SUPPLEMENT TO PRELIMINARY LIMITED OFFERING MEMORANDUM

relating to

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(ORANGE SPRINGS OBLIGATED GROUP)

$8,720,000*	**$500,000***
SERIES 2026C	**SERIES 2026D (TAXABLE)**

This Supplement to Preliminary Limited Offering Memorandum (the "Supplement") is dated October 9, 2026, and supplements the Preliminary Limited Offering Memorandum, dated October 2, 2026 (the "Preliminary Limited Offering Memorandum"), relating to the above-captioned bonds (the "Bonds"). All persons in possession of the Preliminary Limited Offering Memorandum are requested to permanently affix this Supplement to the front cover of, or otherwise attach this Supplement to, the Preliminary Limited Offering Memorandum. All terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Preliminary Limited Offering Memorandum. Except as expressly supplemented hereby, the Preliminary Limited Offering Memorandum has not been amended or supplemented.

[REMAINDER OF PAGE LEFT BLANK]

1. In the Preliminary Limited Offering Memorandum, under the heading "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding," the sentence and table on page 67 are hereby replaced in their entirety with the following:

Set forth in the following table are historical data regarding SB 740 funding and awards for fiscal years 2020-21 through 2025-26.

HISTORICAL SB 740 GRANT AWARDS
Fiscal Years 2020-21 to 2025-26

		2020-21	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2025-26*
A.	**No. of Schools Awarded**	424	423	414	437	454	459[1]
B.	**Total Amount Awarded**	$136,786,000	$143,520,000	$183,387,413	$193,583,000	$168,040,000	$181,733,000
	Amount awarded for lease costs	136,786,000	143,520,000	153,387,413	$163,583,000	$168,040,000	$181,733,000
	Amount awarded for Other Costs	--	--	30,000,000	30,000,000	--	--
C.	**Total Moneys Appropriated to SB 740[2]**	$136,786,000	$143,520,000	$184,273,000	$193,583,000	$168,040,000	$181,733,000
D.	**Subscription Percentage**	108%	101%	99%	105%	110%	107%[1]
E.	**Total Average Daily Attendance ("ADA")[4]**	172,143	171,812	158,489	175,839	186,224	179,937[7]
F.	**Average Award Per ADA[5]**	$795	$939	1,154	$1,111	$956[1]	$1,010 [1]
G.	**Maximum Award Allowed Per ADA[6]**	$1,211	$1,232	$1,313	$1,421	$1,436	$1,468

(1) Figures are current estimates as of September 1, 2026, and subject to change.

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

(3) In fiscal years 2019-20, 2020-21, and 2021-22, CSFA funded lease costs at 97.47%, 92.61%, and 98.89%, respectively, and therefore was unable to fund other costs. The SB740 program was not oversubscribed in fiscal year 2022-23. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

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

(5) 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.

(6) SB 740 Program grant awards are calculated at the lesser of: (a) 75% of actual costs paid or (b) maximum award allowed per ADA by State law. Lease costs are capped by the lower of: (a) fair market value determined independent appraisal or (b) a cost-of-living adjustment increase based on the prior year's eligible lease costs. 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 was $1,436 for fiscal year 2024-25, $1,468 for 2025-26, and will be $1,532 for 2026-27.

(7) Total ADA for fiscal year 2025-26 is provided through the California Department of Education's Certified Second Principal Apportionment Attendance Data.

2. At page A-18 of Appendix A to the Preliminary Limited Offering Memorandum, under the heading "GOVERNANCE AND ADMINISTRATION – Management Staff," the last sentence in such section is hereby replaced with the following:

Tanya Rogers, the Assistant Superintendent, Business, of the Lessee, was placed on administrative leave in June 2026. As of the date hereof, the Lessee is navigating the separation of Ms. Rogers from her employment. The parties may enter into a release of claims, as is common with employment separations, but no such agreement has been executed to date.

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 Authority. 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.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED OCTOBER 2, 2026

NEW ISSUE—FULL BOOK-ENTRY

Rating: S&P: "BB+"
See "RATING" herein.

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2026C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Series 2026D Bonds 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 Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to certain tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(ORANGE SPRINGS OBLIGATED GROUP)

$8,720,000* **$500,000***
SERIES 2026C **SERIES 2026D (TAXABLE)**

Dated: Date of Delivery **Due: July 1 as shown on inside cover**

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

The California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C, in the aggregate principal amount of $8,720,000* (the "Series 2026C Bonds" or the "Tax-Exempt Bonds") and the California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable), in the aggregate principal amount of $500,000* (the "Series 2026D Bonds" or the "Taxable Bonds" and, together with the Series 2026C Bonds, the "Bonds") will be issued by the California School Finance Authority (the "Authority") pursuant to an Indenture, dated as of October 1, 2026 (the "Bond 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 Bonds to Orange Springs Facilities II LLC (the "Borrower"), which is a California limited liability company, pursuant to a Loan Agreement, dated as of October 1, 2026 (the "Loan Agreement"), by and between the Authority and the Borrower. The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 2 relating to the Bonds ("Obligation No. 2") issued in an amount equal to the aggregate principal amount of the Bonds pursuant to a Master Indenture of Trust, dated as of April 1, 2026 (the "Master Indenture"), as supplemented by a Supplemental Master Indenture for Obligation No. 2, dated as of October 1, 2026 (the "Supplemental Master Indenture"), by and between Orange Springs Facilities LLC, as representative of the Obligated Group (the "Obligated Group Representative," and together with the Borrower, the "Members" and each a "Member"), the Borrower, as a Member of the Obligated Group, and U.S. Bank Trust Company, National Association, as master trustee thereunder (the "Master Trustee"). Initially, the Obligated Group Representative and the Borrower are the only Members of the Obligated Group.

The proceeds of the Bonds will be used to (i) finance and/or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of certain charter school educational facilities (as further described herein, the "Series 2026CD Facility"), including related working capital, (ii) fund capitalized interest on the Bonds, and (iii) pay certain costs of issuance of the Bonds. A deposit to a debt service reserve account for the Bonds equal to maximum annual debt service on the Bonds is expected to be funded by proceeds of an award pursuant to the Authority's Charter Finance Enhancement Program, or a similar program administered by the Authority. The Series 2026CD Facility will be leased to Citrus Springs Charter School, Inc. (the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), pursuant to that certain lease agreement (the "Series 2026CD Lease"), dated as of October 1, 2026, by and between the Borrower and the Lessee. The Lessee will make payments of Rent under the Series 2026CD Lease from revenues derived solely from Orange Springs Charter School and Citrus Springs Charter School (the "Obligated Group Schools"), or any other charter school operated by the Lessee in the Series 2026CD Facility. See "THE LEASE" herein.

The Bonds are limited obligations of the Authority payable from Payments (as defined herein) received under the Bond Indenture (including amounts payable under the Series 2026CD Lease) and other amounts held in the funds established by the Bond Indenture (except the Rebate Fund) and payments to be made pursuant to Obligation No. 2. The obligations of the Borrower under the Loan Agreement are payable from the Payments required to be deposited with the Trustee pursuant to the Bond Indenture.

Interest on the Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2027. The Bonds are being issued as fully registered bonds 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 Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form (without physical certificates) in initial minimum denominations of $100,000 and any integral multiple of $5,000 in excess thereof (or the aggregate principal amount of any maturity of the Bonds Outstanding, if lower, in integral multiples of $5,000). For so long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, (i) payments of the principal of and premium, if any, and interest on such Bonds 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 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described under "THE BONDS – Redemption" herein.

THE PURCHASE AND HOLDING OF THE BONDS INVOLVE RISKS THAT MAY NOT BE APPROPRIATE FOR CERTAIN INVESTORS. THE BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" OR "QUALIFIED ACCREDITED INVESTORS" (EACH AS DEFINED HEREIN). IN ADDITION, THE INITIAL PURCHASERS OF THE BONDS WILL BE REQUIRED TO SUBMIT AN INVESTOR LETTER TO THE AUTHORITY AND THE TRUSTEE. SEE "NOTICE TO INVESTORS" AND "TRANSFER RESTRICTIONS" HEREIN. INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS SPECULATIVE IN NATURE AS DESCRIBED UNDER "CERTAIN RISK FACTORS" HEREIN AND UNDER THE OTHER SECTIONS OF THIS LIMITED OFFERING MEMORANDUM.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. NOTHING IN THE BOND 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 INTERCEPT NOTICES (DEFINED HEREIN) OR TO MAKE FUNDS AVAILABLE TO THE OBLIGATED GROUP SCHOOLS IN ANY AMOUNT OR AT ANY TIME.

The Authority furnished only the information contained under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority." The Authority also confirmed the data in the table under the caption "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding" and, except for such information, makes no representation as to the adequacy, completeness or accuracy of this Limited Offering Memorandum or the information contained herein. None of the Authority, the State or any of their respective independent contractors have furnished, reviewed, investigated or verified any other information contained in this Limited Offering Memorandum. The Authority does not, and will not in the future, monitor the financial condition of the Borrower or the Lessee.

The Bonds 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, Bond Counsel to the Authority, the approval of certain matters for the Authority by the Honorable Rob Bonta, Attorney General of the State of California, the approval of certain matters for the Underwriter by Kutak Rock LLP, as Underwriter's Counsel, and the approval of certain matters for the Borrower and the Lessee by Young, Minney & Corr LLP. It is expected that the Bonds 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 __, 2026.*

Honorable Fiona Ma
Treasurer of the State of California
as Agent for Sale

STIFEL

Dated: October __, 2026

* Preliminary, subject to change.

