes or contesting the corporate existence of the Borrower or its authority to operate the School pursuant to the Charter.

PROJECTIONS AND CASH FLOWS

Attached to this Limited Offering Memorandum as Appendix C are financial projections and projected cash flows of the Borrower. Notwithstanding the Borrower's history of performance, future financial performance of the Borrower may not equal or exceed the projections set forth in this Limited Offering Memorandum. No assurance is given that such projections will be met, or that the number of students attending the School may not diminish in the future. The projections of revenue and expenses contained in Appendix C are based upon the number of students projected to be enrolled at the School and were prepared by the Borrower and have not been independently verified by any party other than the Borrower.

The projections are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter has not independently verified the Borrower's projections set forth in Appendix C or otherwise, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct.

THE BORROWER PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS, INCLUDING STUDENT ENROLLMENT AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT, REVENUES AND EXPENSES WILL BE CONSISTENT WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. MOREOVER, NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS OF REVENUES AND EXPENSES INCLUDED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE PROJECTIONS' UNDERLYING ASSUMPTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. REFER TO "INTRODUCTION" IN THE FOREPART OF THIS LIMITED OFFERING MEMORANDUM FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE
FISCAL YEAR ENDED JUNE 30, 2024**

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See what's possible.

CONSOLIDATED FINANCIAL STATEMENTS RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES

AUDIT REPORT

JUNE 30, 2024

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
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JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
River Springs Charter School and Subsidiaries
Temecula, California

Report on Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of River Springs Charter School and Subsidiaries (the "Organization") (a California Non-profit Public Benefit Corporation), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the Organization's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 9, 2024

FINANCIAL SECTION

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 39,417,612
Accounts receivable	9,109,115
Prepaid expenses	1,148,053
Total current assets	<u>49,674,780</u>

Non-current assets:

Security deposits	1,417,689
Capital assets, net	61,703,650
Operating lease right-of-use assets	5,821,345
Finance lease right-of-use assets	80,036,259
Total non-current assets	<u>148,978,943</u>

TOTAL ASSETS

\$ 198,653,723

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 5,443,207
Deferred revenue	512,717
Operating lease liabilities, current portion	1,334,971
Finance lease liabilities, current portion	6,575,783
Total current liabilities	<u>13,866,678</u>

Non-current liabilities:

Bonds payable	63,005,000
Less: unamortized items	(1,529,085)
Bond interest payable	267,250
Compensated absences	626,025
Operating lease liabilities, non-current portion	4,486,374
Finance lease liabilities, non-current portion	73,460,476
Total non-current liabilities	<u>140,316,040</u>
Total liabilities	<u>154,182,718</u>

Net assets:

Without donor restriction	<u>44,471,005</u>
Total net assets	<u>44,471,005</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 198,653,723</u>

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

SUPPORT AND REVENUES

Federal and state support revenues:	
Local control funding formula, state aid	\$ 89,762,922
Federal revenues	13,959,188
Other state revenues	9,523,292
Total federal and state support and revenues	<u>113,245,402</u>
Local support and revenues:	
Investment income, net	694,525
Other local revenues	10,645,056
Total local support and revenues	<u>11,339,581</u>
TOTAL SUPPORT AND REVENUES	<u>124,584,983</u>

EXPENSES

Program services	92,127,915
Management and general	30,012,395
TOTAL EXPENSES	<u>122,140,310</u>

CHANGE IN NET ASSETS	<u>2,444,673</u>
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NET ASSETS, BEGINNING AS REPORTED	42,289,063
PRIOR PERIOD ADJUSTMENT	(262,731)
NET ASSETS, BEGINNING AS RESTATED	<u>42,026,332</u>
NET ASSETS, ENDING	<u>\$ 44,471,005</u>

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses:			
Certificated salaries	\$ 39,352,848	\$ 834,246	\$ 40,187,094
Classified salaries	10,699,998	2,730,018	13,430,016
Other employee benefits	6,383,056	364,907	6,747,963
Other employee salaries	3,876,260	18,821,285	22,697,545
Total personnel expenses	60,312,162	22,750,456	83,062,618
Non-personnel expenses:			
Books and supplies	4,765,909	226,019	4,991,928
Travel and conference	1,115,731	91,746	1,207,477
Dues and memberships	70,631	114,341	184,972
Insurance	-	1,192,628	1,192,628
Operational services	-	3,049,814	3,049,814
Occupancy	639,605	-	639,605
Professional services	7,082,530	-	7,082,530
Communications	606,646	108,879	715,525
Depreciation	-	2,478,512	2,478,512
Amortization	4,032,456	-	4,032,456
Interest on lease liabilities	4,367,028	-	4,367,028
Interest on bonds	3,323,267	-	3,323,267
Equipment	1,759,735	-	1,759,735
Meals	2,177,072	-	2,177,072
Other operating expenses	1,875,143	-	1,875,143
Total non-personnel expenses	31,815,753	7,261,939	39,077,692
TOTAL EXPENSES	\$ 92,127,915	\$ 30,012,395	\$ 122,140,310

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,444,673
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,478,512
Interest on lease liabilities	4,367,028
Amortization	4,032,456
(Increase)/Decrease in operating assets	
Accounts receivable	12,620,348
Prepaid expenses	(674,886)
Security deposits	(50,985)
Increase/(Decrease) in operating liabilities	
Accounts payable	(1,870,176)
Deferred revenue	(444,670)
Compensated absences	196,181
Net cash provided by operating activities	<u>23,098,481</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	<u>(6,015,703)</u>
Net cash used in investing activities	<u>(6,015,703)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Debt issuance costs and underwriter's premium, net	(41,146)
Interest expense from amortization of debt issuance items	110,116
Principal payments on bonds payable	(915,000)
Bond interest payment	(2,375)
Payment of lease liabilities	<u>(8,399,484)</u>
Net cash used in financing activities	<u>(9,247,889)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 7,834,889

CASH AND CASH EQUIVALENTS, BEGINNING 31,582,723

CASH AND CASH EQUIVALENTS, ENDING \$ 39,417,612

SUPPLEMENTAL DISCLOSURE

Cash paid for interest \$ 3,323,267

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

River Springs Charter School, Inc. (the “Charter”) was formed as a nonprofit public benefit corporation on June 12, 2006 for the purpose of operating as a California public school located in Riverside County. The Charter was numbered by the State Board of Education in January 2006 as California Charter No. 0753. The Charter is a TK-12th grade independent charter school redesigning the public-school experience by offering each of its students a personalized academic program. The Charter operates 17 various student center locations throughout Riverside County.

The Charter is authorized to operate as a charter school through the Riverside County Office of Education (the “Authorizing Agency”). On June 30, 2018, the Riverside County Board of Education approved a charter renewal for the Charter for a five-year term expiring on June 30, 2023, which was granted an automatic two-year extension due to statewide pandemic legislation to June 30, 2026. Funding sources primarily consist of local control funding formula sources, federal and state grants, and grants and donations from the public.

Other Related Entities

River Springs Facilities LLC

River Springs Facilities LLC (LLC I) is a California limited liability company whose sole member is the Charter. On February 16, 2022, LLC I was organized exclusively for charitable purposes as specified in the Internal Revenue Code, as amended, and the California Revenue & Taxation Code Section 214. LLC I was organized with the purpose of holding title to certain school facilities financed with the proceeds of the CSFA Series 2022 AB Bonds (see Note 6 – Bonds Payable – Series 2022AB) and leased to the Charter.

River Springs Facilities II LLC

River Springs Facilities II LLC (LLC II) is a California limited liability company whose sole member is the Charter. On May 13, 2022, LLC II was organized exclusively for charitable purposes as specified in the Internal Revenue Code, as amended, and the California Revenue & Taxation Code Section 214. LLC II was organized with the purpose of holding title to certain school facilities financed with the proceeds of the CSFA Series 2022 CD Bonds (see Note 6 – Bonds Payable – Series 2022CD) and leased to the Charter.

River Springs Facilities III LLC

River Springs Facilities III LLC (LLC III) is a California limited liability company whose sole member is the Charter. On September 13, 2022, LLC III was organized exclusively for charitable purposes as specified in the Internal Revenue Code, as amended, and the California Revenue & Taxation Code Section 214. LLC III was organized with the purpose of holding title to certain school facilities financed with the proceeds of the CSFA Series 2017 Bonds and Series 2023AB Bonds (see Note 6 – Bonds Payable – Series 2017 Bonds and Note 6 – Bonds Payable – Series 2023AB Bonds) and leased to the Charter.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Principles of Consolidation

The consolidated financial statements include the accounts of the River Springs Charter Inc., River Springs Facilities LLC, River Springs Facilities II LLC, and River Springs Facilities III LLC. All significant intracompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

Basis of Accounting

The Organization's policy is to prepare its consolidated financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received, and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2024, the Organization did not have net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and occupancy expenses are allocated based on time and effort. The consolidated financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Contributions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

Cash and Cash Equivalents

The Organization considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Organization method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Cash equivalents also include cash with county treasury balances for purposes of the consolidated statement of cash flows. Fair values of cash in county treasury are determined by the program sponsor. Gains and losses resulting from adjustments to fair values are included in the accompanying consolidated statement of activities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenses

Prepaid expenses are recorded at the carrying amount(s) as of the financial position date. Prepaid expenses are expenses made in advance of when the economic benefit of the cost will be realized, and which will be expensed in future periods with the passage of time or when a triggering event occurs.

Capital Assets

The Organization has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose or is requiring the Organization to hold the asset for a specified period of time. Capital assets are depreciated using the straight-line method over the estimated useful life of the depreciable assets. The building and improvements have an estimated useful life of 15 years, furniture and equipment have an estimated useful life of 5 years.

Right-Of-Use Assets and Lease Liabilities

The Organization has recorded Right-of-Use ("ROU") asset and lease liability as a result of implementing the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-09, *Leases* (Topic 842). ROU asset represents the right to use an underlying asset for the lease term and lease liability represents the obligation to make lease payments arising from the lease. ROU asset and lease liability are recognized at the lease commencement date and are based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, a risk-free rate is utilized in lieu of determining an incremental borrowing rate at the commencement date in deciding the present value of lease payments. The ROU assets also include any lease payments made and exclude lease incentives. Amortization expense is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are generally accounted for separately.

Accounts Payable

Accounts payable are amounts owed to vendors or suppliers for services incurred for which payment is made in a timely manner and in full, from current financial resources.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the consolidated statements of financial position and revenue is recognized.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the statements of financial position. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Revenue Recognition

The Organization receives Federal, State and local revenues for their various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. Amounts received from the California Department of Education are recognized as revenue by the Organization based on the average daily attendance of students. Unearned revenue is recorded to the extent cash received on grants exceeds qualified expenses. Some government grants are based on reimbursable costs as defined by the grants. Reimbursements recorded under these grants are subject to audit by the granting agency. Management believes that no material adjustments will result from subsequent audits of costs reflected in the accompanying financial statements. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted revenues whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the *Internal Revenue Code* as an organization described in Section 501(c)(3) and qualifies for the charitable contribution deduction. It is also exempt from State franchise and income taxes under Section 23701(d) of the *California Revenue and Taxation Code*. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2024, consist of the following:

Cash with fiscal agent	\$ 8,982,198
Cash in banks, interest bearing	30,434,414
Cash in county treasury	1,000
Total Cash and Cash Equivalents	\$ 39,417,612

Cash with Fiscal Agent

The Organization cash with fiscal agent consisted of funds maintained with US Bank. The accounts were established as a result of the bonds issued. The Bank acts as a fiscal agent of the Organization in order to assist in the redemption of bonds and perform various other finance-related tasks involving such bonds.

Cash in County Treasury

Policies and Practices

The Organization is a voluntary participant in an external investment pool. The fair value of the Organization's investment in the pool is reported in the consolidated financial statements at amounts based upon the Organization's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Organization funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the California Government Code:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Organization has managed its exposure to interest rate risk by investing in the County Treasury.

Fair Value Measurement

Investments in the Riverside County Treasury investment pools are not measured using the fair value input levels noted in Note 1 because the Charter's transactions are based on a stable net asset value per share. All contributions and redemptions are transactions at \$1.00 net asset value per share.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Cash in Banks

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The Charter's deposits are fully collateralized in the bank's governmental unit, thus, management believes the Charter is not exposed to any significant custodial credit risk related to cash in banks.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024, consists of the following:

Federal sources	\$	2,416,528
LCFF - local property taxes		25,164
Due from affiliates		1,274,407
Other state sources		2,050,399
Other local sources		3,263,047
Total Accounts Receivable	\$	9,029,545

NOTE 4 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2024, consists of the following:

	Balance			Balance
	July 1, 2023	Additions	Deductions	June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ 9,650,372	438,604	\$ -	\$ 10,088,976
Construction in progress	-	355,391	-	355,391
Total Capital Assets Not Being Depreciated	9,650,372	793,995	-	10,444,367
Capital Assets Being Depreciated				
Land improvements	10,748,169	114,815	-	10,862,984
Buildings and improvements	43,639,013	2,315,350	-	45,954,363
Furniture and equipment	9,890,026	2,791,543	-	12,681,569
Total Capital Assets Being Depreciated	64,277,208	5,221,708	-	69,498,916
Less: Accumulated Depreciation	(15,761,121)	(2,478,512)	-	(18,239,633)
Capital Assets, Net	\$58,166,459	\$3,537,191	\$ -	\$ 61,703,650

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2024, consists of the following:

Vendor payables	\$	3,474,509
Accrued payroll expenses		1,350,459
Due to affiliates		618,239
Total Accounts Payable	\$	5,443,207

NOTE 6 – BONDS PAYABLE

A summary of activity for long-term liabilities associated with bonds payable during the fiscal year ended June 30, 2024, consists of the following:

	Balance			Balance	Balance Due
	July 1, 2023	Additions	Deductions	June 30, 2024	In One Year
Bonds payable:					
Series 2017A	\$ 22,640,000	\$ -	\$ 340,000	\$ 22,300,000	\$360,000
Series 2022AB	10,785,000	-	95,000	10,690,000	100,000
Series 2022CD	25,285,000	-	345,000	24,940,000	485,000
Series 2023AB	5,210,000	-	135,000	5,075,000	195,000
Total bonds payable	63,920,000	-	915,000	63,005,000	1,140,000
Less: Unamortized Items:					
Issuance costs	(2,876,401)	-	(110,116)	(2,766,285)	(110,116)
Unamortized discount	(43,324)	-	(2,280)	(41,044)	(2,279)
Unamortized premium	1,321,671	-	43,427	1,278,244	43,425
Total unamortized items	(1,598,054)	-	(68,969)	(1,529,085)	(68,970)
Total Bonds Payable	\$ 62,321,946	\$ -	\$ 846,031	\$ 61,475,915	\$ 1,071,030

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – BONDS PAYABLE, continued

Series 2017 A

In December 2017, the Organization issued a series of bonds through the California School Finance Authority (CSFA) detailed in loan and bond purchase agreements. The bonds, designated as the Educational Facility Revenue Bonds, include Series 2017A, in an aggregate principal amount of \$23,335,000 in tax-exempt bonds and Series 2017B in taxable term bonds totaling \$660,000. The Organization has committed to have funds intercepted by the State Controller to service the debt.

On April 5, 2023, the Series 2017A Bonds were restructured from direct debt of River Springs Charter School, Inc. to a lease obligation of River Springs Charter School, Inc. to LLC III. The bond-financed assets, bond debt, and trustee-held balances were transferred from River Springs Charter School, Inc. to LLC III on that date and are reflected thus herein. As LLC III receives lease payments from the School, they are used to pay all principal and interest on the 2017A Bonds. The term, rates, payments, and principal and interest components of the 2017A Bonds were not changed as part of this restructuring.

Expected future payments of principal and interest on the outstanding balance attributed to Series 2017A are as follows:

Year Ending June 30,	Series 2017A		
	Principal	Interest	Total
2025	\$360,000	\$1,097,000	\$ 1,457,000
2026	375,000	1,078,250	1,453,250
2027	395,000	1,058,500	1,453,500
2028	415,000	1,037,750	1,452,750
2029	435,000	1,016,000	1,451,000
2030 - 2034	2,525,000	4,713,750	7,238,750
2035 - 2039	3,225,000	3,980,750	7,205,750
2040 - 2044	4,110,000	3,046,000	7,156,000
2045 - 2049	5,245,000	1,854,000	7,099,000
Thereafter	5,215,000	407,000	5,622,000
Total	<u>\$ 22,300,000</u>	<u>\$ 19,289,000</u>	<u>\$ 41,589,000</u>

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – BONDS PAYABLE, continued

Series 2022AB

On April 5, 2022, the Organization issued a series of bonds from the California School Finance Authority (CSFA) detailed in loan and bond purchase agreements. The bonds, designated as the Educational Facility Revenue Bonds (River Springs Charter School Project), include Series 2022A, in an aggregate principal amount of \$10,375,000 in tax-exempt bonds and Series 2022B in taxable term bonds totaling \$470,000. The bonds mature on July 1, 2061, with interest rates of 4.13% to 5.00%. The Organization has committed to having funds intercepted by the State Controller to service the debt.

Expected future payments of principal and interest on the outstanding balance attributed to Series 2022AB are as follows:

Year Ending June 30,	Series 2022AB		
	Principal	Interest	Total
2025	\$100,000	\$529,500	\$ 629,500
2026	105,000	524,250	629,250
2027	110,000	518,750	628,750
2028	120,000	512,750	632,750
2029	120,000	506,750	626,750
2030 - 2034	700,000	2,432,250	3,132,250
2035 - 2039	890,000	2,229,500	3,119,500
2040 - 2044	1,135,000	1,971,750	3,106,750
2045 - 2049	1,455,000	1,641,250	3,096,250
Thereafter	5,955,000	1,987,750	7,942,750
Total	\$ 10,690,000	\$ 12,854,500	\$ 23,544,500

Series 2022CD

On June 6, 2022, the Organization issued a series of bonds through the California School Finance Authority (CSFA) detailed in loan and bond purchase agreements. The bonds designated as refunding of 2015 bonds. (River Springs Charter School Project), include Series 2022C, in an aggregate principal amount of \$24,625,000 in tax-exempt bonds and Series 2022D in taxable term bonds totaling \$660,000. The bonds mature on July 1, 2047, with interest rates of 5.00%. The Organization has committed to have funds intercepted by the State Controller to service the debt.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – BONDS PAYABLE, continued

Series 2022CD, continued

Expected future payments of principal and interest on the outstanding balance attributed to Series 2022CD are as follows:

Year Ending June 30,	Series 2022CD		
	Principal	Interest	Total
2025	\$485,000	\$1,367,175	\$1,852,175
2026	505,000	1,292,895	1,797,895
2027	585,000	1,263,060	1,848,060
2028	620,000	1,231,440	1,851,440
2029	655,000	1,198,035	1,853,035
2030 - 2034	3,895,000	5,413,815	9,308,815
2035 - 2039	5,375,000	4,159,590	9,534,590
2040 - 2044	7,315,000	2,385,420	9,700,420
2045 - 2047	5,505,000	323,680	5,828,680
Total	\$ 24,940,000	\$ 18,635,110	\$ 43,575,110

Series 2023AB

On April 13, 2023, the Organization issued a series of bonds through the California School Finance Authority (CSFA) detailed in loan and bond purchase agreements. River Springs Charter School Project include Series 2023A, in an aggregate principal amount of \$3,790,000 in tax-exempt bonds and Series 2023B in taxable term bonds totaling \$1,420,000. The bonds mature on July 1, 2043, with interest rates of 5.85% on 2023A and 7.75% on Series 2023B taxable. The Organization has committed to have funds intercepted by the State Controller to service the debt.

Expected future payments of principal and interest on the outstanding balance attributed to Series 2023AB are as follows:

Year Ending June 30,	Series 2023AB		
	Principal	Interest	Total
2025	\$195,000	\$304,600	\$ 499,600
2026	205,000	289,813	494,813
2027	215,000	274,450	489,450
2028	230,000	258,225	488,225
2029	245,000	241,138	486,138
2030 - 2034	1,295,000	933,113	2,228,113
2035 - 2039	1,215,000	577,875	1,792,875
2040 - 2043	1,475,000	161,000	1,636,000
Total	\$ 5,075,000	\$ 3,040,214	\$ 8,115,214

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – NET ASSETS

Unrestricted Net Assets

Unrestricted net assets for River Springs Charters Inc. were categorized as follows as of June 30, 2024:

Net investment in capital assets	\$ 8,150,335
Nonspendable items - deposits	1,417,689
Undesignated net assets	<u>35,906,191</u>
Total Net Assets Without Donor Restriction	<u>\$ 45,474,215</u>

NOTE 8 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and State contribution rates are set by the California Legislature, and (c) if the Organization chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Organization has no plans to withdraw from this multi-employer plan.

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – EMPLOYEE RETIREMENT PLANS (continued)

California State Teachers’ Retirement System (CalSTRS), continued

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The required employer contribution rate for fiscal year 2024 was 19.1% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization’s contributions to CalSTRS for the last five fiscal years were as follows:

		Percent of Required
	Contribution	Contribution
2023-24	\$ 6,498,176	100%
2022-23	\$ 5,747,529	100%
2021-22	\$ 4,422,360	100%
2020-21	\$ 4,119,344	100%
2019-20	\$ 4,318,799	100%

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for the Organization is estimated at \$2,854,394, which is computed as the proportionate share of total fiscal year 2024 State on-behalf contributions.

California Public Employees’ Retirement System (CalPERS)

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees’ Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees’ Retirement System (CalPERS), continued

Funding Policy

Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2024 was 26.68% The contribution requirements of the plan members are established by state statute. The Organization’s contributions to CalPERS for the last five fiscal years were as follows:

		Percent of Required
	Contribution	Contribution
2023-24	\$ 5,398,251	100%
2022-23	\$ 4,014,296	100%
2021-22	\$ 2,876,311	100%
2020-21	\$ 2,075,342	100%
2019-20	\$ 2,213,755	100%

Alternative Plan

As established by federal law, all public-sector employees who are not members of their employer’s existing retirement plan (CalSTRS or CalPERS) must be covered by an alternative plan. The Organization offers social security as its alternative plan.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Governmental Funds

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Joint Powers Agency (JPA)

During the year ended June 30, 2024, the Organization participated in a joint venture with CharterSafe. CharterSafe arranges for insurance coverage related to property, general liability, worker's compensation, and other miscellaneous liability coverage specific to the operation of the Organization. The relationship between the Organization and the JPA is such that the JPA is not financially inter-related to the Organization for financial reporting purposes.

Multi-employer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Organization's share of withdrawal liability is \$37,245,504 or a proportionate share of 0.04890% as of June 30, 2024. Also as of June 30, 2024, CalPERS has estimated the Organization's share of withdrawal liability to be \$33,027,001 or a proportionate share of 0.09124. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 8 for additional information on employee retirement plans.

Outstanding Construction Commitments

As of June 30, 2024, the Organization has no construction commitments.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – COMMITMENTS AND CONTINGENCIES, continued

Litigation

The Organization is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization on June 30, 2024.

NOTE 10 – LEASES

The Charter leases certain real property for the operation of charter schools with various terms under long-term, non-cancelable operating and finance lease agreements. The leases expire at various dates through year 2045 and provide renewal options. The Charter included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The agreements generally require the Charter to pay insurance and repairs.

The Charter elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Charter has elected the short-term lease exemption for all leases with a term of twelve (12) months or less for both existing and ongoing operating and finance leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Charter has real property short term lease agreements for the year ended June 30, 2024.

The Organization elected the practical expedient to not separate lease and non-lease components for real estate leases.

Total lease costs for the year ended June 30, 2024 were as follows:

Operating lease cost	\$ 1,799,600
Finance lease:	
Interest expense	4,043,519
Amortization of right-of-use assets	2,532,264

The following table summarizes the supplemental cash flow information for the year ended June 30, 2024.

Operating cash flows from operating leases	\$ 1,823,701
Operating cash flows from finance leases	6,575,783

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term:	
Operating leases	10.8 years
Finance lease	25.5 years
Weighted-average discount rate:	
Operating leases	5%
Finance lease	5%

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – LEASES, continued

The future minimum lease payments under non-cancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2024.

Year Ended June 30, 2024	Operating lease	Finance lease
2025	\$ 1,334,971	\$ 6,575,783
2026	1,155,314	6,575,783
2027	1,044,041	6,575,783
2028	1,020,120	6,575,783
2029	603,534	6,575,783
Thereafter	2,750,192	104,903,090
Total lease payments	7,908,172	137,782,005
Less interest	(2,086,827)	(57,745,746)
Present value of lease liabilities	\$ 5,821,345	\$ 80,036,259

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

Financial assets, at year-end:	
Cash and cash equivalents	\$ 39,417,612
Accounts receivable	9,109,115
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 48,526,727</u>

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – RELATED PARTY TRANSACTIONS

Authorizing Agency

The Charter makes payments to the authorizing agency, Riverside County Office of Education, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of one percent of revenue from local control funding formula sources. Total fees paid to the authorizing agency for oversight amounted to \$897,881 and \$763,655 and total payments for special education and other services amounted to \$168,600 and \$249,794 for the fiscal years ended June 30, 2024 and 2023, respectively.

Affiliated Organizations

The Charter holds memorandums of understanding (MOUs) with Empire Springs Charter School, Harbor Springs Charter School, Pacific Springs, Vista Springs and Citrus Springs Charter School, charter schools under Springs Charter Schools, Inc. In connection with the MOUs, the Charter shares employees in senior leadership positions. Salaries and benefits are proportionately shared and paid directly by each of the charter schools to the employees. Senior leadership includes Assistant Superintendents for the following departments: Business, Administrative Operations, Personnel, Pupil Services, and IT/Facilities. The Superintendent's contract is separately approved by each charter school's Board of Directors. The MOUs also allow for on-loan employees excluding supervising teachers. All charter schools are operated by separate nonprofit organizations with no common members of the board. Additionally, the Charter utilizes Springs Charter Schools, Inc. for professional development.

As of June 30, 2024 and 2023, \$618,239 and \$1,663,948, respectively, was due to affiliates from the Charter as a result of certain shared operational costs.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

In fiscal year 2023 the subsidiaries did not book the bond premium for bond activity. The net impact of all subsidiaries is a \$262,731 restatement.

NOTE 14 – SUBSEQUENT EVENTS

The Charter has evaluated subsequent events for the period from June 30, 2024, through December 9, 2024, the date the financial statements were available to be issued. On August 20, 2024, River Springs Facilities IV LLC entered into a loan agreement with Sunflower Bank for a maximum principal amount of \$30,811,000, of which \$11,908,455 has been drawn down. Funds drawn down to date were used towards the purchase of two properties – the remaining \$18,902,545 will be used for facility improvements, expansion, remodeling, and equipment acquisition at the two purchased properties as well as at three additional properties currently leased by the Charter.

SUPPLEMENTARY INFORMATION

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Grants to Local Educational Agencies	84.010A	14329	\$ 1,580,547
Title II, Part A, Supporting Effective Instruction State Grants	84.367	14341	207,077
Title III, English Language Acquisition State Grants	84.365	14346	79,338
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	132,754
Career and Technical Education-Basic Grants to States (Perkins V)	84.048	148894	117,272
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,139,057
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	85,528
Subtotal Special Education Cluster			<u>1,224,585</u>
Education Stabilization Funds:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425D	*	5,194,155
Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve for Emergency Needs	84.425U	15620	450,787
Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve for Learning Loss	84.425U	15621	777,079
American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W	15566	56,366
Subtotal Education Stabilization Funds			<u>6,478,387</u>
Total U. S. Department of Education			<u><u>9,819,960</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	4,147,328
Supply Chain Assistance (SCA) Funds	10.555	*	153,072
Local Food for Schools Funding	10.185	*	47,631
Subtotal Child Nutrition Cluster			<u>4,348,031</u>
Total U. S. Department of Agriculture			<u>4,348,031</u>
Total Federal Expenditures			<u><u>\$ 14,167,991</u></u>

**Pass-through entity number not available.*

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

The following schedule provides a reconciliation between revenues reported on the Statement of Activities and Changes in Net Assets, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2024, or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2024:

	Assistance Listing Number	Amount
Total Federal Revenues reported in the Statement of Activities		\$ 13,959,188
Medi-Cal Billing Options	93.778	539,430
Emergency Connectivity Fund	32.009	(330,627)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 14,167,991</u>

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

	River Springs Charter, Inc.	River Springs Facilities LLC	River Springs Facilities II LLC	River Springs Facilities III LLC	Consolidated Total
Current assets:					
Cash and cash equivalents	\$ 30,610,414	\$ 1,350,405	\$ 1,502,706	\$ 5,954,087	\$ 39,417,612
Accounts receivable	9,109,115	-	-	-	9,109,115
Prepaid expenses	1,148,053	-	-	-	1,148,053
Total current assets	40,867,582	1,350,405	1,502,706	5,954,087	49,674,780
Non-current assets:					
Security deposits	1,417,689	-	-	-	1,417,689
Capital assets, net	8,150,335	9,338,106	22,329,796	21,885,413	61,703,650
Operating lease right-of-use asset, net	5,821,345	-	-	-	5,821,345
Finance lease right-of-use asset, net	80,036,259	-	-	-	80,036,259
Total non-current assets	95,425,628	9,338,106	22,329,796	21,885,413	148,978,943
TOTAL ASSETS	\$ 136,293,210	\$ 10,688,511	\$ 23,832,502	\$ 27,839,500	\$ 198,653,723
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 3,822,649	\$ 207,727	\$ 695,925	\$ 716,906	\$ 5,443,207
Deferred revenue	512,717	-	-	-	512,717
Operating lease liabilities, current portion	1,334,971	-	-	-	1,334,971
Finance lease liabilities, current portion	6,575,783	-	-	-	6,575,783
Total current liabilities	12,246,120	207,727	695,925	716,906	13,866,678
Non-current liabilities:					
Bonds payable	-	10,690,000	24,940,000	27,375,000	63,005,000
Less: unamortized items	-	(330,526)	(979,088)	(219,471)	(1,529,085)
Bond interest payable	-	267,250	-	-	267,250
Compensated absences	626,025	-	-	-	626,025
Operating lease liabilities, non-current portion	4,486,374	-	-	-	4,486,374
Finance lease liabilities, non-current portion	73,460,476	-	-	-	73,460,476
Total non-current liabilities	78,572,875	10,626,724	23,960,912	27,155,529	140,316,040
Total liabilities	90,818,995	10,834,451	24,656,837	27,872,435	154,182,718
Net assets:					
Without donor restriction	45,474,215	(145,940)	(824,335)	(32,935)	44,471,005
Total net assets	45,474,215	(145,940)	(824,335)	(32,935)	44,471,005
TOTAL LIABILITIES AND NET ASSETS	\$ 136,293,210	\$ 10,688,511	\$ 23,832,502	\$ 27,839,500	\$ 198,653,723

See accompanying note to supplementary information.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	River Springs Charter, Inc.	River Springs Facilities LLC	River Springs Facilities II LLC	River Springs Facilities III LLC	Eliminations	Consolidated Total
SUPPORT AND REVENUES						
Federal and state support revenues:						
Local control funding formula, state aid	\$ 89,762,922	\$ -	\$ -	\$ -	\$ -	\$89,762,922
Federal revenues	13,959,188	-	-	-	-	13,959,188
Other state revenues	9,523,292	-	-	-	-	9,523,292
Total federal and state support and revenues	113,245,402	-	-	-	-	113,245,402
Local support and revenues:						
Investment income, net	488,518	52,515	37,017	116,475	-	694,525
Rental income	-	641,713	1,885,122	1,963,646	(4,490,481)	-
Other local revenues	10,645,056	-	-	-	-	10,645,056
Total local support and revenues	11,133,574	694,228	1,922,139	2,080,121	(4,490,481)	11,339,581
TOTAL SUPPORT AND REVENUES	124,378,976	694,228	1,922,139	2,080,121	(4,490,481)	124,584,983
EXPENSES						
Program services	93,177,328	547,682	1,440,033	1,453,353	(4,490,481)	92,127,915
Management and general	28,335,770	199,240	774,066	703,319	-	30,012,395
TOTAL EXPENSES	121,513,098	746,922	2,214,099	2,156,672	(4,490,481)	122,140,310
CHANGES IN NET ASSETS	2,865,878	(52,694)	(291,960)	(76,551)	-	2,444,673
NET ASSETS, BEGINNING AS REPORTED	42,608,337	169,485	(532,375)	43,616	-	42,289,063
PRIOR PERIOD ADJUSTMENT	-	(262,731)	-	-	-	(262,731)
NET ASSETS, BEGINNING AS RESTATED	42,608,337	(93,246)	(532,375)	43,616	-	42,026,332
NET ASSETS, ENDING	\$ 45,474,215	\$ (145,940)	\$ (824,335)	\$ (32,935)	\$ -	\$44,471,005

See accompanying note to supplementary information.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
CHARTER ORGANIZATIONAL STRUCTURE
JUNE 30, 2024

River Springs Charter School, located in Riverside County, was formed as a nonprofit public benefit corporation on June 12, 2006 and numbered by the State Board of Education in January 2006 as Charter No. 0753. The Charter was authorized to operate as a charter school through the Riverside County Office of Education. Classes began in August 2007 for students in TK to 12.

GOVERNING BOARD		
Name	Office	Term Expiration
Steffany Johnson	Chair	June 30, 2027
Louis Fetherolf	Vice Chair	June 30, 2027
Stephanie Heiliger	Secretary	June 30, 2026
Jenny Adamo	Treasurer	June 30, 2025
Rachel Couch	Director	June 30, 2026
Jamie Thompson	Director	June 30, 2026
James McCallion	Director	June 30, 2026
ADMINISTRATION		
Dr. Kathleen Hermsmeyer <i>Superintendent</i>	Amy Podratz <i>Assistant Supt., Administrative Operations</i>	Tanya Rogers <i>Assistant Supt., Business</i>
Dr. Vivian Price <i>Assistant Supt., Education</i>	Michelle Sapanara <i>Assistant Supt., Pupil Personnel Services</i>	Virginia Smith <i>Assistant Supt., Human Resources</i>

**RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS)
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no reconciling items to the audited financial statements for the year ended June 30, 2024.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2024

Certificate No.	Second Period	Annual
	Report	Report
	FA52929C	308AB2C
Classroom Based ADA:		
Grades TK/K through 3	1,078.44	1,089.46
Grades 4 through 6	724.70	736.79
Grades 7 and 8	469.01	483.21
Grades 9 through 12	199.51	205.65
Total Classroom Based ADA	2,471.66	2,515.11
Non-Classroom Based ADA:		
Grades TK/K through 3	1,992.02	2,006.49
Grades 4 through 6	1,159.11	1,155.18
Grades 7 and 8	780.73	793.08
Grades 9 through 12	809.85	822.00
Total Non-Classroom Based ADA	4,741.71	4,776.75

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1- PURPOSE OF SCHEDULES

A. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Organization has not elected to use the ten percent de minimis cost rate.

B. Consolidating Statement of Financial Position and Consolidating Statement of Activities and Changes in Net Assets

The Consolidating Statement of Financial Position and Consolidating Statement of Activities and Changes in Net Assets report the activities of the Organization and are presented on the accrual basis of accounting. Eliminating entries in the Consolidating Statement of Financial Position and Consolidating Statement of Activities and Changes in Net Assets are for activities between the Organization and the related entities.

C. Charter Organizational Structure

This schedule provides information about the Organization's authorizing agency, grades served, members of the governing body, and members of the administration.

D. Reconciliation of Annual Financial and Budget Report (Unaudited Actuals) with Audited Financial Statements

This schedule provides the information necessary to reconcile fund balance reported in the Charter Schools Enterprise Fund on the Annual Financial and Budget Report (Unaudited Actuals) to net assets on the audited financial statements.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1- PURPOSE OF SCHEDULES, CONTINUED

E. Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter school. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

OTHER INDEPENDENT AUDITORS' REPORTS



**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**

To the Board of Directors of
River Springs Charter School and Subsidiaries
Temecula, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the consolidated financial statements, of River Springs Charter School and Subsidiaries (the "Organization") as of and for the year ended June 30, 2024, and the related notes to consolidated financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's consolidated 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California

December 9, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
River Springs Charter School and Subsidiaries
Temecula, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited River Springs Charter School and Subsidiaries' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2024. The Organization's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's Federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance, continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California

December 9, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAM

To the Board of Directors of
River Springs Charter School and Subsidiaries
Temecula, California

Report on State Compliance

Opinion on State Compliance

We have audited River Springs Charter School and Subsidiaries' (the "Organization") compliance with the types of compliance requirements described in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of the Organization's state programs for the fiscal year ended June 30, 2024, as identified below.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's compliance with the requirements described in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools:	
T. California Clean Energy Jobs Act	Not applicable
U. After/Before School Education and Safety Program:	Not applicable
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Coursed Based	Not applicable
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
EZ. Transitional Kindergarten	Yes

PROGRAM NAME	PROCEDURES PERFORMED
Charter Schools:	
AA Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Yes
DD Determination of Funding for Nonclassroom-Based Instruction	Yes
EE. Annual Instructional Minutes - Classroom Based	Yes
FF. Charter School Facility Grant Program	Yes

The term not applicable above is used to mean the Charter School did not offer the program during the fiscal year or did not receive any funding for the program.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 9, 2024

FINDINGS AND QUESTIONED COSTS SECTION

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program of Cluster</u>
84.027	IDEA
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for state programs:	Unmodified

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
FINANICAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no audit findings related to the financial statements during fiscal year 2024.

**RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE	AB3627 FINDING TYPES
50000	Federal Compliance

There were no audit findings and questioned costs related to federal awards during fiscal year 2024.

RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Missassignments
72000	School Accountability Report Card

There were no audit findings and questioned costs related to state awards during fiscal year 2024.

**RIVER SPRINGS CHARTER SCHOOL AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no audit findings and questioned costs during fiscal year 2023.

APPENDIX C

FINANCIAL PROJECTIONS OF THE BORROWER[†]

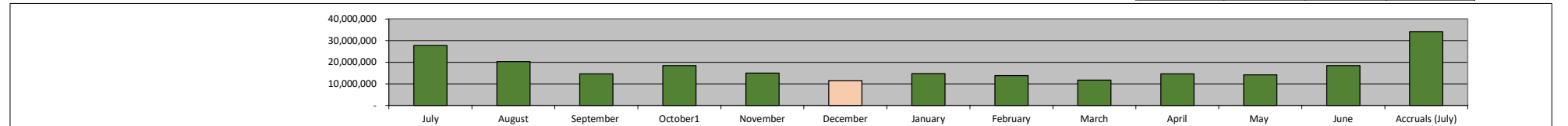
[†] Projections were prepared by the Borrower. See “CERTAIN RISK FACTORS Financial Projections” in the forepart of this Limited Offering Memorandum and “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND THE SCHOOL – THE SCHOOL – State Aid Payments and ADA” attached to this Limited Offering Memorandum. The projections set forth herein reflect receipt of the amounts scheduled to be deposited in the Revenue Fund in the months ending the respective periods noted in the forepart of this Limited Offering Memorandum under “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – The Indenture – Allocation of Revenues.” Payments of apportionment received on behalf of the School by the Collateral Agent are generally received within the last few days of the calendar month.

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River Springs Charter School
2025 Revenue Anticipation Notes
2025-26 Projected Monthly Cash Flow Statement

Description	2025-26 Budget	July	August	September	October ¹	November	December	January	February	March	April	May	June	Accruals (July)	Total For Year
BEGINNING AVAILABLE CASH		32,333,275	27,731,445	20,261,739	14,679,842	18,458,293	15,040,147	11,489,650	14,836,739	13,824,151	11,680,372	14,664,401	14,244,216	18,467,260	32,333,275
CASH INFLOWS															
REVENUES															
LCFF State Aid	96,250,479	3,823,214	3,823,214		7,148,676	7,148,676	7,148,676	7,148,676	7,148,676	7,148,676	9,142,399	9,142,399	9,142,399	18,284,798	96,250,479
Education Protection Account	18,505,132	-	-	4,905,523	-	-	-	4,905,523	-	-	4,347,043	-	-	4,347,043	18,505,132
Federal Revenues	5,956,647	-	-	94,503	-	638,794	26,512	493,873	854,987	272,265	776,115	1,015,796	931,632	852,170	5,956,647
Other State Revenues	11,474,872	274,871	274,871	573,744	803,241	917,990	803,241	688,492	1,147,487	1,147,487	1,376,985	1,032,738	1,721,231	712,494	11,474,872
Other Local Revenues	10,609,743	422,436	504,778	152,254	636,585	636,585	636,585	636,585	848,779	1,697,559	1,803,656	1,803,656	1,591,461	405,896	10,609,743
TTL CASH INFLOWS	142,796,873	4,520,521	4,602,863	5,726,023	8,588,502	9,342,044	8,615,014	13,873,149	9,787,735	9,417,208	17,340,101	12,994,589	13,386,723	24,602,401	142,796,873
EXPENDITURES															
Certificated Salaries	43,592,970	725,870	4,004,466	4,004,466	4,004,466	4,004,466	4,004,466	4,004,466	4,004,466	4,004,466	4,004,466	4,004,466	2,002,233	820,207	43,592,970
Non-Certificated Salaries	21,971,692	693,936	1,574,854	1,979,432	1,979,432	1,979,432	1,979,432	1,979,432	1,979,432	1,979,432	1,979,432	1,979,432	989,716	898,301	21,971,692
Benefits	25,324,054	44	2,343,150	2,837,202	2,343,378	2,343,378	2,343,378	2,343,378	2,343,378	2,343,378	2,343,378	2,343,378	1,171,689	224,945	25,324,054
Materials & Supplies	13,857,917	526,786	1,399,044	2,849,332	3,048,742	2,078,688	1,662,950	321,734	595,996	321,734	374,416	327,821	239,575	111,099	13,857,917
Services and Operations	29,823,443	2,335,233	1,987,324	2,928,483	3,578,813	2,863,051	2,684,110	2,385,875	2,385,875	2,385,875	2,385,875	1,491,172	1,491,172	920,583	29,823,443
Base Rent to LLC I, II, III (CSFA Bond debt service)	4,525,301	377,047	377,047	377,047	377,047	377,047	377,047	377,047	377,047	377,039	377,039	377,038	377,827	-	4,525,301
Base Rent to LLC IV (2024 Master Loan debt service)	1,745,399	119,695	135,081	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	-	1,745,399
All Capital Outlay/Depreciation	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
RANs Interest ²	663,542	-	-	-	-	-	-	-	-	-	138,238	138,238	138,238	248,828	663,542
TTL CASH OUTFLOWS	142,504,318	4,778,612	11,820,966	15,125,024	15,480,940	13,795,118	13,200,440	11,560,990	11,835,252	11,560,986	11,751,906	10,810,607	6,559,512	4,223,963	142,504,318
NET REVENUES	292,555														292,555
Accounts Receivable (net change)		2,431,215	(111,681)	2,563,439		1,034,929	1,034,929	1,034,929	1,034,929						9,022,690
Accounts Payable (net change)		(3,977,256)	(176,576)	1,253,665	(2,383,172)										(5,283,339)
Prepaid Expenditures		782,711	36,654		554,061										1,373,426
Other Cash Inflows/Outflows		(3,580,409)				-	-	-							(3,580,409)
2025 RANs Proceeds/Prin. Repayment					12,500,000		-				(2,604,167)	(2,604,167)	(2,604,167)	(4,687,500)	-
OTHER TRANSACTIONS AFFECTING CASH	(4,343,739)	(251,603)	3,817,104	10,670,889	1,034,929	1,034,929	1,034,929	1,034,929	1,034,929	-	(2,604,167)	(2,604,167)	(2,604,167)	(4,687,500)	1,532,368
ENDING CASH BALANCE		27,731,445	20,261,739	14,679,842	18,458,293	15,040,147	11,489,650	14,836,739	13,824,151	11,680,372	14,664,401	14,244,216	18,467,260	34,158,198	
On Deposit at Hanmi (Turner Lease Deposit)		(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	
On Deposit at Sunflower Bank (2024 Master Loan Deposit)		(6,445,950)	(6,455,657)	(6,467,333)	(6,478,025)	(6,488,717)	(6,499,409)	(6,510,101)	(6,520,793)	(6,531,485)	(6,542,177)	(6,552,869)	(6,563,561)	(6,574,253)	
AVAILABLE ENDING CASH BALANCE		17,880,632	10,401,219	4,807,646	8,575,405	5,146,567	1,585,378	4,921,775	3,898,495	1,744,024	4,717,361	4,286,484	8,498,836	24,179,082	

COVERAGE RATIO: ³ 6.13x 4.55x 4.69x 4.98x

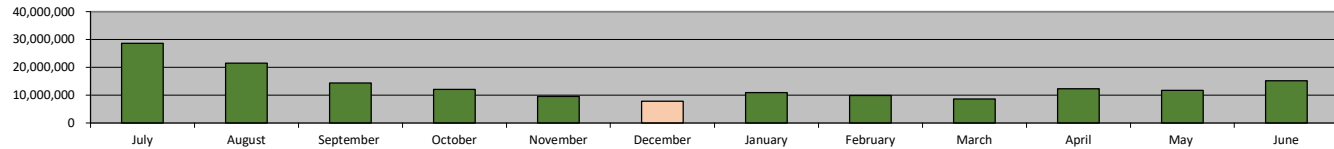


NOTES:

- Costs of issuance are included in October Services & Operations.
- RANs interest estimated at 6.50%.
- Coverage ratios are net of all payments on the CSFA Bonds and the 2024 Master Loan Agreement.

River Springs Charter School
2025 Revenue Anticipation Notes
2026-27 Projected Monthly Cash Flow Statement (YEAR 2)

Description	2026-27 Budget	July	August	September	October	November	December	January	February	March	April	May	June	Accruals	Total For Year
BEGINNING CASH		18,467,260	38,593,141	31,552,237	24,335,113	22,062,304	19,569,735	17,816,504	21,009,342	19,929,390	18,667,107	22,437,114	21,853,030	25,231,988	18,467,260
CASH INFLOWS															
REVENUES															
LCFF State Aid	100,891,511	4,812,524	4,812,524	-	8,662,543	8,662,543	8,662,543	8,662,543	8,662,543	8,662,543	7,858,241	7,858,241	7,858,241	15,716,482	100,891,511
Education Protection Account	18,505,132	-	-	4,626,283	-	-	-	4,626,283	-	-	4,626,283	-	-	4,626,283	18,505,132
Federal Revenues	4,075,780	-	-	64,663	-	437,088	18,141	337,928	585,017	186,295	531,050	695,049	637,460	583,089	4,075,780
Other State Revenues	11,704,369	280,368	280,368	585,218	1,064,034	1,064,034	1,064,034	1,064,034	1,170,437	1,170,437	1,170,437	1,170,437	1,170,437	450,095	11,704,369
Other Local Revenues	10,819,410	430,784	514,753	155,263	649,165	649,165	649,165	649,165	865,553	1,731,106	1,839,300	1,622,912	413,917	-	10,819,410
TTL CASH INFLOWS	145,996,202	5,523,676	5,607,646	5,431,427	10,375,741	10,812,830	10,393,882	15,339,952	11,067,162	10,884,828	15,917,116	11,563,026	11,289,050	21,789,866	145,996,202
EXPENDITURES															
Certificated Salaries	44,840,759	746,647	4,076,433	4,076,433	4,076,433	4,076,433	4,076,433	4,076,433	4,076,433	4,076,433	4,076,433	4,076,433	2,038,216	1,291,569	44,840,759
Non-Certificated Salaries	22,380,843	706,858	2,034,622	2,034,622	2,034,622	2,034,622	2,034,622	2,034,622	2,034,622	2,034,622	2,034,622	2,034,622	1,017,311	310,453	22,380,843
Benefits	25,984,182	329,482	2,362,198	2,362,198	2,362,198	2,362,198	2,362,198	2,362,198	2,362,198	2,362,198	2,362,198	2,362,198	2,362,198	1,181,099	25,984,182
Materials & Supplies	13,065,786	496,674	1,306,579	1,306,579	1,306,579	1,306,579	1,005,060	1,005,060	1,005,060	1,005,060	1,005,060	1,005,060	1,005,060	307,374	13,065,786
Services and Operations	29,986,830	1,999,122	2,998,683	2,998,683	2,998,683	2,998,683	2,141,916	2,141,916	2,141,916	2,141,916	2,141,916	2,141,916	2,141,916	999,561	29,986,830
Base Rent to LLC I, II, III (CSFA Bond debt service)	4,533,473	377,827	377,827	377,827	377,827	377,827	377,827	377,827	377,827	377,818	377,818	377,817	377,426	-	4,533,473
Base Rent to LLC IV (2024 Master Loan debt service)	1,788,748	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	-	1,788,748
All Capital Outlay/Depreciation	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
RANs Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TTL CASH OUTFLOWS	143,580,620	4,805,673	13,305,404	13,305,404	13,305,404	13,305,399	12,147,114	12,147,114	12,147,114	12,147,110	12,147,110	12,147,110	7,910,092	4,760,574	143,580,620
NET REVENUES	2,415,582														2,415,582
Accounts Receivable (net change)		22,631,841	656,853	656,853	656,853										24,602,401
Accounts Payable (net change)		(3,223,963)						-							(3,223,963)
Prepaid Expenditures															
Other Cash Inflows/Outflows		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025 RANs Proceeds/Prin. Repayment															
OTHER TRANSACTIONS AFFECTING CASH	19,407,878	656,853	656,853	656,853	656,853	-	-	-	-	-	-	-	-	-	21,378,438
ENDING CASH BALANCE	38,593,141	31,552,237	24,335,113	22,062,304	19,569,735	17,816,504	21,009,342	19,929,390	18,667,107	22,437,114	21,853,030	25,231,988			
On Deposit at Hanmi (Turner Lease Deposit)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)		
On Deposit at Sunflower Bank (2024 Master Loan Deposit)	(6,574,253)	(6,584,945)	(6,595,637)	(6,606,329)	(6,617,021)	(6,627,713)	(6,638,405)	(6,649,097)	(6,659,789)	(6,670,481)	(6,681,173)	(6,691,865)			
AVAILABLE ENDING CASH BALANCE	28,614,025	21,562,429	14,334,613	12,051,112	9,547,851	7,783,928	10,966,074	9,875,430	8,602,455	12,361,770	11,766,994	15,135,260			

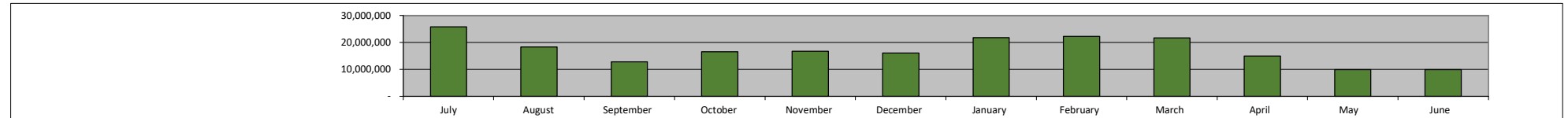


River Springs Charter School
2025 Revenue Anticipation Notes
2025-26 Projected Monthly Cash Flow Statement - STRESS TEST

Projected Average Daily Attendance (ADA):	8,844.00	Reduction of ADA to 1.00x coverage	3,444.89
ADA reduced to 1.00x coverage:	5,399.11	% Reduction of ADA to 1.00x coverage	-38.95%

Description	2025-26 Budget	July	August	September	October	November	December	January	February	March	April	May	June	Accruals	Total For Year
BEGINNING AVAILABLE CASH		30,434,417	25,832,587	18,362,881	12,780,984	16,559,435	16,721,911	16,123,437	21,772,399	22,226,589	21,702,962	14,959,534	9,957,732	9,968,424	30,434,417
CASH INFLOWS															
REVENUES															
LCFF State Aid	58,759,250	3,823,214	3,823,214	-	7,148,676	7,148,676	7,148,676	7,148,676	7,148,676	7,148,676	1,644,153	1,644,153	1,644,153	3,288,306	58,759,250
Education Protection Account	11,297,063	-	-	4,905,523	-	-	-	4,905,523	-	-	743,009	-	-	743,009	11,297,063
Federal Revenues	3,636,430	-	-	94,503	-	638,794	16,185	301,501	438,697	139,700	473,805	521,208	478,023	534,014	3,636,430
Other State Revenues	7,005,211	274,871	274,871	573,744	803,241	917,990	490,365	420,313	508,964	508,964	781,030	458,068	763,446	229,345	7,005,211
Other Local Revenues	7,854,624	422,436	504,778	152,254	636,585	636,585	512,604	512,604	512,604	683,472	1,397,000	925,462	816,584	141,655	7,854,624
TTL CASH INFLOWS	88,552,577	4,520,521	4,602,863	5,726,023	8,588,502	9,342,044	8,167,830	13,288,617	8,608,941	8,480,813	5,038,997	3,548,891	3,702,207	4,936,328	88,552,577
EXPENDITURES															
Certificated Salaries	35,874,690	725,870	4,004,466	4,004,466	4,004,466	2,964,593	2,964,593	2,964,593	3,123,218	3,123,218	3,123,218	3,123,218	1,561,609	187,160	35,874,690
Non-Certificated Salaries	17,896,285	693,936	1,574,854	1,979,432	1,979,432	1,465,416	1,465,416	1,465,416	1,543,826	1,543,826	1,543,826	1,543,826	771,913	325,167	17,896,285
Benefits	20,391,975	44	2,343,150	2,837,202	2,343,378	1,734,854	1,734,854	1,734,854	1,827,680	1,827,680	1,827,680	1,827,680	913,840	(560,918)	20,391,975
Materials & Supplies	11,404,327	526,786	1,399,044	2,849,332	3,048,742	1,403,950	1,123,160	217,300	402,537	217,300	252,882	221,411	161,809	(419,927)	11,404,327
Services and Operations	24,015,069	2,335,233	1,987,324	2,928,483	3,578,813	2,119,579	1,987,105	1,766,316	1,766,316	1,766,316	1,766,316	1,103,947	1,103,947	(194,624)	24,015,069
Base Rent to LLC I, II, III (CSFA Bond debt service)	4,525,301	377,047	377,047	377,047	377,047	377,042	377,042	377,042	377,042	377,039	377,039	377,038	377,827	-	4,525,301
Base Rent to LLC IV (2024 Master Loan debt service)	1,745,399	119,695	135,081	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	149,062	-	1,745,399
All Capital Outlay/Depreciation	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
RANs Interest	663,542	-	-	-	-	-	-	-	-	-	138,238	138,238	138,238	248,828	663,542
TTL CASH OUTFLOWS	117,516,588	4,778,612	11,820,966	15,125,024	15,480,940	10,214,497	9,801,233	8,674,584	9,189,681	9,004,439	9,178,259	8,484,420	5,178,245	585,687	117,516,588
NET REVENUES	(28,964,011)														(28,964,011)
Accounts Receivable (net change)		2,431,215	(111,681)	2,563,439	-	1,034,929	1,034,929	1,034,929	1,034,929	-	-	-	-	-	9,022,690
Accounts Payable (net change)		(3,977,256)	(176,576)	1,253,665	(2,383,172)	-	-	-	-	-	-	2,537,894	4,090,897	347,551	1,693,002
Prepaid Expenditures		782,711	36,654	-	554,061	-	-	-	-	-	-	-	-	-	1,373,426
Other Cash Inflows/Outflows		(3,580,409)	-	-	-	-	-	-	-	-	-	-	-	-	(3,580,409)
2024 RANs Proceeds/Prin. Repayment		-	-	-	12,500,000	-	-	-	-	-	(2,604,167)	(2,604,167)	(2,604,167)	(4,687,500)	-
OTHER TRANSACTIONS AFFECTING CASH		(4,343,739)	(251,603)	3,817,104	10,670,889	1,034,929	1,034,929	1,034,929	1,034,929	-	(2,604,167)	(66,273)	1,486,730	(4,339,949)	8,508,709
ENDING CASH BALANCE		25,832,587	18,362,881	12,780,984	16,559,435	16,721,911	16,123,437	21,772,399	22,226,589	21,702,962	14,959,534	9,957,732	9,968,424	9,979,116	
On Deposit at Hanmi (Turner Lease Deposit)		(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	(3,404,863)	
On Deposit at Sunflower Bank (2024 Master Loan Deposit)		(6,445,950)	(6,455,657)	(6,467,333)	(6,478,025)	(6,488,717)	(6,499,409)	(6,510,101)	(6,520,793)	(6,531,485)	(6,542,177)	(6,552,869)	(6,563,561)	(6,574,253)	
AVAILABLE ENDING CASH BALANCE		15,981,774	8,502,361	2,908,788	6,676,547	6,828,331	6,219,165	11,857,435	12,300,933	11,766,614	5,012,494	-	-	-	

COVERAGE RATIO:	1.65x	1.10x	1.16x	1.00x
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APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture and Loan Agreement that are not described elsewhere in this Limited Offering Memorandum. This Summary does not purport to be comprehensive and reference should be made to such documents for a full and complete statement of their provisions. All capitalized terms used with respect to the Notes and not defined in this Limited Offering Memorandum have the meanings set forth in the Indenture.