MATURITY SCHEDULE

$8,720,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(ORANGE SPRINGS OBLIGATED GROUP)
SERIES 2026C

$_____ _.___% Term Bonds Priced to Yield _.___%† due July 1, 20__ CUSIP _____[(1)]

$500,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(ORANGE SPRINGS OBLIGATED GROUP)
SERIES 2026D (TAXABLE)

$_____ _.___% Term Bonds Priced to Yield _.___%† due July 1, 20__ CUSIP _____[(1)]

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* Preliminary, subject to change.

† Yield to call at par on July 1, 20__.

(1) 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. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. None of the Authority, the Borrower, the Underwriter or their respective agents or counsel assume responsibility for the selection or correctness of the CUSIP numbers set forth herein.

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

The Authority furnished only the information contained under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority." The Authority also confirmed the data in the table under the caption "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding" and, except for such information, makes no representation as to the adequacy, completeness or accuracy of this Limited Offering Memorandum or the information contained herein. None of the Authority, the State or any of their respective independent contractors have furnished, reviewed, investigated or verified any other information contained in this Limited Offering Memorandum. The Authority does not, and will not in the future, monitor the financial condition of the Borrower or the Lessee.

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, the Lessee or the Borrower since the date hereof.

Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "CERTAIN RISK FACTORS." No one factor should be considered more or less important than any other by reason of its position in this Limited Offering Memorandum. Where statutes, ordinances, reports or other documents are referred to in this Limited Offering Memorandum, reference should be made to those documents for more complete information regarding their subject matter.

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

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

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the headings "CERTAIN RISK FACTORS," and "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" 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. Neither the Lessee nor the Borrower 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.

NOTICE TO INVESTORS

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers or Qualified Accredited Investors (each as defined herein). The Bond Indenture under which the Bonds will be issued contains provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds only to Qualified Institutional Buyers or Qualified Accredited Investors. In addition, the face of each Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Bond Indenture. The initial purchasers of the Bonds will be required to execute and deliver to the Authority and the Trustee an investor letter in one of the forms attached hereto in Appendix H.

Each purchaser of any Bond 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 Bonds are payable solely from certain revenues derived by the Authority under the Loan Agreement from amounts received by the Trustee pursuant to the Intercept (as defined herein), and from certain funds and accounts established and maintained pursuant to the Bond Indenture;

2. That it is (a) a Qualified Institutional Buyer or a Qualified Accredited Investor and that it is purchasing the Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933, as amended (the "Securities Act") or other applicable securities laws, or (b) purchasing the Bonds in its capacity as investment advisor to beneficial owners of separately managed accounts, that such accounts will solely be for investors that are either Qualified Institutional Buyers or Qualified Accredited Investors, and that it will not facilitate the deposit of Bonds into accounts in violation of such limitations or without regard to the authorized minimum denominations of such Bonds;

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

4. That 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 have participated in the preparation of this Limited Offering Memorandum;

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

6. That the Authority, the Borrower, the Lessee, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Subsequent transferees of the Bonds are limited only to "Qualified Institutional Buyers" or "Qualified Accredited Investors." Each subsequent transferee of the Bonds will be deemed to have represented and warranted that it (i) is a Qualified Institutional Buyer or Qualified Accredited Investor, as applicable, and (ii) is acquiring such Bond for its own account or for the account of Qualified Institutional Buyer or a Qualified Accredited Investor, as the case may be, and not with a view to the further distribution thereof, though it may expressly reserve the right to re-sell such Bond.

See "TRANSFER RESTRICTIONS" herein.

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$8,720,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(ORANGE SPRINGS OBLIGATED GROUP)
SERIES 2026C

$500,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(ORANGE SPRINGS OBLIGATED GROUP)
SERIES 2026D (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 School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C, in the aggregate principal amount of $8,720,000* (the "Series 2026C Bonds" or the "Tax-Exempt Bonds") and the California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable), in the aggregate principal amount of $500,000* (the "Series 2026D Bonds" or the "Taxable Bonds" and, together with the Series 2026C Bonds, the "Bonds") issued by the California School Finance Authority (the "Authority").

The proceeds of the Bonds will be used for the acquisition and improvement of the Series 2026CD Facility by Orange Springs Facilities II LLC (the "Borrower") a California limited liability company. The Borrower will lease the Series 2026CD Facility to Citrus Springs Charter School, Inc. (the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code primarily for the operation of Orange Springs Charter School ("OSCS") pursuant to the Series 2026CD Lease (as defined below). The obligations of the Borrower under the Loan Agreement will be secured by a pledge of the Borrower's Gross Revenues and, through the Master Trust Indenture and Obligation No. 2 (each as defined below), by a deed of trust on the Series 2026CD Facility. The obligations of the Lessee under the Series 2026CD Lease will be secured by a pledge of the Gross School Revenues (as defined herein) of OSCS and Citrus Springs Charter School ("CSCS"), and primarily paid through the Intercept (as defined below) directly to the Trustee. In addition, a debt service reserve account is established for the Bonds pursuant to the Bond Indenture.

Overview of the Financing

The Bonds will be the second issue of the Orange Springs Obligated Group. Earlier this year, the Authority issued its Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026A and 2026B (Taxable) (the "Series 2026AB Bonds"), the proceeds of which were used for the acquisition of a charter school facility in Santa Ana, California (as more particularly described herein, the "Series 2026AB Facility"). The Series 2026AB Facility opened for the 2026-27 school year and is leased to the Lessee pursuant to the Series 2026AB Lease, as defined herein. See "Security for the Bonds – Parity Obligations; Prior Bonds" below.

The Series 2026CD Facility, to be acquired with proceeds of the Bonds, is an existing school site in Fullerton, California, which will be refurbished and opened for use for the 2027-28 school year to host an additional Quest Academy program.

The Lessee operates two schools, OSCS and CSCS. OSCS and CSCS are referred to herein collectively as the "Obligated Group Schools." Both Obligated Group Schools are chartered by the Orange County Board of Education ("OCBE"). 2025-26 was the first year of operations for OSCS. Audited financial statements of the Lessee through the 2024-25 fiscal year reflect only CSCS, but starting with the 2025-26 school year, such audited financial statements will reflect the operation of both schools. The unaudited fiscal year 2025-26

* Preliminary, subject to change.

financial information presented in Appendix A consolidates both schools. See "Security for the Bonds – Parity Obligations; Prior Bonds" below.

The Obligated Group consists of the Borrower and Orange Springs Facilities LLC. Orange Springs Facilities LLC served as the borrower in connection with the Series 2026AB Bonds and is the owner/landlord of the Series 2026AB Facility. The Lessee is the sole member of both Members of the Obligated Group. As described below, both the obligations of the Borrower under the Loan Agreement, and the obligations of Orange Springs Facilities LLC under the loan agreement related to the Series 2026AB Bonds are secured through the Master Trust Indenture by pledges of the Gross Revenues of each Member and by deeds of trust on the respective Facilities (as defined herein). In addition, the Lessee has pledged revenues attributable to both Obligated Group Schools to secure its obligations under the Series 2026CD Lease.

The Bonds

The Bonds will be issued pursuant to Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act") and an Indenture, dated as of October 1, 2026 (the "Bond Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds will bear interest from the date of issuance payable on January 1 and July 1 of each year, commencing January 1, 2027 (each such date, an "Interest Payment Date") and will be subject to optional, mandatory and extraordinary redemption prior to maturity as set forth under "THE BONDS – Redemption" herein. The proceeds of the Bonds will be loaned to the Borrower, pursuant to a Loan Agreement, dated as of October 1, 2026 (the "Loan Agreement"), by and between the Authority and the Borrower. The Lessee is the sole member of the Borrower.

The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 2 relating to the Bonds ("Obligation No. 2") issued in an amount equal to the aggregate principal amount of the Bonds pursuant to a Master Indenture of Trust, dated as of April 1, 2026 (the "Master Indenture"), as supplemented by a Supplemental Master Indenture for Obligation No. 1, dated as of April 1, 2026 (the "First Supplemental Master Indenture"), and a Supplemental Master Indenture for Obligation No. 2, dated as of October 1, 2026 (the "Second Supplemental Master Indenture"), each by and between the Obligated Group Representative, the Members, and U.S. Bank Trust Company, National Association, as master trustee thereunder (the "Master Trustee"). See "THE BONDS" herein.

The facilities financed and/or refinanced with proceeds of the Bonds will be leased to the Lessee pursuant to that certain Lease Agreement by and between the Lessee and the Borrower (the "Series 2026CD Lease"), dated as of October 1, 2026. See "THE LEASE" herein and "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

The Bonds will be issued in initial minimum denominations of $100,000 and any integral multiple of $5,000 in excess thereof (or the aggregate principal amount of any maturity of the Bonds Outstanding, if lower, in integral multiples of $5,000) 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 Bonds are to be sold (including secondary market transactions) only to Qualified Institutional Buyers or Qualified Accredited Investors. Pursuant to the Bond Indenture, "Qualified Institutional Buyer" means a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Pursuant to the Bond Indenture, Qualified Accredited Investor means an "accredited investor" as described in paragraphs (a)(1), (2), (3), (7), (8), (9), (12), or (13) of Rule 501 of Regulation D promulgated under the Securities Act. The Bond Indenture and the Bonds contain provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds to Qualified Institutional Buyers or Qualified Accredited Investors. In addition, each initial purchaser of the Bonds must execute a letter in a form set forth in "APPENDIX H – FORMS OF INVESTOR LETTER" in connection with its initial purchase

of the Bonds. The face of each Bond will contain a legend indicating that such Bond is subject to the transfer restrictions set forth in the Bond Indenture. See "TRANSFER RESTRICTIONS" and "CERTAIN RISK FACTORS – Purchases and Transfers of Bonds Restricted to Qualified Institutional Buyers and Qualified Accredited Investors" herein.