DEFINITIONS

“Act” means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Payments” shall have the meaning given such term in the Loan Agreement.

“Administrative Fees and Expenses” means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Trustee in connection with the Notes, including Additional Payments.

“Apportionment Funds” means apportionment payments for Local Control Funding Formula (“LCFF”) payments payable by the State to the Borrower during the 2024-25 fiscal year in respect of each School.

“Approved Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”); or (2) an “accredited investor” as defined in Regulation D promulgated under the Securities Act.

“Authority” means the California Enterprise Development Authority, or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, as may be amended from time to time (the “Joint Powers Agreement”) pursuant to the Act.

“Authority Representative” means with respect to the Authority, any member of the Board of Directors of the Authority (the “Board”) or the Executive Director of the Authority, or any other person designated as an Authority Representative by a certificate signed by a member of the Board or such Executive Director and filed with the Trustee.

“Authorized Borrower Representative” means the Superintendent, Assistant Superintendent, Business, or Assistant Superintendent, Administrative Operations of the Borrower or such other person as may be designated by any of such officials to sign for the Borrower, by written certificate furnished to the Authority and the Trustee, as a person authorized to act on behalf of the Borrower. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Borrower by any officer of the Borrower and may designate an alternate or alternates.

“Authorized Denominations” means \$250,000 and any integral multiple of \$5,000 in excess thereof.

“Beneficial Owner” means, (i) when used with reference to the book entry only system of the Depository, the person who is considered the beneficial owner of the Notes and, with respect to the Notes pursuant to the arrangements for book entry determination of ownership applicable to the Depository and, (ii) for purposes of continuing disclosure, any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes and, with respect to the Notes (including

persons holding such through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Notes and, with respect to the Notes for federal income tax purposes.

“Book Value” means, when used in connection with Property of a Person, the value of such Property, net of accumulated depreciation, as it is carried on the books of such Person and in conformity with generally accepted accounting principles.

“Borrower” means River Spring Charter School, Inc., a California nonprofit public benefit corporation.

“Borrower Documents” means the Loan Agreement, the Offering Memorandum, the Intercreditor Agreement, the Blocked Account Agreement, the Payment Direction and the Note Purchase Agreement.

“Borrower Resolution” means the resolution or other authorizing action adopted by the Borrower authorizing the Loan and execution and delivery of the Borrower Documents.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in the city in which the Principal Corporate Trust Office is located are authorized or obligated by law or executive order to be closed.

“Certificate of the Authority,” “Consent of the Authority,” “Order of the Authority,” “Request of the Authority,” or **“Requisition of the Authority”** mean, respectively, a written certificate, consent, order, request or requisition of the Authority signed by or on behalf of the Authority by an Authority Representative authorized by the Authority to execute such a document on its behalf.

“Certificate of a Borrower,” “Consent of the Borrower,” “Request of the Borrower,” “Requisition of a Borrower,” or **“Statement of a Borrower”** mean, respectively, a written certificate, consent, request, requisition or statement of a Borrower executed on its behalf by an Authorized Borrower Representative.

“Charter School Law” means the Charter Schools Act of 1992, constituting Part 26.8, commencing with Section 47600 of Division 4 of Title 2 of the Education Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Closing Date” shall mean October __, 2025, the date of original issuance and delivery of the Notes.

“Code” means the Internal Revenue Code of 1986, or any successor code or law, and any regulations in effect or promulgated thereunder.

“Collateral Agent” means U.S. Bank Trust Company, National Association, in its capacity as collateral agent under the Intercreditor Agreement.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of October 1, 2025, among the Borrower and the Dissemination Agent, as dissemination agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Borrower and related to the original authorization, execution, sale and delivery of the Notes, including but not limited to costs of preparation and reproduction of documents, fees and expenses of the Authority, the Trustee, legal fees and charges of bond counsel, special counsel, disclosure counsel and Trustee’s counsel, underwriter’s fees and expenses, rating agency fees and any other costs, charges or fees in connection with the original delivery of the Notes.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

“Debt Service” means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Notes and (b) that portion of the principal amount of all Outstanding Notes maturing on each principal payment date during such period.

“Defeasance Obligations” means any obligations authorized under applicable State law and the related financing documents to be deposited in escrow for the defeasance of any indebtedness of the Borrower.

“Depository” means The Depository Trust Company and its successors and assigns, or any other depository selected as set forth in the Indenture which agrees to follow the procedures required to be followed by such depository in connection with the Notes.

“Dissemination Agent” means U.S. Bank Trust Company, National Association.

“Education Code” means the Education Code of the State of California.

“Electronic Notice” means notice through telecopy, telegraph, telex, facsimile, transmission, internet, e-mail or other electronic means of communication, capable of making a written record.

“Eligible Securities” means any of the following obligations as and to the extent that such obligations are at the time legal investments for moneys held hereunder and then proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any Request of a Borrower as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California) and shall be the sole investments in which amounts on deposit in any fund or account created under the Indenture or under the Loan Agreement shall be invested:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself); U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, U.S. Department of Housing and Urban Development, Government National Mortgage Association, and Federal Housing Administration;

(3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (“FHLMC”), Federal National Mortgage Association (“FNMA”), Student Loan Marketing Association, Resolution Funding Corporation or Farm Credit System;

(4) bonds or notes issued by any state or municipality which are rated by S&P, Fitch and Moody’s in one of the three highest rating categories assigned by such agencies;

(5) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank, which, in either case, is rated “A” or better by S&P and Moody’s, provided that (a) the term of such repurchase agreement is not greater than thirty days, (b) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (c) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104%

(or, if the collateral consists of obligations of FHLMC or FNMA, 105%) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest, (d) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately, (e) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States or any federal agency backed by the full faith and credit of the United States; (f) the repurchase securities are free and clear of any third-party lien or claim; and (g) there shall have been delivered to the Trustee, the Authority, and the Borrower an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(6) investment agreements, including guaranteed investment contracts (“GICs”) with providers in one of the two highest rating categories of Moody’s and S&P;

(7) 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 S&P of “AAAm-G,” “AAA-m,” or “AA-m” and if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2,” including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(8) certificates of deposit secured at all times by collateral described in (1) and/or (2) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee on behalf of the Noteholders has a perfected first security interest;

(9) certificates of deposit, savings accounts, deposit accounts or money market deposits that are insured by FDIC, including BIF and SAIF;

(10) commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(11) 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 “A-3” or better by Moody’s and “A-1” or “A” or better by S&P;

(12) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended;

(13) the State of California’s Pooled Money Investment Account;

(14) the State of California’s Local Agency Investment Fund; and

(15) obligations of a bank or other financial institution rated at least “Aa3” by Moody’s or “AA-” by S&P.

“Environmental Regulations” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

“Event of Default” means any of the events specified in the Events of Default section of the Indenture.

“Fiscal Year” means, with respect to the Borrower, the twelve-month period beginning July 1 and ending on June 30, or such other twelve-month period as may be designated in a written Statement of the Borrower delivered to the Authority and the Trustee.

“Fitch” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

“Government Obligations” means noncallable and nonprepayable direct obligations of the United States of America or obligations which as to full and timely payment of principal and interest constitute full faith and credit obligations of the United States of America (excluding therefrom unit investment trusts and money market funds comprised of such securities).

“Gross School Revenues” means, all revenue, income, receipts and money received by the Borrower or on behalf of the Borrower from all lawfully available sources, including from any applicable district or county or from the State pursuant to the Charter School Law from any general purpose entitlement, revenue limit, or State educational funding sources; but excluding gifts, grants, bequests, donations and contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for rent payments or operating expenses, including payments in respect of indebtedness; provided that, Gross School Revenues does not include amounts subject to apportionments made by the State Controller pursuant to Section 17199.4 of the California Education Code.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Borrower or to persons on or about the Borrower or (ii) cause the Borrower to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Borrower or the owners and/or occupants of property adjacent to or surrounding the Borrower, or any other person coming upon the Borrower or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Indenture” means the indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

“Independent Consultant” means a Person that (1) does not have any direct financial interest or any material indirect financial interest in the Borrower, (2) is not connected with the Borrower as an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and (3) is designated by a Borrower, qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the Borrower and having a favorable reputation for skill and experience in the financial affairs of such facilities.

“Intercreditor Agreement” means that certain Intercreditor And Collateral Agency Agreement, dated as of June 1, 2022, as amended by the First Amendment to Intercreditor Agreement, dated as of April 5, 2023, each entered into by and among (i) U.S. Bank Trust Company, National Association, in its capacity as trustee for various bond issues for the benefit of the Borrower, (ii) various limited liability company borrowers related to such bond issues, (iii) the Borrower, (iv) the Collateral Agent, (v) Sunflower Bank, N.A. (pursuant to that certain Joinder Agreement, effective as of August 20, 2024, by and between the Collateral Agent and Sunflower Bank, N.A.), and (vi) the Trustee (pursuant to the Joinder Agreement).

“Interest Account” means the account by that name in the Revenue Fund established pursuant to the Indenture.

“Interest Payment Date” means the Principal Payment Date.

“Irrevocable Deposit” means the irrevocable deposit in trust, with any trustee or escrow agent authorized to act in such capacity, of cash in an amount (or Government Obligations the principal of and interest on which will be in an amount), and under terms sufficient to pay all or a portion of the principal of and/or premium, if any, and interest on, as the same shall become due, of any indebtedness of a Borrower which would otherwise be considered Outstanding.

“Joinder Agreement” means that certain Joinder Agreement, effective October ___, 2025, by and among the Collateral Agent and Trustee, as obligee, as it may be amended and restated from time to time.

“Loan” means the loan of Note proceeds from the Authority to the Borrower pursuant to the Loan Agreement.

“Loan Agreement” means that certain loan agreement, dated as of October 1, 2025, between the Authority and the Borrower, as originally executed or as it may from time to time be supplemented, modified or amended subject to and in accordance with the terms thereof and of the Indenture.

“Loan Repayments” has the meaning given such term in the Loan Agreement.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower.

“Noteholder” or **“Holder”** means, with respect to any Note, the person in whose name such Note is registered.

“Note Purchase Agreement” means the Note Purchase Agreement, dated October ___, 2025, by and among the Underwriter and the Authority, and approved by the Borrower.

“Notes” means the California Enterprise Development Authority Revenue Anticipation Notes (River Charter School), Series 2025 (Taxable), authorized and issued pursuant to the Indenture and any notes issued in exchange or replacement thereof in accordance with the Indenture.

“Offering Memorandum” means the Limited Offering Memorandum relating to the Bonds, dated October __, 2025.

“Opinion of Bond Counsel” means an Opinion of Counsel by a nationally recognized bond counsel firm experienced in matters relating to the exclusion from gross income for federal income tax purposes of interest payable on obligations of state and political subdivisions.

“Opinion of Counsel” means a written opinion of counsel (which may be counsel for the Authority) selected by the Authority.

“Optional Redemption Account” means the account by that name in the Redemption Fund established pursuant to the Indenture.

“Outstanding,” when used as of any particular time with reference to Notes, means (subject to the provisions of the Indenture) all Notes theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Notes theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Notes with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture; and (c) Notes for the transfer or exchange of which, or in lieu of or in substitution for which, other Notes shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Payment Direction” means the direction of the Borrower to the Collateral Agent to provide for the deposit of Scheduled Deposits to the Trustee, substantially in the form attached to the Loan Agreement as Exhibit A.

“Payments” means (i) all moneys (except any money received to be used for the payment of Administrative Fees and Expenses) received by the Trustee with respect to the Payment Direction, (ii) all moneys, if any, received by the Trustee directly from, or on behalf of, any of the Borrower, pursuant to the Loan Agreement (excluding Additional Payments not directed to be deposited into the any fund or account created and held under the Indenture), and (iii) all income derived from the investment of any money in any fund or account established pursuant to the Indenture.

“Person” means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Account” means the account by that name in the Revenue Fund established pursuant to the Indenture.

“Principal Corporate Trust Office” means for the Trustee originally appointed hereunder, the corporate trust office of U.S. Bank Trust Company, National Association, which at the date of execution of the Indenture is that specified in the Indenture, provided however, that for purposes of presentation of Notes for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Principal Payment Date” means the principal payment date for the Notes, which occurs on August 15, 2026.

“Property” means any and all rights, titles and interests in and to any and all property of the Borrower whether real or personal, tangible or intangible and wherever situated whether currently owned or acquired in the future.

“Property, Plant and Equipment” means all Property that is property, plant and equipment under generally accepted accounting principles.

“Rating Agency” means at any time any nationally recognized rating agency including Fitch, Moody’s or S&P, then rating the Notes at the request of the Authority or the Borrower.

“Rating Category” means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Rebate Fund” means the fund by that name established pursuant to Section 5.11 of the Indenture.

“Record Date” means, with respect to the Interest Payment Date for the Notes, the first day of the calendar month of such Interest Payment Date, whether or not such day is a Business Day.

“Responsible Officer” of the Trustee means and includes a duly authorized officer of the Trustee, with regular responsibility for the administration of matters related to the Indenture.

“Retained Rights” means Authority right to receive Administrative Fees and Expenses and any Additional Payments, any right to be indemnified, held harmless or defended and rights to inspection and to receive notices, certificates and opinions, express rights to give approvals, consents or waivers.

“Revenue Fund” means the fund by that name established pursuant to the Indenture.

“S&P” means S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the state of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

“School” means each charter school operated by the Borrower, including (i) River Springs Charter School (CDE No. 33-10330-0110833), and (ii) any other charter school established by the Borrower and operating in the 2024-25 school year.).

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attention: Call Notification Department, Fax (212) 855-7232 or to such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

“Special Record Date” means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on Notes.

“Special Redemption Account” means the account by that name in the Redemption Fund established pursuant to the Indenture.

“State” means the State of California.

“Supplemental Indenture” or ***“Indenture supplemental hereto”*** means any indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, as trustee hereunder, or the successor as Trustee hereunder as provided in the Indenture.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, its successors and assigns.

“Working Capital Fund” means the fund by that name established pursuant to the Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture provides for, among other things, the issuance, execution and delivery of Notes and sets forth the terms thereof, the nature and extent of the security, various rights of Noteholders, rights, duties and immunities of the Trustee and the rights and obligations of the Authority.

Certain other provisions of the Indenture are set forth elsewhere in this Limited Offering Memorandum. See “THE NOTES,” “ESTIMATED SOURCES AND USES OF FUNDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES.” Certain provisions of the Indenture are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

The Notes

Note Register. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration of transfer of the Notes, which shall at all reasonable times during normal business hours upon reasonable notice be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on said books, of Notes as provided in the Indenture.

Temporary Notes. The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Authority, shall be in registered form and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Note shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Notes. If the Authority issues temporary Notes, it will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations, of the same maturity or maturities. Until so exchanged, the temporary Notes shall be entitled to the same benefits under the Indenture as definitive Notes authenticated and delivered thereunder.

Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the Authority, at the expense of the Holder of said Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Note issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed or stolen. If any Note mutilated, lost, destroyed or stolen shall have matured, instead of issuing a substitute Note the Trustee may pay the same without surrender upon

receipt of indemnity satisfactory to the Trustee. The Authority may require payment from the Holder of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the Authority and the Trustee. Any Note issued under the provisions of this paragraph in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Notes secured by the Indenture.

Use of Depository. Notwithstanding any provision of the Indenture to the contrary:

(a) The Notes initially shall be registered as provided in the Indenture. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the Depository or its nominee, or to any Substitute Depository designated pursuant to clause (ii) of this subsection (a) ("Substitute Depository"); provided that any successor of the Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any Substitute Depository designated by the Authority (at the direction of the Borrower) and not objected to by the Trustee, upon (1) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository or (2) a determination by the Authority (at the direction of the Borrower) that the Depository or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of the Depository or its successor (or Substitute Depository or its successor) from its functions as depository; provided that no Substitute Depository which is not objected to by the Trustee can be obtained or (2) a determination by the Authority (with the concurrence of the Borrower) that it is in the best interests of the Authority to remove the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) above, upon receipt of the Outstanding Notes by the Trustee, together with a Request of the Authority to the Trustee, a single new Note for each maturity shall be executed and delivered in the aggregate principal amount of the Notes of such maturity then Outstanding, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Request of the Authority. In the case of any transfer pursuant to clause (iii) above, upon receipt of the Outstanding Notes by the Trustee, new Notes shall be executed and delivered in such denominations numbered in consecutive order from R-1 up and registered in the names of such persons as are requested in such a Request of the Authority, subject to the limitations of the Indenture, provided the Trustee shall not be required to deliver such new Notes within a period less than sixty (60) days from the date of receipt of such a Request of the Authority.

(c) In the case of an advance refunding of the Notes, if any, evidencing all or a portion of the principal amount then Outstanding, the Depository shall make an appropriate notation on the Notes indicating the date and amounts of such reduction in principal.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Note is registered as the Noteholder thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Notes. Neither the Authority nor the Trustee will have any

responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including the Depository or its successor (or Substitute Depository or its successor), except for the Holder of any Note.

(e) So long as the outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Noteholder, and its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Validity of Notes. The validity of the authorization and issuance of the Notes is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Notes that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

Issuance of Notes

Authentication and Delivery of Notes. At any time after the execution of the Indenture, the Authority may execute the Notes, and the Trustee, upon the Order of the Authority, shall authenticate and deliver the Notes in accordance with the Indenture, in each case exclusive of the Notes executed and authenticated as provided in the Indenture.

Pledge and Assignment; Establishment and Application of Funds and Accounts

Pledge and Assignment. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, there are pledged to secure the payment of the principal of and interest on the Notes in accordance with their terms and the provisions of the Indenture, all of the Payments and any other amounts (excluding proceeds of the sale of Notes) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund). Said pledge shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery of the Notes, without any physical delivery thereof or further act.

The Authority assigns to the Trustee, for the benefit of the Holders from time to time of the Notes, all of the Payments and other amounts pledged in paragraph (a) of this Section and all of the right, title and interest of the Authority in, to and under the Loan Agreement (except for the Retained Rights). The Trustee shall be entitled to and shall receive all of such assigned Payments, and any such Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall (subject to the provisions of the Indenture) take all steps, actions and proceedings following any event of default under the Loan Agreement reasonably necessary in its judgment, or as directed in writing by the Holder, to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the Borrower under the Loan Agreement.

The Borrower shall take all actions necessary for the Trustee to receive directly from the Collateral Agent the amounts set forth in the Payment Direction on the dates set forth in the Payment Direction. The Payments described in the definition thereof are assigned to the Trustee, for the benefit of the Holders of the Notes, by virtue of the filing of the Payment Direction with the Collateral Agent. The Trustee shall be entitled to and shall receive all of such assigned Payments.

All Payments shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee is hereby directed to establish, maintain and hold in trust.

All Payments shall be held in trust for the benefit of the Holders from time to time of the Notes but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter in the Indenture.

The Notes are not and shall not be deemed to constitute a debt or liability of the State, or any political subdivision thereof, and are not and shall not be deemed to be a pledge of the faith and credit of the State, or any political subdivision thereof, other than the Authority, which shall only be obligated to pay the Notes solely from the Payments and funds herein provided therefor. The issuance of the Notes shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever for the Notes or to make any appropriation for their payment. Nothing in the Indenture, the Act or otherwise is an undertaking by the Authority or the State or any political subdivision thereof to fund the transfers described in the Payment Direction or to funds available to the Borrower in any amount or at any time.

Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Notes as it shall become due and payable (including accrued interest on any Notes purchased or redeemed prior to maturity pursuant to the Indenture).

Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Notes, as provided in the Indenture with respect to Notes.

Establishment and Application of Redemption Fund. The Trustee shall establish and maintain within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account. The Trustee shall accept all moneys deposited for redemption and shall deposit such moneys into the Optional Redemption Account or the Special Redemption Account, as applicable. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be accepted and used and withdrawn by the Trustee solely for the purpose of redeeming Notes, in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has not been given and at the redemption prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon written direction of the Borrower, apply such amounts to the purchase of Notes at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Borrower may direct, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Notes (or, if such Notes are not then subject to redemption, the par value of such Notes); and provided further that in the case of the Optional Redemption Account in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Revenue Fund and credited against Loan Repayments in order of their due date as set forth in a Request of the Borrower.

Working Capital Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Working Capital Fund."

Moneys deposited in the Working Capital Fund shall be withdrawn from such account pursuant to Requisition(s) of the Borrower.

The Requisitions of the Borrower shall be substantially in the form attached to the Indenture. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Any amounts remaining in such Working Capital Fund five Business Days prior to the Principal Payment Date shall be transferred to the Principal Account for payment of principal on the Notes. Upon such transfer, the Working Capital Fund shall be closed.

Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” Moneys deposited in said fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Notes upon Requisition of a Borrower stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund, and including a copy of the invoice or statement evidencing the costs incurred. On the one hundred eightieth (180th) day following the initial issuance of the Notes, or upon the earlier Request of the Borrower, amounts, if any, remaining in the Costs of Issuance Fund shall be transferred to the Revenue Fund and the Costs of Issuance Fund shall be closed.

Investment of Moneys in Funds and Accounts. All moneys in any of the funds, accounts and subaccounts established pursuant to the Indenture, shall be invested by the Trustee solely in such Eligible Securities as are specified in a Request of the Borrower, provided, however, that, if the Borrower does not file such a Request with the Trustee, the Trustee shall invest to the extent practicable in investments described in clause (9) of the definition of the term “Eligible Securities”; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Borrower specifying a specific money market fund and, if no such Request of the Borrower is so received, the Trustee shall hold such moneys uninvested.

All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited when received in the Rebate Fund. All other interest, profits and other income received from the investment of moneys shall be deposited in the Revenue Fund.

Investments in any and all funds and accounts established pursuant to the Indenture may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Indenture for transfer to or holding in a particular fund amounts received or held by the Trustee thereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the particular funds to which they are credited and otherwise as provided in the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. To the extent Eligible Securities are registrable, such investments shall be registered in the name of the Trustee. The Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee shall have no investment discretion.

The Trustee is authorized, in making or disposing of any investment permitted by the Indenture, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

No float forward or forward purchase agreement or other arrangement, agreement or financial product may be utilized in connection with the Revenue Fund.

The Borrower acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Borrower periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee pursuant to the Indenture.

Amounts Remaining in Funds and Accounts. Any amounts remaining in the Revenue Fund or any other fund or account established under the Indenture after payments in full of the Notes (or after provision for payment thereof as provided herein) and payment of the fees, charges and expenses of the Trustee and the Authority, shall belong and be paid to the Borrower by the Trustee.

Additional Payments. The Trustee shall transfer the Additional Payments constituting the Authority Annual Fee to or at the direction of the Authority when due, to the extent of amounts received from the Borrower therefor.

Rebate Fund. The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the Borrower given pursuant to the terms and conditions of the Tax Certificate. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America. Neither the Authority, nor the Borrower nor the Holder of any Notes shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section, by Section 6.09 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Borrower including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the Borrower or the Authority with the terms of the Tax Certificate or any other tax covenants contained in the Indenture. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Borrower with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Borrower.

(b) Upon the Borrower's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Borrower, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Borrower in accordance with the Tax Certificate. The Trustee shall supply to the Borrower and/or the Authority all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to Section, other than from moneys held in the funds and accounts created under this Indenture or from other moneys provided to it by the Borrower.

(d) At the written direction of the Borrower, the Trustee shall invest all amounts held in the Rebate Fund in Eligible Securities, subject to the restrictions set forth in the Tax Certificate. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences or losses arising from such investment.

(e) Upon receipt of the Borrower's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Borrower so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Borrower's written directions; provided, however, only moneys in excess of the Rebate Requirement may, at the written direction of the Borrower or the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five year remission to the United States of America, redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, and payment of all fees and expenses of the Trustee, shall be withdrawn and remitted to the Borrower.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section, Section 6.09 and the Tax Certificate shall survive the defeasance or payment in full of the Notes.

COVENANTS

Punctual Payment. The Authority shall punctually pay, but only out of Payments and pledged funds as provided in the Indenture, the principal and interest to become due in respect of every Note issued under the Indenture at the times and places and in the manner provided therein and in the Notes, according to the true intent and meaning thereof.

Extension of Payment of Notes. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Notes or the time of payment of any of the claims for interest by the purchase or funding of such Notes or claims for interest or by any other arrangement except with the written consent of the Noteholders and, if the maturity of any of the Notes or the time of payment of any such claims for interest shall be extended without the written consent of the Noteholders, such Notes or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Notes then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this paragraph shall be deemed to limit the right of the Authority to issue Notes for the purpose of refunding any Outstanding Notes, and such issuance shall not be deemed to constitute an extension of maturity of Notes.

Encumbrance Upon Payments. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Payments and other assets pledged or assigned under the Indenture while any of the Notes are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Act, and reserves the right to issue other obligations for such purposes.

Power to Issue Notes and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Notes and to enter into the Indenture and to pledge and assign the Payments and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The Authority has duly authorized the execution and delivery of the Notes and the Indenture under the terms and provisions of the Act and a resolution adopted by its Board of Directors and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Authority of the Notes and the Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Notes and the Indenture the valid, legal and binding limited obligations of the Authority.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts and in accordance with the customary standards of the corporate trust industry for such books of record and account, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Notes, the Payments, the Loan Agreement and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority, the Borrower and any Noteholder, or his agent or representative duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable circumstances.

Other Covenants; Amendment of the Loan Agreement.

(a) Subject to the provisions of the Indenture, the Trustee shall promptly collect all amounts due pursuant to the Loan Agreement and, upon an Event of Default, enforce and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority under the Loan Agreement assigned to it pursuant to the Indenture.

(b) The Authority shall not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if but only if (1) it has received a written representation from the Borrower to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes; provided that, if an Event of Default described in paragraph (a), (b) or (c) of Section 7.01 of the Indenture has occurred and is continuing, the Trustee rather than the Borrower shall make a determination that such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes (provided that, in making such determination, the Trustee may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel), or (2) the Holders of a majority in aggregate principal amount of the Notes then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Loan Repayments payable to the Authority, or extend the time for making such payments, without the written consent of all of the Holders of the Notes then Outstanding.

(c) The Trustee shall promptly collect all amounts due from the Borrower pursuant to the Loan Agreement, will perform all duties imposed upon it pursuant to the Loan Agreement and, upon an Event of Default, shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all of the rights of the Authority (other than the Retained Rights) and all of the obligations of the Borrower under the Loan Agreement, subject to all rights and protections contained in the Indenture.

Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Holders of the Notes of the rights and benefits provided in the Indenture.

Continuing Disclosure. Pursuant to the Loan Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5), and the Authority shall have no liability to the Holders of the Notes or any other person with respect to Securities and Exchange Commission Rule 15c2-12. The Dissemination Agent has covenanted under the Continuing Disclosure Agreement that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and the Loan Agreement applicable to it. Notwithstanding any other provision of the Indenture, failure of the Borrower or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee at the written request of the Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of Outstanding Notes, shall (but only to the extent the Trustee has been tendered funds in an amount satisfactory to it or it has been otherwise indemnified from and against any loss, liability, cost or expense, including without limitation, fees and expenses of its counsel and agents and additional fees and charges of the Trustee) or any Noteholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower to comply with its continuing disclosure obligations under the Loan Agreement or, as to any Noteholder or Beneficial Owner, to cause the Trustee to comply with its obligations under this provision. For purposes of this provision, "Beneficial Owner" means any person which (1) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (2) is treated as the owner of any Notes for federal income tax purposes.

Events of Default

Events of Default; Waiver of Default. If one or more of the following events (“Events of Default”) shall happen, that is to say: (a) if default shall be made by the Authority in the due and punctual payment of the principal of any Note as the same shall become due and payable (whether at maturity, by declaration or otherwise); (b) if default shall be made by the Authority in the due and punctual payment of interest on any Note when and as such interest shall become due and payable; (c) if any occurrence and continuance of an “Event of Default” under the Loan Agreement; or (d) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Notes contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority, the Borrower, and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding, except that, in each case, if such failure can be remedied but not within such 60-day period, such failure shall not become an Event of Default for so long as the Authority shall diligently proceed to remedy the same; then and in each and every such case during the continuance of such Event of Default, the following paragraphs under “—Institution of Legal Proceedings by Trustee” apply.

Institution of Legal Proceedings by Trustee.

(a) If one or more of the Events of Default shall occur, the Trustee in its discretion may, and upon the written request of the Holders of a majority in principal amount of the Notes then Outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall proceed to protect or enforce its rights or the rights of the holders of Notes under the Indenture and the Loan Agreement, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder, provided that any such request from the Noteholders shall not be in conflict with any rule of law or with the Indenture, expose the Trustee to personal liability or be unduly prejudicial to Noteholders not joining therein.

(b) Notwithstanding anything to the contrary in the Indenture, the Authority shall have no obligation to, and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than those specifically retained by the Authority pursuant to the Indenture) under the Indenture or the Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrower under the Loan Agreement.

Application of Moneys Collected by Trustee. Any moneys collected by the Trustee pursuant to the provisions of the Indenture summarized under the caption “—Institution of Legal Proceedings by Trustee” above and any other amounts then held by the Trustee under the Indenture, shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal upon presentation of the Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and all other expenses and liabilities incurred, and for advances, together with interest on such advances at a rate per annum equal to the Note yield plus two percent, made pursuant to the provisions of the Indenture.

Second: In case the principal of any of the Notes shall have become due by declaration or otherwise and remains unpaid, first to the payment of interest in default, and then to the payment of the principal of all

Notes then due and unpaid, in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Whenever moneys are to be applied pursuant to the provisions of the Indenture summarized under this caption “Application of Moneys Collected by Trustee,” such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be the Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and past-due interest to be paid on such date shall cease to accrue.

Whenever all principal of and interest on all Notes have been paid under the provisions of the Indenture summarized under this caption “—Application of Moneys Collected by Trustee” and all fees, expenses and charges of the Trustee (including without limitation those of its attorneys) have been paid, any balance remaining in the funds and accounts under the Indenture shall be paid to the Borrower.

Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Holder of Notes to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by the provisions of the Indenture governing Events of Default to the Trustee or to the Holders of Notes may be exercised from time to time, and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under the Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee, and the Holders of the Notes, severally and respectively, shall be restored to their former positions and rights under the Indenture in respect to the trust estate; and all remedies, rights and powers of the Authority, the Trustee and the Holders of the Notes shall continue as though no such proceedings had been taken.

Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or to any Holder of the Notes is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity.

Covenant to Pay Notes in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay, but only out of Payments, to the Trustee, upon demand, for the benefit of the Holders of the Notes, the whole amount then due and payable thereon (by declaration or otherwise) for interest and principal as the case may be, and all other sums which may be due under the Indenture or secured thereby, including reasonable compensation to the Trustee and its agents and counsel and any expenses or liabilities incurred by the Trustee under the Indenture and, its agents and counsel. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys’ fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Payments as provided in the Indenture and not otherwise. The Trustee shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the Indenture, and the right of the Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Indenture.

Trustee Appointed Agent for Noteholders. The Trustee is hereby appointed the agent and attorney-in-fact of the Holders of all Notes Outstanding under the Indenture for the purpose of filing any claims relating to the Notes.

Power of Trustee to Control Proceedings. Subject to the immediately following paragraph, in the event that the Trustee, upon the happening of an Event of Default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the Notes then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Notes, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default under the Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the Notes Outstanding under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Noteholders' Right to Sue. Notwithstanding any other provision of the Indenture, no Holder of any Note issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture or the Loan Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (b) the Holders of at least a majority in aggregate principal amount of all the Notes then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Holders shall have tendered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Notes of any remedy under the Indenture; it being understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner therein provided and for the equal benefit of all Holders of the Outstanding Notes.

The right of any Holder of any Note to receive payment of the principal of and interest on such Note out of Payments and the funds pledged in the Indenture, as therein provided, on and after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding any provision of the Indenture.

Authority Retained Rights. Nothing in the provisions of the Indenture governing Events of Default shall limit in any respect the right of the Authority to enforce or waive any of its Retained Rights under the Loan Agreement.

The Trustee

Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived and no implied duties (including fiduciary duties) shall be imposed on the Trustee, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by the Borrower (unless an Event of Default shall have occurred and then be continuing) or at any time by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Notes then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subparagraph (e) below, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the written consent of the Borrower (unless an Event of Default has occurred and is continuing, at which time consent of the Borrower shall not be required) and Holders of not less than a majority in aggregate principal amount of the Notes then Outstanding (or their attorneys duly authorized in writing), a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority, and by giving the Noteholders notice of such resignation by mail at the addresses shown on the Note registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall appoint, with the written consent of the Borrower (unless an Event of Default has occurred and is continuing, at which time consent of the Borrower shall not be required) and Holders of not less than a majority in aggregate principal amount of the Notes then Outstanding (or their attorneys duly authorized in writing), a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Noteholder (on behalf of himself and all other Noteholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and conveying to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions therein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this paragraph, the Authority shall mail a notice of the succession of such Trustee to the trusts under the Indenture to the Noteholders at the addresses shown on the Note registration books maintained by the Trustee. If the Authority fails to mail such notice within thirty (30) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of the Indenture shall be a national banking association, a trust institution or banking institution having trust powers, doing business and having a corporate trust office in California or, if it shall not have a corporate trust office in California, having the power under California law to perform all the duties of the Trustee under the Indenture as evidenced by an opinion of its counsel, having, or if it is a member of a bank holding company system its parent shall have, a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or

examination by State or federal authorities. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph (e), the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

(f) Upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The term “Environmental Laws” shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

Merger or Consolidation. Any company into which any successor Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the successor Trustee, if any, may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the immediately preceding paragraph (e), shall be the successor to such successor Trustee without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Rights of Trustee.

(a) The recitals of facts herein and in the Notes contained shall be taken as statements of the Authority, and the Trustee does not assume any responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture, the Loan Agreement or the Notes, or incur any responsibility in respect thereof, other than in connection with the duties or obligations under the Indenture or in the Notes assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Notes. The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Noteholders pursuant to the provisions of the Indenture unless such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default other than an Event of Default under the Indenture in connection with principal and interest payments of any Note unless and until a Responsible Officer of the Trustee shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Corporate Trust Office. Except as otherwise expressly provided in the Indenture, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of

the terms, conditions, covenants or agreements in the Indenture or of any of the documents executed in connection with the Notes or as to the existence of an Event of Default under the Indenture.

(f) No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder, or in the exercise of its rights or powers. The Trustee has no obligation or liability to the Noteholders for the payment of interest or principal with respect to the Notes.

(g) The Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to the Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

(h) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(i) The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Borrower elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(j) The Trustee shall not be liable to the parties hereto or deemed in breach or default under the Indenture if and to the extent its performance thereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(k) The Trustee may execute any of the trusts or powers under the Indenture and perform the duties required of it thereunder by or through attorneys, agents, affiliates, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture, and the Trustee shall not be answerable for the acts or omissions of any such attorney, agent, or receiver selected by it with reasonable care.