Authority for Issuance

The Bonds will be issued by the Authority pursuant to the Act, a resolution of the Authority, and the Bond Indenture. See "THE AUTHORITY" herein.

Use of Proceeds

The proceeds of the Bonds will be used to (i) finance and/or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of certain charter school educational facilities (as more fully described herein, the "Series 2026CD Facility"), including related working capital, (ii) fund capitalized interest on the Bonds, and (iii) pay certain costs of issuance of the Bonds. A deposit to a debt service reserve account for the Bonds equal to maximum annual debt service on the Bonds is expected to be funded by proceeds of an award pursuant to the Authority's Charter Finance Enhancement Program, or a similar program administered by the Authority. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Indenture – Reserve Account" herein.

The Series 2026CD Facility will be used primarily by the Lessee for the operation of OSCS, with a portion of the facility available for use by CSCS. See "THE PROJECT" herein and "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

Security for the Bonds

The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement, the Intercept (as defined below), and Obligation No. 2 in an amount equal to the aggregate principal amount of the Bonds pursuant to the Master Indenture, as supplemented by the Supplemental Master Indenture, by and between the Obligated Group Representative, the Members, and the Master Trustee.

Pursuant to and to the extent described in the Bond 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 any deposits to the Rebate Fund. Pursuant to the Loan Agreement, the Borrower certifies that it will cause the Lessee to make payments of Rent under the Series 2026CD Lease directly to the Trustee for deposit in the Revenue Fund. Payment of any management fees to the Lessee from the revenues of an Obligated Group School, if implemented in the future, will be subordinated to the obligation to pay Rent under the Series 2026CD Lease. See "THE LEASE" herein. Pursuant to the Deed of Trust (as defined herein), the Borrower grants to the Master Trustee a first priority lien on the Series 2026CD Facility (as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

State Intercept Program. In connection with the issuance of the Bonds, the Lessee will provide instructions to the State Controller's Office (the "State Controller") to make apportionments (the "Intercept") to the Trustee with respect to OSCS, in amounts and on dates provided in a written notice (the "Intercept Notice"), which amounts are expected to be sufficient in the aggregate to repay the Bonds, and pay necessary and incidental costs. Funds received by the Trustee pursuant to the Intercept constitute Payments (as defined in the Bond Indenture) and will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Bond Indenture, including the payment of debt service on the Bonds. Under the laws of the State of California (the "State"), none of the Lessee, the Borrower or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller pursuant to the

Intercept. The Loan Agreement requires that, so long as the Bonds are outstanding, the Borrower will cause the Lessee to maintain in effect an Intercept Notice specifying transfers to the Bond Trustee necessary to pay the amounts due under the Loan Agreement and other costs necessary or incidental to the financing pursuant to the Act relating to the Bonds, as the same become due, and to cure any delinquency in payment of such amounts. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "CERTAIN RISK FACTORS – Bankruptcy" below.

Limited Obligations. The Bonds 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 Bond Indenture, whether for the payment of the principal or redemption price of or interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Parity Obligations; Prior Bonds. Obligation No. 2 is payable on parity with Obligation No. 1, dated as of April 2, 2026, in the aggregate principal amount of $21,085,000, issued pursuant to the Master Indenture, as supplemented by the First Supplemental Master Indenture. Obligation No. 1 was issued in connection with the California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026A and 2026B (Taxable) (the "Series 2026AB Bonds"), of which an aggregate principal amount of $21,035,000 is currently outstanding, issued by the Authority pursuant to an Indenture, dated as of April 1, 2026, by and between the Authority and U.S. Bank Trust Company, National Association (the "Series 2026AB Indenture"). The proceeds of the Series 2026AB Bonds were loaned to the Obligated Group Representative, as borrower pursuant to that certain Loan Agreement, dated as of April 1, 2026 (the "Series 2026AB Loan Agreement"), by and between the Authority and Obligated Group Representative.

A portion of the Series 2026AB Bonds was used to finance the acquisition, constriction, expansion, rehabilitation, renovation, furnishing and equipping of certain charter school educational facilities located at 1821 North Grand Ave., Santa Ana, California 92705 (the "Series 2026AB Facility," and together with the Series 2026CD Facility, the "Facilities"). A portion of the Series 2026AB Facility is leased to the Lessee for the operation of OSCS and CSCS pursuant to that certain Lease Agreement, dated as of April 1, 2026, by and between the Obligated Group Representative, as lessor, and the Lessee, as lessee (the "Series 2026AB Lease," and together with the Series 2026CD Lease, the "Leases"), while a portion of the Series 2026AB Facility is sublet by the Lessee to Navigator Schools pursuant to that certain Sublease Agreement, dated as of April 1, 2026, for a term of approximately two years (which may be extended by mutual agreement of the parties for one additional year).

Obligated Group and Related Parties. The Borrower was formed in 2026 for charitable purposes. Upon the issuance of the Bonds, the Borrower will acquire a fee simple interest in the Series 2026CD Facility (as defined below) and (ii) the Borrower will lease the Series 2026CD Facility to the Lessee pursuant to the Series 2026CD Lease.

In connection with the issuance of the Bonds, the Obligated Group Representative will enter into the Master Indenture, on its own behalf and as representative of the Obligated Group, with the Master Trustee. Under the Master Indenture, each member jointly and severally covenants and agrees (a) to pay or cause to be paid promptly all required payments at the place, on the dates and in the manner provided in the Master Indenture and related supplements and obligations and (b) to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture and related supplements and obligations.

The Obligated Group Representative and the Borrower will initially be the only Members of the Obligated Group. Although additional members may be added to the Obligated Group in connection with future projects and financings, the Obligated Group Representative, the Borrower and the Lessee make no assurances that additional members will be added to the Obligated Group. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture" herein. Pursuant to the Master Indenture, the Members of the Obligated Group may cause the issuance of additional Obligations secured on parity with Obligation No. 2. See "CERTAIN RISK FACTORS – Additional Indebtedness and Additional School Indebtedness" herein.

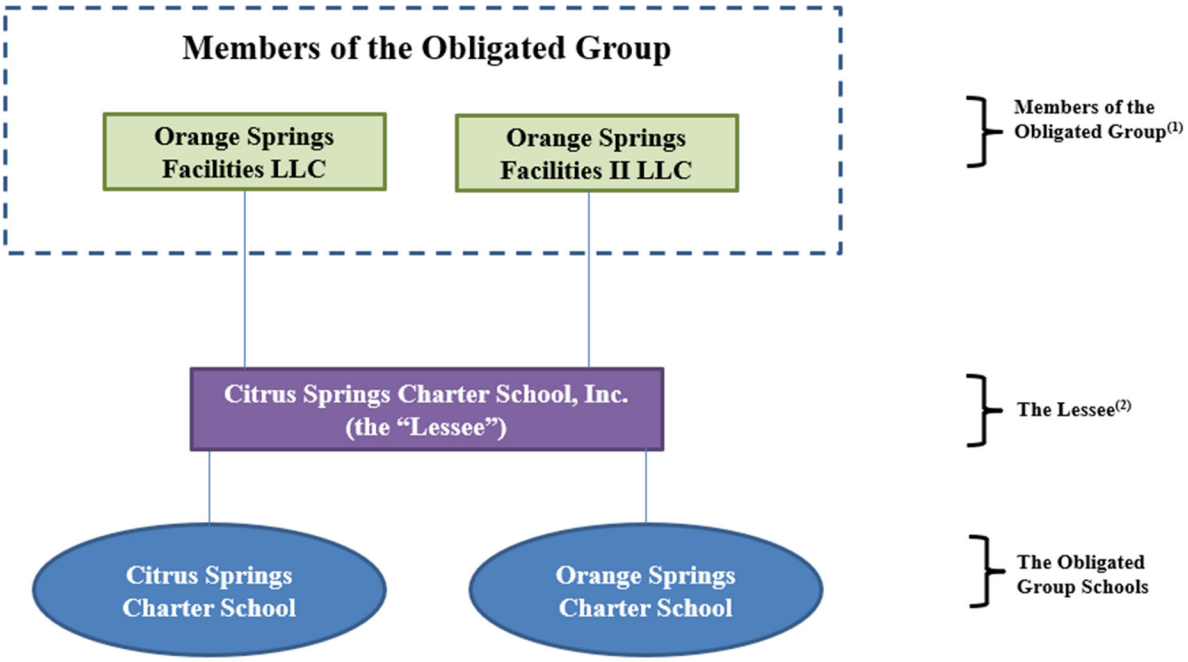
Orange Springs Facilities LLC	▪ California limited liability company formed in 2026 ▪ Serving as the initial Member and Obligated Group Representative
Orange Springs Facilities II LLC	▪ California limited liability company formed in 2026 ▪ Serving as the Borrower and a Member
Citrus Springs Charter School, Inc.	▪ California nonprofit corporation formed in 2015 ▪ Sole member of the Borrower ▪ Serving as the Lessee
Citrus Springs Charter School ("CSCS")	▪ Charter school operated by the Lessee opened in 2016 ▪ An Obligated Group School
Orange Springs Charter School ("OSCS")	▪ Charter school operated by the Lessee opening in 2026 ▪ An Obligated Group School

The Lessee. The Lessee was organized in March 2015 to manage and operate public charter schools. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

The Lessee is undergoing a multi-year transition from operating one to two charter schools, with a movement of programs originally offered in CSCS to OSCS at the end of the 2025-26 school year. Pursuant to its countywide benefit charter, the Lessee can operate OSCS to serve students attending classroom-based programs at facilities throughout all of Orange County, which the Lessee could not do under the charter to operate CSCS, which is geographically restricted to the boundaries of Santa Ana Unified School District (CSCS is able to operate limited ancillary classes outside of Santa Ana Unified School District). The Lessee plans to open OSCS facilities in Fullerton (financed through the Bonds) and Saddleback Valley to provide additional classroom-based programs, as well as OSCS and CSCS nonclassroom-based programs that have access to student centers for enrichment and support classes. In 2025-26, the first year of operations for OSCS, the Lessee's classroom-based educational program ("Quest Academy") was moved from CSCS, where it had been offered since 2016-17, to OSCS. In 2026-27, the Lessee has also moved students in its various nonclassroom-based programs ("Homeschool" and "Montessori Village") from CSCS to OSCS. Acquisition of the Series 2026AB Facility located at 1821 N. Grand Ave in Santa Ana has allowed OSCS to expand enrollment of the Quest Academy program from prior years, as the 2026AB Facility is larger than the Lessee's previous facility located at 2121 N. Grand Ave., Santa Ana. See "APPENDIX A – CURRICULUM AND EDUCATIONAL PROGRAMS – Educational Philosophy and Programs – Educational Programs."

Moving forward, OSCS will function as the Lessee's primary charter school throughout Orange County, housing all programs except a virtual program ("Connections Academy") offered through CSCS. Because of the potential volatility of year-to-year enrollment and variances in standardized testing results for virtual programs, the Lessee is opting to keep the Connections Academy program in CSCS separate from the other programs offered. The Lessee is authorized to offer Connections Academy under CSCS to students across Orange County as well as students from other contiguous counties.

The following diagram summarizes the relationships between the Borrower, the Lessee, and the Obligated Group Schools.



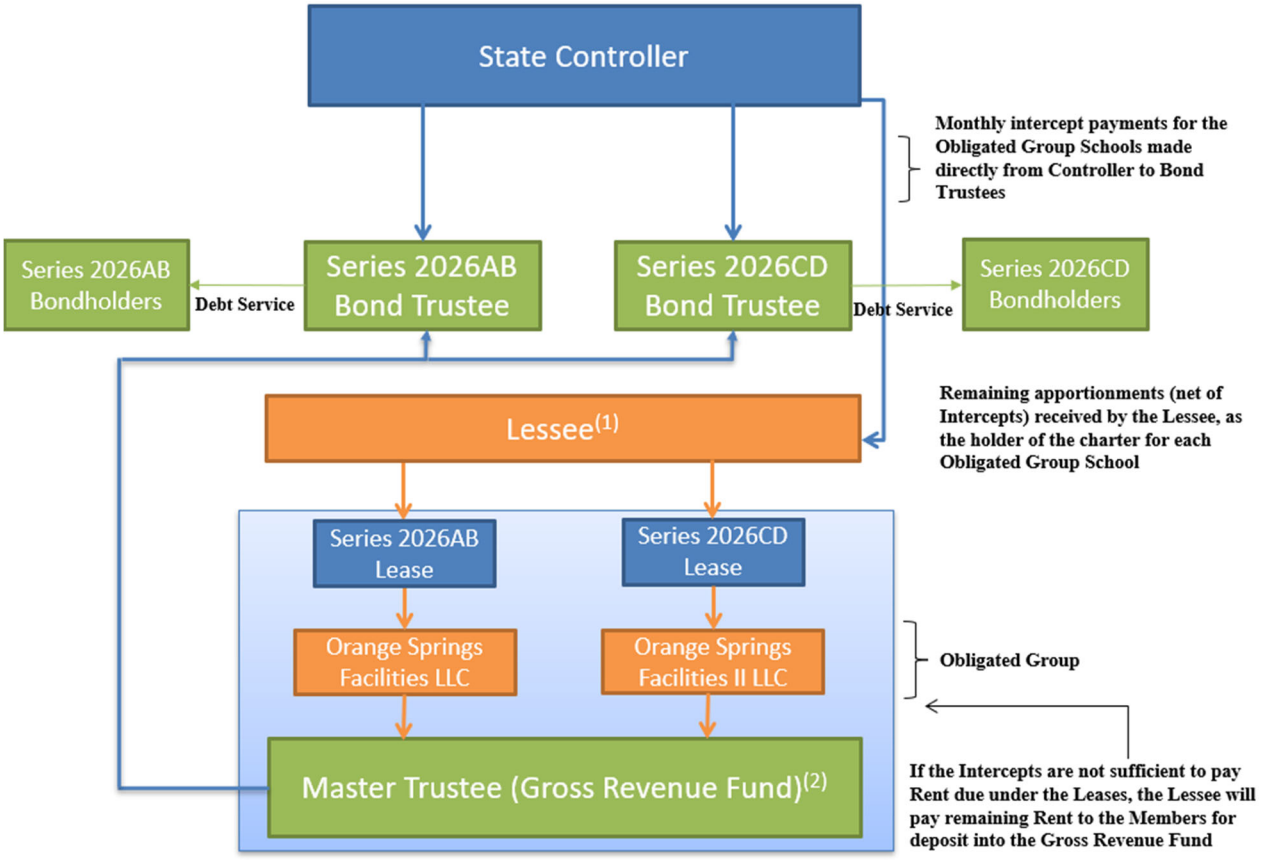
(1) The Obligated Group Representative, Orange Springs Facilities LLC, is also a Member of the Obligated Group and the borrower under the Series 2026AB Loan Agreement.

(2) The Lessee holds the charters for the Obligated Group Schools and serves as the tenant under the Series 2026CD Lease. Rent under the Series 2026CD Lease is payable solely from the revenues derived from the Obligated Group Schools, and any other schools that the Lessee may operate in the Series 2026CD Facility in the future, and certain other revenues of the Lessee as set forth in the Series 2026CD Lease. See "THE LEASE" herein. Revenues generated from any other schools whose charters are held and/or that are operated and/or managed by the Lessee now or in the future, other than the Obligated Group Schools, or assets and revenues generated from sources other than the Related Projects (as defined in the Master Indenture), are not available for payment of Rent or otherwise available to the Authority, Master Trustee, Trustee, Investors and/or Bondholders.

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The following figure summarizes the sources of payment of Rent under the Series 2026CD Lease and the sources of payment of Loan Repayments due under the Loan Agreement, each representing the source of payment of debt service on the Bonds.

FLOW OF FUNDS



(1) The Lessee holds the charter for the Obligated Group Schools and serves as the tenant under the Leases, including the Series 2026CD Lease. Rent under the Series 2026CD Lease is payable solely from (i) the revenues derived from the Obligated Group Schools and any other schools that the Lessee may operate in the future in such Series 2026CD Facility, and (ii) certain other revenues of the Lessee as set forth in the Series 2026CD Lease. See "THE LEASE" herein. Revenues generated from any other schools operated in the future by the Lessee (other than the Obligated Group Schools) or assets and revenues generated from sources other than the Related Projects (as defined in the Master Indenture), are not available for payment of Rent or otherwise available to the Authority, Master Trustee, Bond Trustee, Investors and/or Bondholders. The Obligated Group Schools are the only charter schools currently operated by the Lessee.

(2) Gross Revenues of the Members of the Obligated Group, are deposited in the Gross Revenue Fund held by the Master Trustee and pledged to the payment of the obligations of the Members under the Master Indenture, including Obligation No. 2. As of the issuance of the Bonds, the only Members of the Obligated Group are the Obligated Group Representative and the Borrower. To the extent amounts received by the Bond Trustee pursuant to the Intercept are insufficient to satisfy the Borrower's obligations under the Loan Agreement (including amounts necessary to pay debt service on the Bonds), funds held in the Gross Revenue Fund, if any, would be transferred to the Bond Trustee to satisfy the Borrower's remaining obligations thereunder.

(3) Lease payments will be made by the Lessee (a) to the Borrower for the Series 2026CD Lease, and (b) to the Obligated Group Representative, for the Series 2026AB Lease.

The following table summarizes the Series 2026CD Facility.

THE SERIES 2026CD FACILITY

Location	*Description*	*Appraised Value*[(1)]
3401 N. Harbor Blvd., Fullerton, California 92835	Five single-story buildings of approximately 12,745 square feet of gross building area on a site of approximately 1.30 acres including four classroom buildings, one storage/restroom building, a centralized playground area, and 27 parking spaces.	5,550,000[(2)]

(1) See "THE PROJECT – Appraisal" herein.

(2) The Borrower's interest in the Series 2026CD Facility secures the obligations of the Obligated Group under the Master Indenture, including Obligation No. 2, pursuant to the Deed of Trust. See "THE PROJECT" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Deed of Trust" herein.

Source: The Borrower.

For more information on the Series 2026CD Facility, see "THE PROJECT" herein.

Redemption

The Bonds will be subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described below under "THE BONDS – Redemption."