(l) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Notes.

(m) The Trustee shall not be required to review or inspect, and shall not be deemed to have notice of, the contents of any financial statement delivered to the Trustee, it being expressly understood that the Trustee shall only receive and hold such documents as a repository for examination and copying by any Holder at such Holder's expense during business hours on Business Days with reasonable prior notice.

(n) Upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Regulation, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action.

(o) Whether or not therein expressly so provided, every provision of the Indenture, the Loan Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions summarized under this caption “—Rights of Trustee.”

(p) To the fullest extent permitted by law and notwithstanding anything in the Indenture to the contrary, the Trustee shall not be personally liable for (i) special, consequential or punitive damages, however styled, including, without limitation, lost profits or (ii) the acts or omissions of any nominee, correspondent, clearing agency, or securities depository through which it holds securities or assets.

Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, Note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Holder of a Note unless and until such Note is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority and any Noteholder, and their agents and representatives duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable conditions.

Compensation and Indemnification of Trustee. The Authority (solely from payments received from the Borrower) shall from time to time, subject to any agreement between the Authority and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts created by the Indenture and in the exercise and performance of any of the powers and duties under the Indenture of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the Authority will reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel’s work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties under the Indenture. The Authority covenants and agrees to indemnify the Trustee (solely from Payments received from the Borrower) against any loss, expense and liability (other than those which are due to the Trustee’s negligence or default) which it may incur arising

out of or in the exercise and performance of its powers and duties under the Indenture, including the costs and expenses of defending against any claim of liability. The obligations of the Authority summarized in this paragraph shall survive resignation or removal of the Trustee under the Indenture and payment of the Notes and discharge of the Indenture.

Modification of the Indenture

Modification without Consent of Noteholders. Subject to the conditions and restrictions contained in the Indenture, the Authority and the Trustee, from time to time and at any time may enter into an indenture or indentures supplemental to the Indenture, which indenture or indentures thereafter shall form a part of the Indenture, including, without limitation, for one or more of the following purposes, provided that the Authority and the Trustee shall have received an Opinion of Bond Counsel to the effect that such amendment or modification is permitted by the Indenture:

(a) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for the Notes, or to surrender any right or power herein reserved to or conferred upon the Authority; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, contained in the Indenture, or in regard to such matters or questions arising under the Indenture as the Authority may deem necessary or desirable and not inconsistent with the Indenture; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes;

(c) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and, if they so determine, to add to the Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939, as amended, or similar federal statute; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes;

(d) in connection with an amendment of any agreement permitted by Indenture for the purpose of conforming the terms, conditions and covenants of the Indenture to the corresponding or related provisions of such amended agreement;

(e) to modify or eliminate the book-entry registration system for the Notes; or

(f) to comply with requirements of a Rating Agency in order to obtain or maintain a rating on any Notes.

Any supplemental indenture authorized by the provisions summarized above may be executed by the Authority and the Trustee without the consent of the Holders of any of the Notes at the time Outstanding, notwithstanding any of the provisions summarized under the caption “—Modifications with Consent of Noteholders” below, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee’s own rights, duties or immunities under the Indenture or otherwise.

The Trustee shall mail an executed copy of a supplemental indenture authorized by the provisions of the Indenture and any document related thereto or executed in connection therewith to the Borrower and each Rating Agency then rating the Notes promptly after execution by the Authority and the Trustee. The Authority shall mail drafts of any such documents to such parties prior to execution thereof.

Modification with Consent of Noteholders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding), the Authority and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of any Notes or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof or (2) reduce the aforesaid percentage of Holders of Notes whose consent is required for the execution of such supplemental indentures or extend the time of payment or permit the creation of any lien on the Payments or the assets pledged in the Indenture prior to or on a parity with the lien of the Indenture or deprive the Holders of the Notes of the lien created by the Indenture upon the Payments or the assets pledged therein, without the consent of the Holders of all of the Notes then Outstanding. Upon the filing with the Trustee of evidence of the consent of Noteholders, as aforesaid, the Trustee shall join with the Authority in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Noteholders under the provisions of the Indenture summarized under this caption “—Modifications with Consent of Noteholders” to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Authority and the Trustee of any supplemental indenture pursuant to under the provisions of the Indenture summarized under this caption “—*Modification with Consent of Noteholders*”, the Authority shall mail a notice to the Trustee setting forth in general terms the substance of such supplemental indenture, and the Trustee, upon receipt of such notice, shall mail such notice to the Borrower and the Noteholders at the addresses shown on the Note registration books maintained by the Trustee, at the expense of the Borrower. Any failure of the Authority or the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

The Trustee shall mail an executed copy of such supplemental indenture and any amendment of the Loan Agreement in accordance with the Indenture to the Borrower, each Rating Agency then rating the Notes promptly after execution by the Authority, the Trustee, and in the case of the Loan Agreement, the Borrower. The Authority shall mail drafts of any such documents to such parties prior to execution thereof.

Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Holders of Outstanding Notes shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of the Indenture for any and all purposes.*Opinion of Counsel as to Supplemental Indenture.* Subject to the provisions of the Indenture summarized above under the caption “The Trustee-Right of Trustee to Rely on Documents” and “—Modification with Consent of Noteholders” for an Opinion of Bond Counsel, the Trustee and the Authority shall be provided an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of the Indenture complies with the requirements of the Indenture and shall have no liability to Holders in excluding any Supplemental Indenture in reliance on an Opinion of Bond Counsel.

Notation of Modification on Notes; Preparation of New Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of the Indenture may bear a notation, in form approved by the Authority, as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, new Notes, so modified as to conform, in the opinion of the Authority, to any modification of the Indenture contained in any such supplemental indenture, may be prepared

by the Authority, authenticated by the Trustee and delivered without cost to the Holders of the Notes then Outstanding, upon surrender for cancellation of such Notes, in equal aggregate principal amounts.

MISCELLANEOUS

Liability of Authority Limited to Payments. The Authority shall not be liable for payment of the principal of, redemption price or interest on the Notes or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Indenture, the Notes or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

Destruction of Notes. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Notes, the Trustee shall, in lieu of such cancellation and delivery, destroy such Notes (in the presence of an officer of the Authority, if the Authority shall so require) and at the request of the Authority deliver a certificate of such destruction to the Authority.

Evidence of Rights of Noteholders. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by Noteholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Noteholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Notes transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this paragraph.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Notes shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Disqualified Notes. In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any demand, request, direction, consent or waiver under the Indenture, Notes which are owned or held by or for the account of the Authority or the Borrower or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrower shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Notes so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrower. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the Borrower shall specify in a certificate to the Trustee those Notes disqualified pursuant to this paragraph and the Trustee may conclusively rely on such certificate.

Money Held for Particular Notes. The money held by the Trustee for the payment of the interest, principal due on any date with respect to particular Notes shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Notes entitled thereto.

Funds and Accounts. Any fund required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the Notes and the rights of every Holder thereof.

Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal (or redemption price) of or interest on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

Governing Law; Venue. The Indenture, the Loan Agreement and the Notes are contracts made under the laws of the State of California and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State of California. The Indenture, the Loan Agreement and the Notes shall be enforceable in the State of California, and any action arising out of the Indenture, Loan Agreement or the Notes shall be filed and maintained in San Diego County, California, unless the Authority waives this requirement.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The Loan Agreement provides for, among other things, the loan of the Notes proceeds by the Authority to the Borrower, certain covenants of the Borrower relating to the loan and of the use of proceeds, including repayment of the loan, and defines events of default and remedies therefor.

Certain other provisions of the Loan Agreement are set forth in this Limited Offering Memorandum. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES.” Certain provisions of the Loan Agreement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Loan Agreement.

Findings, Representations, Covenants and Warranties

Representations of the Authority. The Authority makes the following representations and warranties to the Borrower:

The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State and is duly authorized to issue the Notes and to perform its obligations under the Loan Agreement.

All requirements have been met and procedures have occurred in order to authorize the execution and delivery of the Loan Agreement. The Authority has taken all necessary action and has complied with all provisions of the law required to make the Loan Agreement a valid and binding limited obligation of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

The Notes have been duly authorized, executed and delivered by the Authority. Nothing in the Loan Agreement shall be construed as requiring the Authority to provide any financing for the purposes of the Loan Agreement other than the proceeds of the Notes or to provide sufficient moneys for all of the cost of financing the Borrower’s working capital.

To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority that (i) affects or seeks to prohibit, restrain or enjoin the issuance, execution or delivery of the Notes, the origination of the loan or the lending of the proceeds of the Notes to the Borrower, or the execution and delivery of the Financing Documents, (ii) affects or questions the validity or enforceability of the Notes or the Financing Documents or (iii) questions the tax-exempt status of interest on the Notes.

Representations and Warranties of the Borrower. The Borrower represents and warrants to the Authority that, as of the date of execution of the Loan Agreement and as of the date of delivery of the Notes to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Notes or any investigations by or on behalf of the Authority or the results thereof):

(a) The Borrower is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State, and has full legal right, power and authority to enter into the Borrower Documents, and to carry out all of its obligations under and consummate all transactions contemplated by the Borrower Documents, and by proper corporate action has duly authorized the execution, delivery and performance of the Borrower Documents.

The officers of the Borrower executing the Borrower Documents are duly and properly in office and fully authorized to execute the same.

The Borrower Documents have been duly authorized, executed and delivered by the Borrower.

The Borrower Documents, as and when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Trustee in accordance with their terms for the benefit of the Holders of the Notes, and any rights of the Authority and obligations of the Borrower not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

The execution and delivery of the Borrower Documents, the consummation of the transactions therein contemplated and the fulfillment of or compliance with the terms and conditions thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Borrower, its bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents, or the financial condition, assets, properties or operations of the Borrower.

No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Borrower Documents, or upon the financial condition, assets, properties or operations of the Borrower.

The Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) (i) under the Borrower Documents, or (ii) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents, or the financial condition, assets, properties or operations of the Borrower.

All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

As to the Borrower, no written information, exhibit or report furnished to the Authority in connection with the negotiation of the Borrower Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Borrower has not made any independent investigation or inquiry into the truth, accuracy or completeness of any report written or provided by any third party.

All material certificates, approvals, permits and authorizations of applicable local governmental agencies, and agencies of the State and the federal government have been or will be obtained with respect to the use of the proceeds of the Notes by the Borrower; and the Borrower's operations will be conducted pursuant to and in accordance with such certificates, approvals, permits and authorizations.

The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of working capital pursuant to the Borrower Documents and the Indenture; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the Borrower is a party or of which it is a beneficiary, including the Indenture; that it understands the risks inherent in such transactions; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Borrower Documents and the Indenture.

The Borrower is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and is not a private foundation as described in Section 509(a) of the Code.

The proceeds of the Loan will be used by the Borrower solely to satisfy one or more of its charitable purposes, which have been previously recognized by the Internal Revenue Service as bona fide charitable purposes. The Borrower has full power and authority to carry on its business as now being conducted and to enter into the Borrower Documents and the transactions contemplated therein.

All financial statements and information heretofore delivered to the Authority, including without limitation, information relating to the financial condition of the Borrower, and/or any guarantor, and including the audited consolidated balance sheets of the Borrower at June 30, 2023 and June 30, 2024, and the related consolidated statements of income and consolidated statements of cash flows for the years ended June 30, 2023 and June 30, 2024 (copies of which have been furnished to the Authority) fairly and accurately present the

financial position of each respective entity at such date and the results of operations for the year ended on such date, and have been prepared (except where specifically noted therein) in accordance with generally accepted accounting principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the Borrower or other subjects of such statements.

The Borrower's purposes, character, activities, and methods of operation have not changed since its organization and are not different from the purposes, character, activities and methods of operation contemplated at the time of its determination by the Internal Revenue Service to be an organization described in section 501(c)(3) of the Code; no Borrower has or will divert any part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated; no Borrower has operated, or will operate, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-(1)(c)(3) of the Regulations, including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities; none of its directors, officers, or any related Persons, or any other Person having a private or professional interest in the Borrower's activities has acquired or received, nor will such Persons be allowed to acquire or receive, directly or indirectly, any of the Borrower's goods, services, income or assets, without fair compensation or consideration received in exchange therefor; it has not received any indication or notice to the effect that the Borrower's exemption from federal income taxation under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect; no Borrower has devoted or will devote more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code; and no Borrower has taken any action, or knows of any action that any other Person has taken, or knows of the existence of any condition that would cause the Borrower to lose its exemption from federal income taxation under Section 501(c)(3) of the Code.

Except as provided in the Indenture and the Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Loan Agreement or shall establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Notes.

The Borrower has made and shall continue to make all required contributions to all employee benefit plans, if any, and it does not have knowledge of any material liability which has been incurred by the Borrower or remains unsatisfied for any taxes or penalties with respect to any employee benefit plan or any multi-employer plan, and each such plan has been administered in compliance with its terms and the applicable provisions of ERISA and any other federal or state law.

Other than as disclosed in the Borrower Documents, the Borrower has no known material contingent liabilities payable from its Gross School Revenues, or has a material financial obligation payable from its Gross School Revenues under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Borrower is a party or by which the Borrower is otherwise bound, other than (x) obligations being refinanced with the proceeds of the Loan and (y) obligations incurred in connection with the ownership and operation of its facilities incurred in the ordinary course of business.

The Borrower has not entered into the transaction contemplated by the Loan Agreement or the Borrower Document with the actual intent to hinder, delay, or defraud any creditor and the Borrower has received reasonably equivalent value in exchange for its obligations under the Borrower Documents. Giving effect to the transactions contemplated by the Borrower Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Documents, exceed the Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will, immediately following the execution and delivery of the Borrower Documents, be greater than the Borrower's probable liabilities,

including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. No Borrower intends to, or believes that it will, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

The Borrower is not (1) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (2) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (3) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

The Borrower reasonably believes that the Gross School Revenues will be sufficient (without any other borrowing) during the term of the Loan to pay the principal of, prepayment premium, if any, and interest on the Loan.

All representations, warranties and certifications made by the Borrower in connection with the delivery of the Notes on the Closing Date, including, but not limited to, those representations, warranties and certifications contained in any certificate or agreement executed by the Borrower, are true, correct, and complete in all material respects as of the Effective Date.

During the term of the Loan, the Borrower will receive or otherwise have (without additional borrowing) sufficient funds to repay and discharge the Loan, based on all funds received by the Borrower and future projections upon historical experience and reasonable expectations.

The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of its working capital; that it is familiar with the provisions of all of the documents and instruments relating to such financing to it is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Loan Agreement and the Indenture or otherwise relied on the Authority for any advice.

During the term of the Loan, so long as the Borrower has any obligations outstanding thereunder, it shall cause the School to maintain the legal authority to operate as a public charter school in the State.

Loan Financing; Loan Repayments; Indemnification

Agreement to Issue Notes and Application of Note Proceeds. In order to fund the Loan and for the other purposes set forth in the Indenture, the Authority, concurrently with the execution of the Loan Agreement, has issued, sold and delivered the Notes and directed the proceeds thereof to be deposited with the Trustee and applied as provided in the Indenture. The Borrower hereby agrees that the proceeds of the Notes shall be applied solely in accordance with the Indenture.

The Borrower approves the terms of the Indenture and, to the extent applicable, agrees to be bound by such terms.

The Loan; Loan Repayments; Payment Direction; Additional Payments.

(a) The Loan. The Authority agrees, upon the terms and conditions specified in the Loan Agreement, to loan to the Borrower the proceeds received by the Authority from the sale of the Notes by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Authority to make the Loan is limited solely to such sale proceeds of the Notes received by

the Authority and shall be deemed fully discharged upon the deposit of the proceeds of the Notes with the Trustee pursuant to the Loan Agreement.

Loan Repayments. In consideration of the issuance of the Notes by the Authority and the loan of the proceeds thereof to the Borrower, the Borrower agrees that, on or before August 15, 2026, and as long as any of the Notes remain Outstanding, it shall pay to the Trustee for deposit in the Revenue Fund such amount as is required by the Trustee to make the transfers and deposits required on such date by the Indenture. Notwithstanding the foregoing, if five business days prior to any interest or principal payment date with respect to the Notes, the aggregate amount in the Revenue Fund is for any reason insufficient or unavailable to make the required payments of principal (or Redemption Price) of or interest on the Notes then becoming due (whether by maturity, redemption or acceleration), the Borrower shall forthwith pay the amount of any such deficiency to the Trustee. Each payment by the Borrower to the Trustee under the Loan Agreement (the “Loan Repayments”) shall be in lawful money of the United States of America and paid to the Trustee at its designated corporate trust office and held, invested, disbursed and applied as provided in the Indenture.

Payment Direction. Simultaneous with the execution and delivery of the Notes, the Borrower shall deliver a Payment Direction to the Collateral Agent relating to the School. All deposits of moneys derived from the Payment Direction under the Loan Agreement shall be made at the corporate trust office of the Trustee set forth in the Payment Direction. The Borrower shall timely revise its Payment Direction to require transfers to such other location as shall be designated in writing by the Trustee.

Additional Payments. In addition to the Loan Repayments, the Borrower shall also pay to the Authority or to the Trustee, as the case may be, “Additional Payments,” as follows:

All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated by the Loan Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Borrower’s expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in the provisions of the Indenture summarized under the caption “—Compensation and Indemnification of Trustee” above, as and when the same become due and payable;

The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Loan Agreement, the other Borrower Documents or the Indenture;

The Authority Issuance Fee, the Authority Annual Fee and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Borrower Documents, the Notes or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Notes or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Loan Agreement, the Borrower Documents, the Notes or the Indenture

or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Borrower Documents; and

The amount necessary to replenish any fund established under the Indenture, but only to the extent then required under the Indenture.

Such Additional Payments shall be billed to the Borrower by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Borrower within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the Authority shall not be required to submit a bill to the Borrower for payment of the Authority Annual Fee, the calculation and payment for which is the responsibility of the Borrower.

The Authority Issuance Fee and the initial Authority Annual Fee shall be paid to the Authority by the Borrower on the Closing Date. Thereafter, the Authority Annual Fee shall be due and payable by the Borrower in advance on July 1 of each year commencing with the first such date following the Closing Date. Borrower's obligation to pay the Authority Issuance Fee and the Authority Annual Fee shall in no way limit amounts payable by the Borrower to the Authority under the Borrower Documents, including for the enforcement thereof.