Certain Risk Factors

The Bonds may not be a suitable investment for all investors. Prospective purchasers of the Bonds 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 Bonds.

Miscellaneous

This Limited Offering Memorandum contains brief descriptions of, among other things, the Bonds, the Bond Indenture, the Loan Agreement, the Series 2026CD Lease, the Master Indenture, the Supplemental Master Indenture, Obligation No. 2, the Borrower, the Lessee and the Obligated Group Schools. All references in this Limited Offering Memorandum to documents are qualified in their entirety by reference to such documents, and references to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Bond Indenture. The Lessee 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 Bond Indenture.

Limited Offering of Bonds

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

Each purchaser of any Bond 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 Bonds are payable solely from certain revenues derived by the Authority under the Loan Agreement from amounts received by the Trustee pursuant to the Intercept, and from certain funds and accounts established and maintained pursuant to the Bond Indenture;

2. That it is (a) a Qualified Institutional Buyer or a Qualified Accredited Investor and that it is purchasing the Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act or other applicable securities laws, or (b) purchasing the Bonds in its capacity as investment advisor to beneficial owners of separately managed accounts, that such accounts will solely be for investors that are either Qualified Institutional Buyers or Qualified Accredited Investors, and that it will not facilitate the deposit of Bonds into accounts in violation of such limitations or without regard to the authorized minimum denominations of such Bonds;

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

4. That 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," and that none of such parties have participated in the preparation of this Limited Offering Memorandum;

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

6. That the Authority, the Borrower, the Lessee, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Subsequent transferees of the Bonds are limited only to "Qualified Institutional Buyers" or "Qualified Accredited Investors." Each subsequent transferee of the Bonds will be deemed to have represented and warranted that it (i) is a Qualified Institutional Buyer or Qualified Accredited Investor, as applicable, and (ii) is acquiring such Bond for its own account or for the account of Qualified Institutional Buyer or a Qualified Accredited Investor, as the case may be, and not with a view to the further distribution thereof, though it may expressly reserve the right to re-sell the Bond. See "TRANSFER RESTRICTIONS" herein.

THE AUTHORITY

The Authority is a public instrumentality of the State of California created pursuant to provisions of the Act. The Authority is authorized to issue the Bonds under the Act and to make the loan contemplated by the Loan Agreement and to secure the Bonds by a pledge of the Payments and certain other funds and accounts as provided in the Bond Indenture.

THE BONDS

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

General

The Bonds are being issued pursuant to the Bond Indenture in the aggregate principal amount set forth on the cover of this Limited Offering Memorandum. The Bonds will initially be delivered as registered Bonds

in minimum denominations of $100,000 and any integral multiple of $5,000 in excess thereof (or the aggregate principal amount of any maturity of the Bonds Outstanding, if lower, in integral multiples of $5,000) ("Authorized Denominations"), and will be transferable and exchangeable only as set forth in the Bond Indenture and as described herein; provided, however, that a Bond held by a Beneficial Owner that has become held in a denomination of less than $100,000 as a result of a partial redemption of such Bond may be transferred or exchanged by such Beneficial Owner or subsequent Beneficial Owner but only to transferees permitted under the Bond Indenture; and provided further that, upon receipt by the Bond Trustee of evidence that the Bonds have received a credit rating of "BBB-" (or its equivalent) or higher by a nationally recognized credit rating agency, then "Authorized Denominations" will mean $25,000 and any integral multiple of $5,000 in excess thereof. See "TRANSFER RESTRICTIONS" herein. The Bonds will be dated the date of issuance and will bear interest at the rates set forth on the inside cover page hereof from their dated date. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable in arrears on each Interest Payment Date. The Bonds will mature in the amounts and in each of the years as set forth on the inside cover page hereof.

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

The principal and redemption price of and interest on the Bonds 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 Bond 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 Bonds will be entitled to receive payments of interest on the Bonds 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 Bonds, principal of and interest on the Bonds are payable in same day funds by the Trustee to Cede & Co., as nominee for DTC, and the payment of principal or redemption price shall be made without presentment.

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

Book-Entry Only System

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

Transfer of Bonds

Beneficial ownership interests in the Bonds may not be purchased by, or transferred to, any person except a Qualified Institutional Buyer or a Qualified Accredited Investor. The registration of any Bond may be transferred upon the books required to be kept by the Trustee, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of any such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee. 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, and there shall be no other charge to any Holder for any such transfer. The Bond Trustee will not be required to register the transfer of any Bond 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 Bond selected for redemption in whole or in part as provided in the Bond Indenture or during the period established by the Trustee for selection of Bonds for redemption. The Bonds are subject to certain transfer restrictions under the Bond Indenture, as described herein under "TRANSFER RESTRICTIONS."

Exchange of Bonds

Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of the Bonds 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 Bonds will be required to be made during the period established by the Bond Trustee for selection of Bonds for redemption and after a Bond has been selected for redemption.

Redemption*

Optional Redemption. The Series 2026C Bonds maturing on or after July 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Borrower from any amounts in the Redemption Fund, in whole or in part on any date on or after July 1, 20__, at a redemption price equal to 100% of the principal amount of the Series 2026C Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Series 2026D Bonds are not subject to redemption.

Extraordinary Optional Redemption from Insurance and Condemnation Proceeds. The Bonds are subject to redemption prior to their stated maturity, at the option of the Borrower, as a whole or in part on any date from moneys required to be transferred from the Insurance and Condemnation Proceeds Fund to the Special Redemption Account at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis.

Extraordinary Optional Construction Related Redemption. The Bonds are subject to redemption in part prior to their stated maturity, at the option of the Borrower, from amounts transferred from the Project Fund following Completion of the Project as provided in the Bond Indenture, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis.

Extraordinary Mandatory Redemption due to Prohibited Use. The Bonds are subject to redemption prior to their stated maturity, as a whole or in part, on any date from Loan prepayments made by the Borrower in the event the Project is used or operated in any manner that violates the provisions of the Act, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption together with interest accrued

* Preliminary, subject to change.

thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis, on the earliest date for which notice of redemption can reasonably be given in accordance with the Bond Indenture.

Mandatory Sinking Account Redemption. The Series 2026C Bonds maturing July 1, 20__, are subject to redemption prior to their respective stated maturity in part, by lot, from Mandatory Sinking Account Payments established pursuant to the Bond Indenture in the following amounts and on the following dates:

Series 2026C Term Bonds Maturing
July 1, 20__

Mandatory Redemption Date	Principal Amount
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__†	

† Maturity Date.

The Series 2026D Bonds maturing July 1, 20__, are subject to redemption prior to their respective stated maturity in part, by lot, from Mandatory Sinking Account Payments established pursuant to the Bond Indenture in the following amounts and on the following dates:

Series 2026D Term Bonds Maturing
July 1, 20__

Mandatory Redemption Date	Principal Amount
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__†	

† Maturity Date..

If any of the Bonds to be redeemed hereinabove are Term Bonds, the Borrower will provide to the Bond Trustee a revised sinking fund schedule giving effect to the redemption so completed and setting forth the years in which Sinking Fund Installments are to be reduced and the amount by which the Sinking Fund Installments are to be reduced.

Notice of Redemption. In connection with the redemption of Bonds (other than mandatory sinking fund redemption) the Borrower will give notice of redemption to the Trustee (with a copy to the Authority) not less than 30 days prior to the redemption date (or such shorter notice as the Trustee may approve). Notice of redemption of any Bonds will be given by the Trustee upon the written request of the Borrower. Notice of any redemption of Bonds will be mailed postage prepaid by the Trustee not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Holders thereof at the addresses appearing on the Bond registration books described in the Bond Indenture, and (ii) as may be further required in accordance with the Continuing Disclosure Agreement. Each notice of redemption will contain all of the following information: (a) the date of such notice; (b) the name of the Bonds and the date of issue of the Bonds; (c) the redemption date; (d) the redemption price; (e) the dates of maturity of the Bonds to be redeemed; (f) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (g) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each

maturity to be redeemed; (h) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (i) a statement that such Bonds 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 is set forth in such Conditional Notice (as defined herein), 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 may be rescinded as provided in the Bond Indenture; and (l) notice that further interest on such Bonds, 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 Bonds.

If money is not received as described in the Bond Indenture, the Trustee, within a reasonable time after the date on which such redemption was to occur, shall give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of the Bonds pursuant to the notice of redemption. Failure of the Trustee to give such notice or any defect therein will not in any way impair or affect the validity of the proceedings for redemption.

Any notice of optional redemption may state that such redemption will be conditioned ("Conditional Notice") upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed or upon the occurrence of such other event or condition as shall be set forth in such Conditional Notice, and that, if such moneys shall not have been so received, or if such other event or condition shall have occurred or failed to occur (as the case may be), such Conditional Notice shall be of no force and effect and the redemption of the Bonds specified in the Conditional Notice shall no longer be required. The Trustee will within a reasonable time thereafter give notice, in the manner in which the original Conditional Notice was given, of the cancellation of such redemption.

Notwithstanding the foregoing, in connection with the redemption of any Bonds held through the book-entry-only system of the Depository Trust Company ("DTC"), in the event of any conflict between the notice requirements of the Bond Indenture and the requirements and procedures of DTC, the requirements and procedures of DTC will control.

Effect of Notice. A certificate of the Trustee or the Borrower that notice of call and redemption has been given to Holders as provided in the Bond Indenture and as may be further required in the Continuing Disclosure Agreement will be conclusive as against all parties. The actual receipt by the Holder of any Bond 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, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest, if any, on the date fixed for redemption.