Failure to Make Payments. In the event the Borrower shall fail to deposit, or fail to cause to be deposited, with the Trustee any Loan Repayments or Additional Payments as required by the provisions of the Loan Agreement summarized under the caption "—The Loan; Loan Repayments; Payment Direction; Additional Payments" above, the Loan Repayments, Additional Payments or other payments required under the Loan Agreement not timely paid from such Gross School Revenues shall continue as an obligation hereunder of the Borrower until the amount in default shall have been fully paid.

Obligations of Borrower Unconditional; Non-Recourse Obligations.

The Borrower shall pay to or upon the order of the Authority, at or before the time when payable by the Authority, all costs and liabilities incurred by the Authority, including without limitation fees and expenses of counsel to the Authority, in connection with the issuance of the Notes and the making of the Loan to the Borrower under the Loan Agreement, or otherwise as a result of the transactions contemplated by the Borrower Documents or the Indenture.

Subject to the provisions of the Loan Agreement, the obligation of the Borrower to make the payments as required in this section, and to perform and observe any and all of the other covenants and agreements on its part contained in the Loan Agreement, shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim which the Borrower may otherwise have against the Authority. No Borrower shall: (1) suspend, discontinue, or abate any payment required by this section (except as expressly provided herein); (2) fail to observe any of its other covenants or agreements in the Loan Agreement; or (3) terminate the Loan Agreement for any cause whatsoever (except as provided therein), including without limiting the generality of the foregoing, any declaration or finding that the Notes, the Indenture, or any portion of the Loan Agreement are invalid or unenforceable, and, any failure of the Authority to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation, arising out of or in connection with the Loan Agreement or otherwise.

Costs of Issuance and Other Expenses. In addition to the payments required to be paid by the Borrower under the provisions of the Loan Agreement summarized under the caption "—The Loan; Loan Repayments; Payment Direction; Additional Payments" above, the Borrower agrees that it shall pay from the proceeds of the Notes or Gross School Revenues or other legally available funds of the Borrower, all Costs of

Issuance of the Notes. The Borrower agrees that it also shall pay all expenses incurred by it, including the expenses of its counsel. The Borrower shall also pay the costs of filing any financing statement(s) pursuant to the Loan Agreement.

The Borrower acknowledges that certain provisions of the Indenture set forth Administrative Fees and Expenses of the Trustee as the amount of compensation and reimbursement payable from funds held under the Indenture to the Trustee. In the event that the Trustee incurs fees and expenses in the course of performing its duties in excess of Administrative Fees and Expenses or in excess of the funds available for the payment thereof under the Indenture, the Borrower agrees to compensate and reimburse the Trustee from Gross School Revenues or other funds of the Borrower, for Administrative Fees and Expenses and for any extraordinary fees and expenses, which compensation to the Trustee shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust.

The Borrower covenants and agrees to pay and indemnify the Authority and the Trustee against all reasonable and documented fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Borrower Documents, the Notes or the Indenture. These obligations and those summarized under the caption “—Indemnification” below shall remain valid and in effect notwithstanding repayment of the Loan or the Notes or termination of the Loan Agreement or the Indenture or resignation or removal of the Trustee.

Indemnification. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Authority, the Trustee, and each of their respective officers, members, directors, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, suits, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (i) the Notes, the Indenture, or the Borrower Documents, or the execution or amendment hereof or thereof or in connection with transactions contemplated thereby, including the issuance, sale or resale of the Notes;

- any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan, or the operations of the Borrower;

- any lien or charge upon payments by the Borrower to the Authority or the Trustee, as the case may be, under the Loan Agreement, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee;

- any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances by the Borrower;

- any defeasance or redemption, in whole or in part, of the Notes;

- any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Notes or any of the documents relating to the Notes, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Notes of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not

misleading, or any failure to timely file any continuing disclosure document in connection with the Notes required by any undertaking or by any applicable law, rule or regulation; or

the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Notes to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or any of their officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under the Loan Agreement, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

The rights of any persons to indemnity under the Loan Agreement and rights to payment of fees and reimbursement of expenses pursuant to the provisions of the Loan Agreement summarized under the captions “—The Loan; Loan Repayments; Payment Direction; Additional Payments” and “—Costs of Issuance and Other Expenses” above and this caption “—Indemnification” shall survive the final payment or defeasance of the Notes and in the case of the Trustee any resignation or removal. The provisions of the Loan Agreement summarized under this caption “—Indemnification” shall survive the termination of the Loan Agreement.

Gross School Revenue Pledge.

(a) Subject only to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Loan Agreement, the Borrower pledges, and to the extent permitted by law grants a security interest to the Trustee in, all of the Gross School Revenues of the Borrower to secure the payment of Loan Repayments and the performance by the Borrower of its other obligations under the Loan Agreement. The Borrower shall execute and cause to be filed Uniform Commercial Code financing statements, shall execute and cause to be sent to the Trustee a notice of the security interest granted under the Loan Agreement and shall execute and deliver such other documents (including, but not limited to, control agreements and continuation statements) as may be necessary or reasonably requested by the Trustee in order to perfect or maintain as perfected such security interest or give public notice thereof. Notwithstanding anything to the contrary contained in the Loan Agreement, neither the Trustee nor any other Person (other than the Borrower) shall be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection or priority of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code.

Additional Covenants and Agreements of Borrower

Inspection of Books.

(a) The Authority and the Trustee shall have the right, but not obligation, upon reasonable notice, during business hours, to examine and audit any and all of the Borrower's records or accounts pertaining to the Loan, the Indenture, the Payment Direction and the Loan Agreement.

Upon written notice to the Borrower delivered at least five Business Days in advance of an inquiry, the Borrower shall make its management personnel available for periodic inquiries from the Authority; provided that the Borrower shall not be obligated to incur any material out-of-pocket costs in connection with such meetings or inquiries.

Reports and Information. At the request of the Authority or the Trustee, their agents, employees or attorneys, the Borrower shall furnish to the Authority and the Trustee, such information as may be reasonably requested in writing from time to time relative to compliance by the Borrower with the provisions of the Loan Agreement, including, without limitation, the most recently prepared consolidated financial statements.

Notice. Promptly following obtaining knowledge of an Event of Default under the Borrower Document, the Borrower hereby agree to provide to the Trustee and to the Authority notice of such Event of Default (such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default).

Reliance. The Borrower hereby recognizes and agrees that the representations and covenants set forth in the Loan Agreement may be relied upon by all Persons interested in the legality and validity of the Notes including, without limitation, the Trustee for the benefit of the Owners of the Notes. In performing its duties and obligations hereunder, the Trustee may rely upon statements and certificates of the Borrower believed in good faith to be genuine and upon audits of the books and records of the Borrower pertaining to the Loan. The Trustee, in its name or as assignee of the Authority, may, for and on behalf of the Noteholders, enforce all rights of the Authority which have been assigned to and are held by the Trustee and all obligations of the Borrower under and pursuant to the Loan Agreement, whether or not the Authority has pursued or attempted to enforce any of such rights and obligations. In addition, the Authority and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority or the Trustee hereunder in good faith and in conformity with the opinion of such counsel. In determining whether any default or lack of compliance by the Borrower exists under the Loan Agreement, none of the Trustee or the Authority shall be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely upon any notice or certificate delivered to the Trustee by the Borrower with respect to the occurrence or absence of a default.

Prohibition on Liens. Except for any lien made in connection with the issuance of the Notes and already existing on the Closing Date (including liens for future draws on the 2024 Master Loan Agreement), the Borrower covenants and agrees that it will not create, assume or suffer to exist any lien upon the Gross School Revenues.

Continuing Disclosure. The Borrower hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Loan Agreement or the Indenture, failure of the Borrower or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default under the Loan Agreement or under the Indenture.

Warranty of Truth. The Borrower covenants that no information, certificate, statement in writing or report required by the Loan Agreement, any other Borrower Documents or otherwise furnished by the Borrower to the Authority or the Trustee shall contain any untrue statement of a material fact or omit a

material fact necessary to make such information, certificate, statement or report not misleading as it relates to the Borrower.

Prohibited Uses. No portion of the proceeds of the Notes shall be used to finance or refinance any program or any activity related to, or any facility, place or building to be used (1) primarily for sectarian instruction or study or as a place for devotional activities or religious worship or (2) by a person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization (including the Borrower) in an “unrelated trade or business” (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Notes being treated as an obligation not described in Section 103(a) of the Code. The Borrower may not operate in any manner except in conjunction with a school under the Charter School Law.

Indenture Provisions. The execution and delivery of the Loan Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower. Whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower shall carry out and perform all of its obligations under the Indenture as fully as if the Borrower was a party to the Indenture.

Maintenance of Charter. So long as any obligations of the Borrower remain outstanding, the Borrower covenants it will maintain the legal authority to operate the School as a public charter school in the State.

Defaults and Remedies

Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default under the Loan Agreement:

(a) failure by the Borrower to pay or cause to be paid any interest on the Loan when due and payable, and such failure continues for five (5) calendar days or more; or

(b) failure by the Borrower to pay or cause to be paid principal of, or premium, if any, on the Loan; or

(c) failure by the Borrower to pay or cause to be paid when due any other amounts required to be paid under the Loan Agreement and continuation of such failure to pay for ten (10) Business Days following the giving of written notice thereof to the Borrower; or

(d) failure of the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Loan Agreement (other than failure by the Borrower to pay the amounts required to be paid under the Loan Agreement, and other than as provided in subparagraph (e) below) after the Borrower shall have been given 60 days’ written notice specifying such default and requesting it be remedied, except that, if the failure is unable to be remedied within 60 days, such failure shall not be an Event of Default for so long as the Borrower diligently proceeds to remedy the default; or

(e) voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding that shall remain undismissed for 60 calendar days after service of notice of such initiation upon the Borrower, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with creditors or the failure generally by the Borrower to pay its debts as they become due;

(f) occurrence and continuance of an “Event of Default” under the Indenture, provided, however, that an Event of Default under the Indenture arising solely from the actions or inactions of the Authority or the Trustee shall not be an Event of Default under the Loan Agreement; or

(g) any representation or warranty made in the Loan Agreement or any statement or representation made by the Borrower in any certificate, report, opinion, financial statement or other instrument furnished in connection with the Loan or any of the Borrower Documents proves to be false or misleading in any material respect when made.

Remedies.

(a) Upon the occurrence of an Event of Default pursuant to the provisions of the Loan Agreement summarized under the caption “—Events of Default” above and at any time thereafter during the continuance of such Event of Default, the Trustee may take one or more or any combination of the following remedial steps:

By written notice to the Borrower, declare the unpaid indebtedness on the Notes and all amounts then due and payable hereunder, whether by acceleration of maturity or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Loan Agreement, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, the Notes or any other Borrower Document.

Any amounts collected pursuant to action taken by the Trustee under this paragraph (a) shall be applied in accordance with provisions of the Indenture. Notwithstanding anything in the Loan Agreement to the contrary, the indebtedness of the Borrower under the Loan Agreement may be separately and independently accelerated with or without an acceleration of the Notes.

(b) If the Trustee shall have proceeded to enforce the rights of the Authority under the Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then the Borrower, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Authority and the Trustee shall continue as though no such proceedings had taken place.

Additional Remedies. In addition to the above remedies, if an Event of Default occurs under the Loan Agreement, the Authority and the Trustee shall have the right and remedy, without posting bond or other security, to have the provisions of the Loan Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach will cause irreparable injury to the Trustee or the Authority and that money damages will not provide an adequate remedy thereto.

No Remedy Exclusive. No remedy in the Loan Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Authority to exercise any remedy reserved to it as set forth in the caption “—Defaults and Remedies” it shall not be necessary to give notice, other than such notice as may be required therein. Such rights and remedies as are given the Authority under the Loan Agreement shall also extend to Trustee on behalf of the Holders of the Notes, who shall be entitled to the benefit of all covenants and agreements therein contained.

No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in the Loan Agreement should be breached by the Borrower and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement.

Agreement to Pay Fees and Expenses Upon Default. In the event the Borrower is in default under any provision of the Loan Agreement or causes an event of default under the other Borrower Documents, the Borrower shall be liable to, and upon demand shall pay to, the Trustee all reasonable fees and disbursements of such Persons and its agents (including attorneys' fees and expenses) that are reasonably connected therewith or incidental thereto, except with respect to the Trustee, and such payment obligation shall be reduced to the extent such fees and disbursements are paid to the Trustee from money available therefor under the Indenture.

Prepayment

Prepayment of the Loan.

(a) *General.* As further described below, the Borrower shall have the right, so long as all amounts which have become due hereunder have been paid, at any time or from time to time to prepay all or any part of its Loan Repayments and the Authority agrees that the Trustee shall accept such prepayments when the same are tendered. Prepayments may be made by payments of cash or surrender of Notes. All such prepayments (and the additional payment of any amount necessary to pay the applicable redemption price, if any, payable upon the redemption of Notes) shall be deposited upon receipt in the applicable account of the Redemption Fund and, at the request of and as determined by the Borrower, credited against payments due hereunder or used for the redemption of Outstanding Notes in the manner and subject to the terms and conditions set forth in the Indenture. The Borrower also shall have the right to surrender Notes acquired by it in any manner whatsoever to the Trustee for cancellation, and such Notes, upon such surrender and cancellation, shall be deemed to be paid and retired. Notwithstanding any such prepayment or surrender of Notes, as long as any Notes remain Outstanding or any Additional Payments required to be made under the Loan Agreement remain unpaid, the Borrower shall not be relieved of its obligations hereunder.

Prepayment in Whole or in Part. The Loan may be prepaid in whole or in part at any time by delivering to the Trustee amounts sufficient to defease a like principal amount of Notes to the redemption date pursuant to the Indenture or the Principal Payment Date pursuant to the Indenture.

Prepayment in Whole or in Part from Amounts Deposited with Trustee in connection with School Charter Revocation. The Loan may be prepaid in whole or in part at any in connection with the redemption of the Notes pursuant to the Indenture.

Redemption of Notes Upon Prepayment. Upon prepayment of the Loan as provided in the Loan Agreement, the Trustee shall do any of the following, as applicable: (1) call all or part of the Notes for redemption, as required by the Indenture in the respective amounts set forth in the applicable paragraph of the Indenture and (2) provide for the defeasance of Notes pursuant to the Indenture.

Amount of Prepayment. In the event of any prepayment pursuant to the Loan Agreement, the amount of the Loan deemed to be prepaid shall be equal to the principal amount of Notes defeased or redeemed as described in the Indenture. In the case of prepayment of the Loan in full, the Borrower shall pay to the Trustee an amount sufficient, together with other funds held by the Trustee and available for such purpose, to pay all reasonable and necessary fees and expenses (including attorneys' fees) of the Authority, the Trustee and any paying agent accrued and to accrue through final payment of the Notes and all other liabilities of the Borrower accrued and to accrue under the Loan Agreement and shall pay to the Authority an amount required by the Loan Agreement. In the case of partial prepayment of the Loan, the Borrower shall pay or cause to be paid to the Trustee an amount sufficient, together with other funds held by the Trustee and available for such purpose, to pay expenses of redemption of the Notes to be redeemed upon such prepayment.

The Borrower agrees that it will not prepay the Loan or any part thereof, except in amounts sufficient to redeem Notes in Authorized Denominations.

Miscellaneous

Amendments; Modifications in Writing. Except as otherwise provided in the Loan Agreement or the Indenture, subsequent to the initial issuance of Notes and prior to their payment in full, or provision for such payment having been made as provided in the Indenture, the Loan Agreement may be effectively amended, changed, modified, altered or terminated only as permitted under the Indenture, by written instrument executed by the parties hereto. The Authority agrees that it will not consent to an amendment of the Indenture without the approval of the Borrower.

Non-Liability of Authority. The Authority shall not be obligated to pay the principal (or redemption price) of or interest on the Notes, except from certain Payments and other moneys and assets received by the Trustee pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal (or redemption price) or interest on the Notes. Neither the Authority nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with the Loan Agreement, the Notes or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

The Borrower acknowledges that the Authority's sole source of moneys to repay the Notes will be provided by the payments made by the Borrower to the Trustee pursuant to the Loan Agreement, together with other amounts received by the Trustee pursuant to the Indenture and investment income on certain funds and accounts held by the Trustee under the Indenture, and agrees that if such amounts shall ever prove insufficient to pay all principal (or redemption price) and interest on the Notes as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor but solely, in the case of the Authority, from the Payments, other than with respect to any deficiency caused by the willful misconduct of the Authority.

Waiver of Personal Liability. No director, member, officer, agent or employee of the Authority or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Notes or any other sum under the Loan Agreement or be subject to any personal liability or accountability by reason of the execution and delivery of the Loan Agreement, but nothing therein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by the Loan Agreement.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of October 1, 2025, is executed and delivered by and between River Springs Charter School, a California nonprofit public benefit corporation (the “Borrower”), and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the California Enterprise Development Authority (the “Authority”) of its Revenue Anticipation Notes (River Springs Charter School) Series 2025 (Taxable) (the “Notes”). The Notes are being issued pursuant to an Indenture dated as of October 1, 2025 (the “Indenture”) by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The proceeds of the Notes are being loaned by the Authority to the Borrower pursuant to a Loan Agreement dated as of October 1, 2025 (the “Loan Agreement”). Pursuant to the Loan Agreement, the Borrower has covenanted and agreed to provide the timely notices of the occurrence of certain events.

Section 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower for the benefit of the Registered Owners of the Notes (for such purpose beneficial owners of the Notes shall also be considered Registered Owners of the Notes) and to assist Stifel, Nicolaus & Company, Incorporated (the “Participating Underwriter”) in marketing the Notes.

Section 2. Defined Terms. In addition to the definitions set forth in the Indenture or the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“*Authority*” means the California Enterprise Development Authority, its successors and assigns.

“*Beneficial Owner*” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“*Borrower*” means River Springs Charter School, Inc., a California nonprofit public benefit corporation.

“*Disclosure Representative*” shall mean the Executive Director or Associate Director or such other officer, agent or employee as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means U.S. Bank Trust Company, National Association, as dissemination agent under this Disclosure Agreement, its successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

“*Events Notices*” means the notices required to be given by the Borrower pursuant to Section 3 of this Disclosure Agreement.

“*Financial Obligation*” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“*Fiscal Year*” means the twelve month accounting period used with respect to the operations of the Borrower ending June 30 of each year; provided, however, the Borrower, by resolution duly passed, may change

such accounting period to end on another date if such change is found and determined to be necessary or appropriate for budgetary or other fiscal purposes.