When notice of redemption has been given as provided for in the Bond Indenture, and when the redemption price of the Bonds called for redemption being on deposit or otherwise available to the Bond Trustee, the Bonds 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 Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Holders of such Bonds so called for redemption after such redemption date will look for the payment of such Bonds and the redemption premium thereon, if any, only to the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Trustee and will not be reissued.

Right to Rescind Notice of Extraordinary Redemption. Upon written notice, or oral notice, promptly confirmed by written notice, from the Borrower that the Borrower has cured the conditions that caused the Bonds to be subject to extraordinary redemption, the Borrower may rescind any extraordinary redemption and notice thereof on any date prior to the date fixed for redemption by causing written notice of the rescission to be given

to the Holders of the Bonds so called for redemption, with a copy to the Trustee. 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 Bond 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 Bonds 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 provided, if any, the Bonds 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 Bonds to be redeemed upon presentation and surrender of such Bonds, 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 Bonds 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 Bonds, said monies will be held in or returned or transferred to the Redemption Fund for payment of any Outstanding Bonds of the Borrower payable from said fund; provided, however, that if said monies are part of the proceeds of refunding bonds of the Borrower, said monies will be transferred to the fund created for the payment of principal of and interest on such Bonds. If no such refunding bonds of the Borrower are at such time Outstanding, said monies will be transferred to the general funds of the Borrower as provided and permitted by law.

Selection of Bonds for Redemption. When any redemption is made pursuant to any of the provisions of the Bond Indenture and less than all of the Outstanding Bonds are to be redeemed, the Trustee shall select the Bonds to be redeemed from the Outstanding Bonds 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 and the Mandatory Sinking Account Payments shall be reduced pro-rata.

In no event will Bonds be redeemed in amounts other in Authorized Denominations. For purposes of redeeming Bonds in denominations greater than minimum Authorized Denominations, the Trustee will assign to such Bonds a distinctive number for each such principal amount and, in selecting Bonds for redemption by lot, will treat such amounts as separate Bonds. The Trustee will promptly notify the Authority and the Borrower in writing of the numbers of the Bonds selected for redemption.

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

Defeasance

Discharge of Bond Indenture. Bonds may be paid or caused to be paid in any of the following ways, provided that the Borrower also pay or cause to be paid any other sums payable under the Bond Indenture: (a) by paying or causing to be paid the principal of and interest on the Bonds Outstanding as and when the same become due and payable; (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem Bonds Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all Bonds Outstanding.

If all Bonds then Outstanding are paid or caused to be paid as provided above and all other sums payable under the Bond Indenture are also paid or caused to be paid, and if the Borrower has paid all Additional Payments and any indemnification owed to the Authority and any other fees and expenses payable to the Authority under

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 to discharge all such indebtedness and the Bond Indenture), and notwithstanding that any Bonds have not been surrendered for payment, the Bond Indenture and the pledge of Payments made under the Bond Indenture and all covenants, agreements and other obligations of the Authority under the Bond Indenture will cease, terminate, become void and be completely discharged and satisfied, except as provided in the Bond 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 Bond Indenture which are not required for the payment of Bonds 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 Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay any Outstanding Bond, whether upon or prior to its maturity, then all liability of the Authority in respect of such Bond will cease, terminate, become void and be completely discharged and satisfied, except only that thereafter the Holder thereof will be entitled to payment of the principal of and interest on such Bond, and such payments will be payable under such Bond 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 Bonds after Discharge of Bond Indenture" hereinafter will apply in all events.

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

Deposit of Money or Securities with Trustee. Whenever in the Bond 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 Bonds, such amount (which may include money or securities held by the Trustee in the funds established pursuant to the Bond 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 Bonds 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 Bond Indenture or by request of the Borrower) to apply such money to the payment of such principal of and interest on such Bonds and provided, further, that the Trustee will have received (i) an Opinion of Bond Counsel to the effect that such deposit will not cause interest on the Tax-Exempt Bonds to be included in the gross income of the holder thereof for federal income tax purposes and that the Bonds 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 Bonds to be discharged to and including their maturity date.

Payment of Bonds after Discharge of Bond Indenture. Notwithstanding any provision of the Bond Indenture, and subject to applicable escheat laws, any moneys (including interest) held by the Trustee in trust for the payment of the principal of or interest on any Bonds and remaining unclaimed for one year after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or by declaration as provided in the Bond 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 Bonds became due and payable, will be repaid to the Borrower free from the trusts created by the Bond 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 Bonds 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 Bonds 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

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers or Qualified Accredited Investors. The foregoing limitation will cease to apply (without notice to or consent of any Bondholder) upon and after receipt by the Trustee from the Borrower of a rating letter by Fitch, S&P or Moody's indicating that the Bonds are rated "A-" or "A3," as applicable, or better. The Trustee will as soon as practicable, but in no event more than ten calendar days after receipt by the Trustee of such rating letter, notify each Bondholder that (i) the restrictions set forth in the Bond Indenture requiring that the Beneficial Owners of the Bonds be Qualified Institutional Buyers or Qualified Accredited Investors will be of no further force or effect and (ii) the Authorized Denominations of the Bonds will be $5,000 and any integral multiple in excess thereof. Pursuant to the Bond Indenture, "Qualified Institutional Buyer" means a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act. Pursuant to the Bond Indenture, "Qualified Accredited Investor" means an "accredited investor" as described in paragraphs (a)(1), (2), (3), (7), (8), (9), (12), or (13) of Rule 501 of Regulation D promulgated under the Securities Act.

In addition, the face of each Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Bond Indenture. See "CERTAIN RISK FACTORS – Purchases and Transfers of Bonds Restricted to Qualified Institutional Buyers and Qualified Accredited Investors" herein. On or prior to the date of delivery of the Bonds, the initial purchasers of the Bonds will be required to execute and deliver to the Authority and the Trustee an investor letter in one of the forms attached hereto as Appendix H.

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ESTIMATED SOURCES AND USES OF FUNDS

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

	Series 2026C	*Series 2026D*	*CSFA Grant*	*Total*
Sources:				
Bond Principal				
[Original Issue Premium/Discount]				
Award Proceeds[(1)]				
Total Sources:				
Uses:				
Project Costs[(2)]				
Capitalized Interest Subaccount[(3)]				
Reserve Account[(4)]				
Costs of Issuance[(5)]				
Total Uses				

(1) Award pursuant to the Authority's Charter Finance Enhancement Program, or a similar program administered by the Authority, for deposit in the Grant-Funded Reserve Subaccount. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Indenture – Reserve Account" herein.

(2) See "THE PROJECT" herein.

(3) Represents capitalized interest on the Bonds through July 1, 2027.*

(4) Consists of award proceeds deposited to the Grant-Funded Reserve Subaccount. Total amount deposited to the Reserve Account is equal to the maximum annual debt service on the Bonds.

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

THE PROJECT

The proceeds of the Bonds will be used to (i) finance and/or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of the Series 2026CD Facility (collectively, the "Project"), including related working capital, (ii) fund capitalized interest on the Bonds, and (iii) pay certain costs of issuance of the Bonds. A deposit to a debt service reserve account for the Bonds equal to maximum annual debt service on the Bonds is expected to be funded by proceeds of an award pursuant to the Authority's Charter Finance Enhancement Program, or a similar program administered by the Authority. See "ESTIMATED SOURCES AND USES OF FUNDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Indenture – Reserve Account" herein.

General

Approximately $5,550,000* of the proceeds of the Bonds will be used to finance the acquisition of the Series 2026CD Facility from GNK Property LLC (the "Seller") pursuant to the PSA (as defined below), and approximately $2,500,000* of the proceeds of the Bonds will be used to finance the construction, expansion, rehabilitation, renovation, furnishing and equipping of the Series 2026CD Facility (collectively, the "Project").

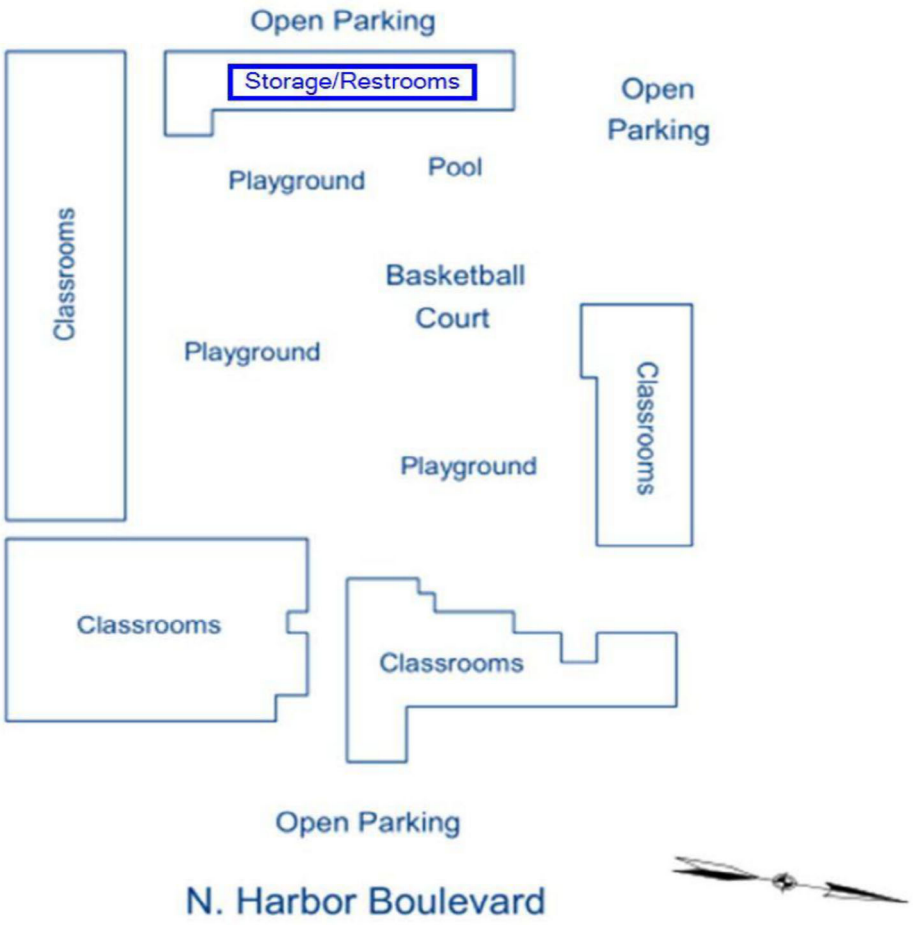
* Preliminary, subject to change.



Photo of Series 2026CD Facility.

The Series 2026CD Facility was most recently occupied by an independent school. It consists of five single-story buildings of approximately 12,745 square feet of gross building area on a site of approximately 1.30 acres including four classroom buildings, one storage/restroom building, a centralized playground area, and 27 parking spaces. Originally built in 1948 and 1999, the buildings feature wood frames and stucco exteriors.

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Site plan of Series 2026CD Facility.

Acquisition

GNK Property LLC, as seller, and the Borrower, as buyer, executed a Standard Offer, Agreement and Escrow Instructions For Purchase of Real Estate, dated as of June 3, 2026 (the "PSA") for the Borrower's purchase of the Series 2026CD Facility. The purchase price of the Series 2026CD Facility under the PSA is the sum of (i) $5,550,000, and (ii) certain expenses incurred by the Seller and other parties related to the sale of the Series 2026CD Facility.

Improvements

Approximately $2,500,000* of the proceeds of the Bonds will be used to finance the construction, expansion, rehabilitation, renovation, furnishing and equipping of the Series 2026CD Facility, including but not limited to: replacement of the roofs on all five buildings; asbestos remediation; heating, ventilation and air conditioning updates; security, surveillance, and alarm systems; fencing and access control improvements; plumbing improvements; parking lot repairs; classroom remodeling and furnishing; and playground equipment.

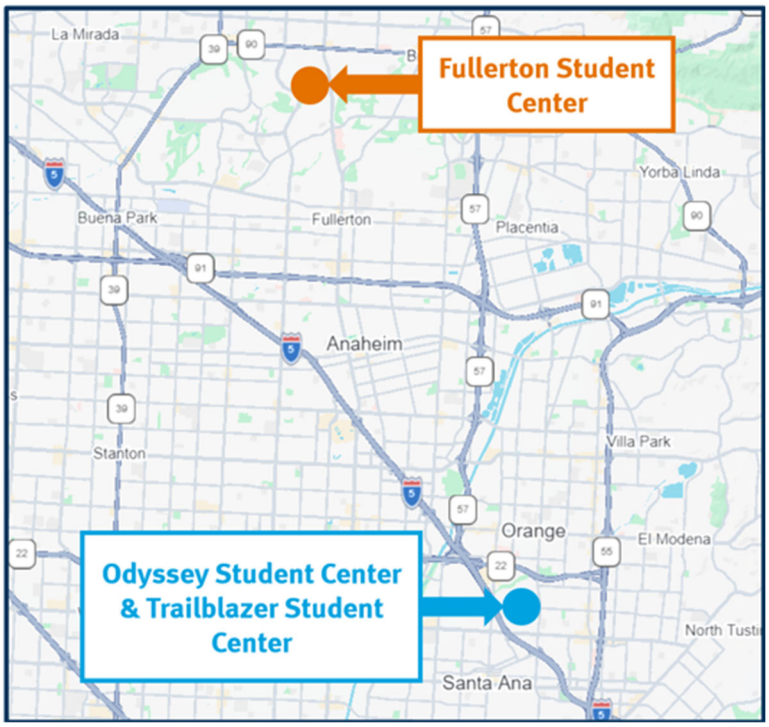
* Preliminary, subject to change.

Current Location

During the 2025-26 school year, OSCS operated the Lessee's Odyssey Student Center, located at 2121 North Grand Avenue in Santa Ana, California.

In March 2026, the Series 2026AB Bonds were issued for the acquisition of the Trailblazer Student Center, located at 1821 N. Grand Avenue in Santa Ana, California (approximately 0.3 miles south of the Odyssey Student Center). The Trailblazer Student Center began serving students for the 2026-27 school year. The Series 2026CD Facility (referred to below as the "Fullerton Student Center") is approximately 14.5 miles from the Trailblazer Student Center. OSCS will serve students at both the Trailblazer Student Center and the Fullerton Student Center beginning in the 2027-28 school year.

The locations of the Odyssey Student Center, Trailblazer Student Center, and Fullerton Student Center are shown in the map below.



Location of Series 2026CD Facility.

Appraisal

Ladcom Appraisals, Inc. (the "Appraiser") appraised the site and the buildings comprising the Series 2026CD Facility. In that connection, the Appraiser prepared a report as to the market value as-is of the fee simple interest in the Series 2026CD Facility, dated July 15, 2026 (the "Appraisal"). The Appraiser concluded that, as of June 30, 2026, the market value as is of the fee simple interest in the Series 2026CD Facility is $5,550,000.

The Appraisal employed two different approaches: (i) the cost approach, which reflects a generalized replacement cost estimate to measure the feasibility and value of the subject in comparison to other approaches; and (ii) the sales comparison approach, which assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility.

The appraised as-is market value of the Series 2026CD Facility of $5,550,000 is equal to approximately 60.2%* of the aggregate par amount of the Bonds of $9,220,000*.

Limitations. The summary of the Appraisal contained in this section is not meant to be exhaustive, and reference should be made to such reports for a complete recital of their terms. Complete copies of the Appraisal are available upon request from the Underwriter. The value of the Series 2026CD Facility as estimated in the Appraisal represents only the opinion of the Appraiser, and only as of the effective date. The prospective market value opinion has a future effective date of value. The prospective date of value is based on the projected time it would take to complete proposed renovations. The Appraiser has not been engaged to update or revise the estimates contained in the Appraisal since its effective date. See "CERTAIN RISK FACTORS – Limitations of Appraisals" herein.

Environmental Inspections

Phase I Environmental Site Assessment. All Phase Environmental, Inc. ("All Phase") performed a Phase I Environmental Site Assessment of the Series 2026CD Facility and prepared a report dated July 2, 2026 (the "Phase I Report"). The Phase I Report states its purpose was to identify any Recognized Environmental Conditions ("REC"), Controlled Recognized Environmental Conditions ("controlled REC"), Historical Recognized Environmental Conditions ("historical REC"), de minimis conditions related to the subject property or surrounding land use or business environmental risk associated with the Series 2026CD Facility..

A "REC" is defined in the Phase I Report as the presence of hazardous substances or petroleum products in, on, or at the subject property due to release to the environment; the likely presence of hazardous substances or petroleum products in, on, or at the subject property due to release or likely release to the environment; or the presence of hazardous substances or petroleum products in, on, or at the subject property under conditions that pose a material threat of a future release to the environment.

All Phase's scope of work included: (1) user-provided information obtained from interviews, emails and/or questionnaires; (2) site and adjacent site reconnaissance; (3) a review of regulatory agency records; and (4) a review of historical sources. All Phase contacted local agencies, such as city directories, environmental health departments, fire departments and building departments in order to determine any current and/or former hazardous substances usage, storage and/or releases of hazardous substances on the subject property. Additionally, Partner researched information on the presence of activity and use limitations at these agencies. The Phase I Report is subject to a number of limitations.

The Phase I Report did not identify any RECs, controlled RECs, historical RECs, de minimis conditions, or business environmental risks in connection with the Series 2026CD Facility. All Phase recommended no further investigation of the Series 2026CD Facility.

The Phase I Report speaks only as of its date and All Phase has not been asked to perform any additional assessments since the time of the assessments described in the Phase I Report. Further, the Phase I Report is subject to the limitations specified therein. Potential investors may refer to the complete Phase I Report for a full understanding of such limitations, and for additional information pertinent to the assessment. See "CERTAIN RISK FACTORS – Limitations on Value of the Series 2026CD Facility and to Remedies Under the Deed of Trust" herein.

Limited Due Diligence Asbestos & Lead-Based Paint Survey. Partner Engineering and Science, Inc. ("Partner") performed a Limited Due Diligence Asbestos & Lead-Based Paint Survey of the Series 2026CD Facility and prepared a report dated August 26, 2026 (the "Asbestos and Lead Report"). The Asbestos and Lead Report states its purpose was to investigate the presence of asbestos-containing materials ("ACM") and lead-based paint ("LBP") within the buildings at the subject property which could present an exposure risk during

* Preliminary, subject to change.

potential demolition or renovation activities. Sampling conducted by Partner was intended as indicative of the materials tested and was not intended to conclusively determine the absence of ACM and/or LBP.