“Limited Offering Memorandum” means the Limited Offering Memorandum dated as of October __, 2025, relating to the Notes.

“MSRB” means the Municipal Securities Rulemaking Board, located at 1300 I Street NW, Suite 1000, Washington, DC 20005, its successors and assigns.

“Indenture” means the Indenture, dated as of October 1, 2025, between the Authority and the Trustee.

“Notes” means the Authority’s Revenue Anticipation Notes (River Springs Charter School) Series 2025.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Notes, its successors and assigns.

“Repository” means EMMA.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

“School” means River Springs Charter School, Inc..

“SEC” means the Securities and Exchange Commission, its successors and assigns.

“Trustee” means U.S. Bank Trust Company, National Association, its successors and assigns.

Section 3. Provision of Monthly Reports.

(a) On or before ten (10) business days after the end of each month, commencing November 2025, the Borrower shall provide to EMMA, or shall cause the Dissemination Agent to provide to EMMA:

(i) enrollment and average daily attendance of the School as of the last day of such month; and

(ii) the amounts deposited to the Revenue Fund pursuant to the Payment Direction during such month.

(b) As soon as is practicable after the completion of any of the disclosure reports required by paragraph (a) (collectively referred to as the “Monthly Reports”), the Borrower shall provide the Dissemination Agent and the Participating Underwriter with a copy (which may be by electronic transfer) of each Monthly Report as requested. The Dissemination Agent shall, at the Borrower’s cost, transmit the information contained in the Monthly Reports to the Authority, at its request. The Dissemination Agent shall have no duty regarding such information other than to retain any such information that it receives and to transmit same in accordance with the Disclosure Agreement.

(c) If the Borrower does not provide to the Dissemination Agent a copy of a Monthly Report by the applicable date required in Section 3(a) above, the Dissemination Agent shall, in a timely manner, send a notice to the Borrower, EMMA, and the Participating Underwriter, in substantially the form attached as EXHIBIT A. In the event that the Borrower files the Monthly Reports directly with EMMA on or before the dates required in Section 3(a) above, the Borrower shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the

Monthly Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

Section 4. Provision of Quarterly Reports.

(a) On or before sixty (60) days after the end of each of the Borrower's fiscal quarters, commencing with the fiscal quarter ending December 31, 2025, the Borrower shall provide to EMMA, or shall cause the Dissemination Agent to provide to EMMA:

(i) year-to-date balance sheet of the Borrower, as of the last day of such fiscal quarter, in the form set forth in the Limited Offering Memorandum; and

(ii) year-to-date statement of revenues and expenditures, as of the last day of such fiscal quarter, in the form set forth in the Limited Offering memorandum.

(b) As soon as is practicable after the completion of any of the disclosure reports required by paragraph (a) (collectively referred to as the "Quarterly Reports"), the Borrower shall provide the Dissemination Agent and the Participating Underwriter with a copy (which may be by electronic transfer) of each Quarterly Report as requested. The Dissemination Agent shall, at the Borrower's cost, transmit the information contained in the Quarterly Reports to the Authority, at its request. The Dissemination Agent shall have no duty regarding such information other than to retain any such information that it receives and to transmit same in accordance with the Disclosure Agreement.

(c) If the Borrower does not provide to the Dissemination Agent a copy of a Quarterly Report by the applicable date required in Section 4(a) above, the Dissemination Agent shall, in a timely manner, send a notice to the Borrower, EMMA, and the Participating Underwriter, in substantially the form attached as EXHIBIT A. In the event that the Borrower files the Quarterly Reports directly with EMMA on or before the dates required in Section 4(a) above, the Borrower shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Quarterly Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Notes, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Note holders;

(iii) optional, unscheduled or contingent Note calls;

(iv) unless described in Section 3(b)(vii) below, other material notices or determinations with respect to the tax exempt status of Notes or other events affecting the tax exempt status of Notes;

(v) release, substitution or sale of property securing repayment of Notes;

(vi) the consummation of a merger, consolidation or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower (other than in the ordinary course of business) or 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 in accordance with its terms;

(vii) appointment of a successor or additional trustee or change in name of a trustee; or

(viii) incurrence of a Financial Obligation of the Borrower or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders.

(b) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Notes:

(i) principal and interest payment delinquencies;

(ii) defeasances;

(iii) rating changes;

(iv) unscheduled draws on debt service reserves reflecting financial difficulties;

(v) unscheduled draws on any credit enhancements reflecting financial difficulties;

(vi) substitution of credit or liquidity providers, or their failure to perform;

(vii) adverse tax opinions affecting the tax exempt status of Notes, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB);

(viii) tender offers;

(ix) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties; and

(x) bankruptcy, insolvency, receivership or a similar proceeding by the Borrower.

For purposes of the event identified in clause (x) 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 Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, 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 Borrower.

(c) Upon the occurrence of a Listed Event specified in Section 5(a), the Borrower shall as soon as possible determine if such event would be material. The Dissemination Agent shall have no responsibility for such determination.

(d) If the Borrower has determined that the occurrence of a Listed Event specified in Section 5(a) would be material, or upon the occurrence of a Listed Event specified in Section 5(b), the Borrower shall notify the Dissemination Agent in writing within three business days of the occurrence of such event in a format suitable for filing with the MSRB, with instructions to the Dissemination Agent to file a notice of the occurrence of such Listed Event pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed in writing by the Borrower to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file such notice with the MSRB with a copy to the Participating Underwriter in a timely manner not in excess of ten business days after the occurrence of the event.

(f) The Borrower shall interpret the events identified in subsections (a)(viii) and (b)(ix) in accordance with Release No. 34-83885 adopted by the Securities and Exchange Commission on August 20, 2018 and or any future guidance or releases provided by the Securities and Exchange Commission.

Section 6. Use of EMMA. Any filings required to be made with or notices to be given to the MSRB under this Disclosure Agreement shall be effected by sending the filing or notice to EMMA at www.emma.msrb.org in an electronic format accompanied by identifying information as prescribed by the MSRB, or to such other entity and in such other format as may be designated under the Rule. The Dissemination Agent agrees to comply with the provisions of EMMA in making such filings and giving such notices under this Disclosure Agreement.

Section 7. Termination of Reporting Obligation. The obligations of the Borrower and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, prepayment or payment in full of all of the Notes. If such termination occurs prior to the final maturity of Notes, the Borrower shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) hereof.

Section 8. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out their 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 prepared by the Borrower pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Borrower shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association. The Dissemination Agent may resign its duties under this Disclosure Agreement upon 60 days prior written notice to the Borrower.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by the Holders of Notes in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel or another party unaffiliated with the Borrower, materially impair the interests of the Holders or Beneficial Owners of Notes.

If the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 5(d).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower 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 notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent (at the written direction of the Holders of not less than 25% in aggregate principal amount of Notes then outstanding and upon being indemnified to its satisfaction therefor, shall, or the Participating Underwriter or any Holder of Notes may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under Notes, the Indenture, or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. The Dissemination Agent shall not be required to take any action whatsoever to cause the Borrower to comply with its obligations under this Dissemination Agreement.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations of the Dissemination Agent shall arise in this Disclosure Agreement. The Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, fees, expenses and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Agreement or arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, as the case may be. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent, termination of this Disclosure Agreement and payment of Notes. The Dissemination Agent shall have no liability for the Borrower's failure to report any event as to which the Borrower has not provided an information report in format suitable for filing with the MSRB. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in a fiduciary capacity. The obligations of the Borrower under this Section shall survive resignation of the Dissemination Agent or the termination of this Dissemination Agreement. In the absence of bad faith on its part, the Dissemination Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent by the Disclosure Representative and conforming to the requirements of this Disclosure Agreement. In the case of any description of any Listed Events, or any opinions which by any provision hereof are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Disclosure Agreement, but shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder. No provision of this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the Disclosure Representative. The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower. The Borrower shall not be liable for the fees and expenses of any such counsel

consulted by the Dissemination Agent without the prior consent of the Borrower. The Dissemination Agent shall not be bound to make any investigation into the facts or matters stated in the description of a Listed Event.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower: River Springs Charter School, Inc.
Attn: Assistant Superintendent, Business
27740 Jefferson Avenue
Temecula, California 92590

To Dissemination Agent: U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071

A copy of each notice shall be sent to the Participating Underwriter as follows:

Stifel, Nicolaus & Company, Incorporated
Attn: John Kim
2121 Avenue of the Stars, Suite 2050
Los Angeles, California 90067

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter, and Holders and Beneficial Owners from time to time of Notes, and shall create no rights in any other person or entity.

Section 15. Fees and Expenses. Except to the extent limited by Section 11 hereof, the Dissemination Agent shall be entitled to payment and reimbursement from the Borrower for its services rendered hereunder and all rightful advances and other expenses reasonably made or incurred by the Dissemination Agent.

Section 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 17. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 18. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 19. Other Instruments. The Borrower and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 20. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 21. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

RIVER SPRINGS CHARTER SCHOOL, INC., a
California nonprofit public benefit corporation, as
Borrower

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,** as Dissemination Agent

By: _____
Kathleen Hermsmeyer
Superintendent

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO REPOSITORIES OF FAILURE TO
FILE MONTHLY OR QUARTERLY REPORT**

Name of Issuer: California Enterprise Development Authority

Name of Issue: California Enterprise Development Authority Revenue Anticipation Notes
(River Springs Charter School) Series 2025 (Taxable)

Dissemination Agent: U.S. Bank Trust Company, National Association

Name of Borrower: River Springs Charter School, Inc.

Date of Issuance: October __, 2025

NOTICE IS HEREBY GIVEN that the Borrower has not provided a [Monthly Report][Quarterly Report] with respect to the above-named Notes as required by the Continuing Disclosure Agreement, dated as of October 1, 2025, between the undersigned Dissemination Agent and the Borrower. The Borrower anticipates that the [Monthly Report] [Quarterly Report] will be filed by _____.

Dated: _____

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Dissemination Agent

cc: Stifel, Nicolaus & Company, Incorporated

APPENDIX F

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each maturity of each Series of Notes, each in the aggregate principal amount of that maturity of Notes, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such series and maturity.

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

To facilitate subsequent transfers, all Notes 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believes to be reliable, but neither the Authority nor the Borrower take responsibility for the accuracy thereof.

APPENDIX G

FORM OF OPINION OF NOTE COUNSEL

[Closing Date]

California Enterprise Development Authority
Sacramento, California

§
*CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
REVENUE ANTICIPATION NOTES
(RIVER SPRINGS CHARTER SCHOOL)
SERIES 2025
(Taxable)*

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings relating to the issuance by the California Enterprise Development Authority (the “Authority”) of California Enterprise Development Authority Revenue Anticipation Notes (River Springs Charter School) Series 2025 (the “Notes”). The Notes are issued pursuant to an Indenture, dated as of October 1, 2025 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and a resolution duly adopted by the Authority on October 2, 2025. The Indenture provides that the Notes are issued for the purpose of making a loan of the proceeds thereof to River Springs Charter School, Inc., a California nonprofit public benefit corporation (the “Borrower”), pursuant to a Loan Agreement, dated as of October 1, 2025 (the “Loan Agreement”), by and between the Authority and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

In our capacity as Note Counsel, we have examined originals or copies certified or otherwise identified to our satisfaction as being true copies of the (i) Indenture, (ii) the Loan Agreement, (iii) the Limited Offering Memorandum, dated as of October __, 2025 (the “Limited Offering Memorandum”), (iv) the Note Purchase Agreement concerning the Notes, dated October __, 2025, (the “Purchase Agreement”), by and between the Authority, the Borrower and Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), (v) letters, certificates and opinions of counsel to the Authority, the Borrower, the Trustee and others delivered pursuant to Section 4 of the Purchase Agreement, and (vi) such other laws, documents, certifications, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have assumed, but have not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined (whether originals or copies) are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made in the documents that we have reviewed and all legal conclusions contained in the opinions referred to in the preceding paragraph are true and accurate. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Purchase Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest (and original issue discount) on the Notes to be included in gross income for federal income tax purposes.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof we are of the opinion that:

1. The Notes have been duly authorized, executed and issued.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge to secure the payment of the principal of, premium, if any, and interest on the Notes, of the Payments and any other amounts (excluding proceeds of the sale of the Notes) held by the Trustee in the funds and accounts established pursuant to the Indenture (except the Administrative Fees Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Notes, of the right, title and interest of the Authority in the Loan Agreement (to the extent more particularly described in the Indenture).

3. The Notes are valid and binding limited obligations of the Authority, payable solely from the Payments and other assets pledged and assigned therefor under the Indenture and are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge and assignment. The Notes shall never constitute the debt or indebtedness of the Authority within the meaning of any provision or limitation of the Constitution of the State of California, and shall not constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit or taxing powers.

4. The Loan Agreement has been duly authorized, executed and delivered by, and constitutes the valid and binding agreement of, the Authority.

5. Under existing statutes, regulations, rulings and judicial decisions, interest (and original discount) on the Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

6. Interest on the Notes is exempt from State of California personal income tax.

7. Except for certain exceptions, the difference between the issue price of a Note (the first price at which a substantial amount of the Notes of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Notes constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Noteowner will increase the Noteowner's basis in the applicable Note.

8. The amount by which a Noteowner's original basis for determining loss on sale or exchange in the applicable Note (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Note premium, which must be amortized under Section 171 of the Code; such amortizable premium reduces the Noteowner's basis in the applicable Note, and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Note premium may result in a Noteowner realizing a taxable gain when a Note is sold by the Noteowner for an amount equal to or less (under certain circumstances) than the original cost of the Note to the Noteowner. Purchasers of the Notes should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Note premium.

We express no opinion regarding other federal or state income tax consequences caused by ownership of, or the receipt of interest on, the Notes.

The foregoing opinions relate to the matters described herein only as of the date hereof. Certain requirements and procedures contained or referred to in the Indenture or other relevant documents relating to the Notes may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with an approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion of interest on the Notes from gross income of the owners of the Notes for federal income tax purposes with respect to any such change.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We call attention to the fact that the rights and obligations under the Indenture, the Loan Agreement and the Notes and their enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility herein for the accuracy, completeness or fairness of the Limited Offering Memorandum or other offering material relating to the Notes and express no opinion with respect thereto.

Respectfully submitted,

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APPENDIX H

FORM OF INVESTOR LETTER

California Enterprise Development Authority

U.S. Bank Trust Company, National Association

Stifel Nicolaus & Company, Incorporated

Re: \$ _____ California Enterprise Development Authority Revenue Anticipation Notes (River Springs Charter School) Series 2025 (Taxable)

Ladies and Gentlemen:

The undersigned (the “Purchaser”) hereby acknowledges that it is purchasing \$ _____ aggregate principal amount of California Enterprise Development Authority (the “Authority”) Revenue Anticipation Notes (River Springs Charter School) Series 2025 (the “Notes”) issued pursuant to an indenture, dated as of October 1, 2025 (the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

This letter is being provided pursuant to a Note Purchase Agreement, dated October __, 2025 (the “Purchase Agreement”), among the Authority, River Springs Charter School, Inc., a California nonprofit public benefit corporation (the “Borrower”), and Stifel Nicolaus & Company, Incorporated

The undersigned acknowledges that the Notes are being delivered for the purpose of financing working capital (the “Project”) for the Borrower; and (ii) pay certain expenses incurred in connection with the issuance of the Notes, as more particularly described in the Loan Agreement, dated as of October 1, 2025 (the “Loan Agreement”), by and between the Authority and the Borrower. The Notes and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement. The Indenture and the Loan Agreement are referred to herein as the “Note Documents.”

The Purchaser does hereby certify, represent and warrant for the benefit of the Authority and the Trustee that:

- (a) The Purchaser is an “Approved Buyer.”
- (b) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations and is capable of evaluating the merits and risks of its investment in the Notes. The Purchaser is able to bear the economic risk of, and an entire loss of, an investment in the Notes.
- (c) The Purchaser is acquiring the Notes solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Notes.
- (d) The Purchaser understands that the Notes have not been registered under the Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Notes by it, and further acknowledges that any current exemption from registration of the Notes does not affect or diminish such requirements.
- (e) The Purchaser is familiar with the conditions, financial and otherwise, of the Borrower. Further, the Purchaser understands that the Notes involve a high degree of risk. Specifically, and without in any

manner limiting the foregoing, the Purchaser understands and acknowledges that, among other risks, the Notes are payable solely from the Payments. The Purchaser has been provided an opportunity to ask questions of, and the Purchaser has received answers from, representatives of the Borrower and the Trustee regarding the terms and conditions of the Notes. The Purchaser has obtained all information requested by it in connection with the issuance of the Notes as it regards necessary to evaluate all merits and risks of its investment in the Notes. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Notes, including, without limitation, the Indenture and the Loan Agreement, and the Limited Offering Memorandum relating to the Notes, dated as of October __, 2025.

(f) The Purchaser is not now and has never been controlled by, or under common control with, the Borrower. The Borrower has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Borrower or with any affiliate in connection with the Notes, other than as disclosed to the Authority.

(g) The Purchaser has authority to purchase the Notes and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Notes. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(h) In entering into this transaction, the Purchaser has not relied upon any representations or opinions of the Authority or the Trustee relating to the legal consequences or other aspects of its investment in the Notes, nor has it looked to, nor expected, the Authority to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Loan Agreement and the Indenture, or the adequacy of the funds pledged to the Trustee to secure repayment of the Notes.

(i) The Purchaser understands that the Notes are not secured by any pledge of any moneys received or to be received from taxation by the Authority (which has no taxing power), the State of California or any political subdivision or taxing district thereof; that the Notes will never represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Notes; and that the liability of the Authority with respect to the Notes is subject to further limitations as set forth in the Notes and the Indenture.

(j) The Purchaser has been informed that the Notes (i) have not been and will not be registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

(k) The Purchaser acknowledges that it has the right to sell and transfer the Notes, subject to compliance with the transfer restrictions set forth in the Indenture. Failure to comply with the transfer restrictions set forth in the Indenture shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Authority with respect to any claim asserted against the Authority that arises with respect to any sale, transfer or other disposition of the Notes by the Purchaser in violation of the provisions of the Indenture.

(l) Neither the Trustee, Note Counsel, the Authority, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Borrower or its financial condition or regarding the Notes, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Authority to the Purchaser with respect to the Notes. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility

for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Notes.

The Purchaser acknowledges that the sale of the Notes to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture, dated as of October 1, 2025 between the Authority and the Trustee.

Date: October __, 2025

Very truly yours,
[NAME OF PURCHASER]

By: _____

Name: _____

Title: _____