Partner's scope of work and methodology in investigating ACM at the Series 2026CD Facility included: (1) visual evaluation of building materials; (2) evaluation of condition; and (3) evaluation of areas of surfacing materials, thermal system insulation materials, or miscellaneous materials that are uniform in color and texture. Additionally, Partner collected samples of suspect ACM and LBP for laboratory analysis.

The Asbestos and Lead Report confirmed the presence of ACM in the form of white fibrous thermal insulation containing 60% chrysotile, estimated at 200 square feet and located within the crawl space beneath one of the subject buildings at the Series 2026CD Facility. Approximately 75 square feet of the material was observed to be damaged. Partner recommended that such ACM be removed by a licensed and registered asbestos abatement contractor in accordance with applicable regulations. The Asbestos and Lead Report did not identify any LBP at the Series 2026CD Facility. The Borrower is expected to follow the recommendation provided by Partner in conjunction with the planned renovations to the Series 2026CD Facility.

The Asbestos and Lead Report speaks only as of its date and Partner has not been asked to perform any additional assessments since the time of the assessments described in the Asbestos and Lead Report. Further, the Asbestos and Lead Report is subject to the limitations specified therein. Potential investors may refer to the complete Asbestos and Lead Report for a full understanding of such limitations, and for additional information pertinent to the assessment. See "CERTAIN RISK FACTORS – Limitations on Value of the Series 2026CD Facility and to Remedies Under the Deed of Trust" herein.

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DEBT SERVICE AND BASE RENT SCHEDULE

The annual debt service payment requirements of the Series 2026AB Bonds and Bonds are set forth in the table below.

Period Ending July 1	*Series 2026AB Bonds*[(1)]		*Series 2026C Bonds*		*Series 2026D Bonds*		*Total Bonds Debt Service*
	Principal	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	
2027	$210,000	$1,195,275					
2028	225,000	1,181,100					
2029	240,000	1,165,913					
2030	255,000	1,152,950					
2031	265,000	1,140,200					
2032	280,000	1,126,950					
2033	295,000	1,112,950					
2034	305,000	1,098,200					
2035	325,000	1,082,950					
2036	340,000	1,066,700					
2037	355,000	1,049,700					
2038	375,000	1,030,619					
2039	395,000	1,010,463					
2040	415,000	989,231					
2041	440,000	966,925					
2042	460,000	943,275					
2043	485,000	918,550					
2044	515,000	892,481					
2045	540,000	864,800					
2046	570,000	835,775					
2047	600,000	805,138					
2048	635,000	770,638					
2049	670,000	734,125					
2050	710,000	695,600					
2051	750,000	654,775					
2052	795,000	611,650					
2053	840,000	565,938					
2054	890,000	517,638					
2055	940,000	466,463					
2056	995,000	412,413					
2057	1,050,000	355,200					
2058	1,115,000	292,200					
2059	1,180,000	225,300					
2060	1,250,000	154,500					
2061	1,325,000	79,500					
2062							
Totals	$21,035,000	$28,166,081					

(1) Figures may not sum to totals due to rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations of the Authority

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

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. NOTHING IN THE BOND 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 INTERCEPT NOTICES OR TO MAKE FUNDS AVAILABLE TO THE OBLIGATED GROUP SCHOOLS IN ANY AMOUNT OR AT ANY TIME.

Bond Indenture

Pledge of Payments and Other Amounts. In the Bond Indenture, the Authority pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Bond Indenture, all of the Payments (except Payments described in clause (i) of the definition thereof) and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account (other than the Rebate Fund) established pursuant to the Bond 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 Bonds, without any physical delivery thereof or further act.

"Payments," under the Bond Indenture, 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 Intercept, (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 Bond Indenture) or Obligation No. 2, and (iii) all income derived from the investment of any money in any fund or account established pursuant to the Bond Indenture. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – BOND INDENTURE" attached hereto.

State Intercept Program. In connection with the issuance of the Bonds, the Lessee will provide instructions to the State Controller to make the Intercept to the Trustee with respect to OSCS in amounts and on dates provided in the Intercept Notices which amounts are expected to be sufficient in the aggregate to repay the Bonds and pay necessary and incidental costs. Funds received by the Trustee pursuant to the Intercept constitute Payments (as defined in the Bond Indenture) and will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Bond Indenture, including if necessary, the payment of debt service on the Bonds. Under the laws of the State, none of the Lessee, the Borrower or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller pursuant to the Intercept.

Other Payment Sources. In addition, notwithstanding any provision of the Loan Agreement to the contrary, the Borrower certifies that it will instruct or cause the Lessee, pursuant to the Series 2026CD Lease, to pay Rent (as defined in such Series 2026CD Lease), less any amounts paid through the Intercept, directly to the Trustee for deposit in the Revenue Fund. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" attached hereto.

Rent under the Series 2026CD Lease is payable by the Lessee solely from the Gross School Revenues, as defined herein, which are derived from the operations of the Obligated Group Schools, and any other schools that may be operated in the future by the Lessee in the Series 2026CD Facility, as well as any revenues received by the Lessee relating to the sublease or joint occupancy of the Series 2026CD Facility with a third party. See "THE LEASE – Payment of Rent" and "– Certain Covenants Under the Series 2026CD Lease" herein. Revenues generated from any other schools whose charters are held and/or that are operated and/or managed by the Lessee, or assets and revenues generated from sources other than the Project, are not available for payment of Rent or otherwise available to the Authority, Master Trustee, Trustee, Investors and/or Bondholders.

Assignment of Payments and Other Amounts, Loan Agreement, Lease, and Deed of Trust. The Authority assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, (i) all of the Payments (except Payments described in clause (i) of the definition thereof) and other amounts pledged under "– Pledge of Payments and Other Amounts" above, (ii) all of the right, title and interest of the Authority in, to and under the Loan Agreement (except for the right to receive any Administrative Fees and Expenses, any Additional Payments (as defined herein), any right to be indemnified, held harmless or defended, any right to receive information, reports, certifications or other documents and any right to notice, consent, approval or inspection under the Bond Indenture or under the Loan Agreement, and the obligations of the Borrower to make deposits pursuant to the Tax Certificate). Under the Loan Agreement, Obligation No. 2 will be registered in the name of the Trustee.

The Trustee will be entitled to and will receive all of the assigned 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 Bond Indenture, including its rights and protections thereunder) take all steps, actions and proceedings following any event of default under the Loan Agreement reasonably necessary in its judgment (or as directed by a majority of the Holders) 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 State Controller the amounts set forth in the Intercept Notices on the dates set forth in the Intercept Notices. The Payments described in clause (i) of the definition thereof are assigned to the Trustee, for the benefit of the Holders of the Bonds, by virtue of the filing of the Intercept Notices with the State Controller. The Trustee shall be entitled to and shall receive all of such assigned Payments.

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 Bonds but will nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Bond Indenture. The Trustee will establish within the Revenue Fund an Interest Account, a Principal Account, and a Reserve Account for the payment of debt service on the Bonds.

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 Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Bond Indenture). Within the Interest Account, the Bond Trustee shall establish and maintain the Capitalized Interest Subaccount. The Bond Trustee shall make transfers from the Capitalized Interest Subaccount to the Interest Account on the 25th of each month as required

under the Bond Indenture. In the event moneys on deposit in the Project Fund shall be transferred to the Redemption Fund pursuant to the Bond Indenture, the Bond Trustee shall make transfers from the Capitalized Interest Subaccount to the Redemption Fund in accordance with a Certificate of the Borrower.

Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal or Mandatory Sinking Account Payments of the Bonds, as provided in the Bond Indenture.

The Trustee will establish and maintain within the Principal Account a separate subaccount for the Bonds, designated as the "____ Sinking Account," inserting therein the series and maturity (if more than one such account is established) for each Term Bond. On or before July 1 in each year, the Trustee will transfer the amount deposited in the Principal Account on that date pursuant to the Bond Indenture, as described in "– Allocation of Payments" below, from the Principal Account to the Sinking Account for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required in such month). With respect to the Sinking Account, on each Mandatory Sinking Account Payment date established for the Sinking Account, the Trustee will transfer the amount deposited in the Principal Account pursuant to the Bond Indenture for the purpose of applying the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Bonds, upon the notice and in the manner provided in the Bond Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee will apply such moneys to the purchase of Bonds 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, in writing, except that the purchase price (excluding accrued interest) will not exceed the par amount of such Bonds. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Bonds with moneys in the Sinking Account, or, during said period and prior to giving said notice of redemption, the Borrower has deposited Bonds with the Trustee, or Bonds were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed will be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. In the event of a redemption of all or a portion of the Bonds, the Borrower will provide the Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed. All Bonds purchased or deposited pursuant to the provisions of the Bond Indenture summarized in this paragraph will be delivered to the Trustee and cancelled. Any amounts remaining in the Sinking Account when all of the Bonds are no longer Outstanding will be withdrawn by the Trustee and transferred to the Revenue Fund. All Bonds purchased from the Sinking Account or deposited by the Borrower with the Trustee will be allocated first to the next succeeding Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments as the Borrower directs.

The Term Bonds, which are Bonds payable on or before their specified maturity dates from Mandatory Sinking Account Payments, will be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments as set forth in "THE BONDS – Redemption – Mandatory Sinking Fund Redemption."

Reserve Account. Under the Bond Indenture, the Trustee will establish a reserve account (the "Reserve Account") within the Revenue Fund. All amounts in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Account or the Principal Account, or (together with any other funds available) for the payment or redemption of all Outstanding Bonds.

Amounts in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Account or Principal Account, that exists on the date when monies on deposit in the Interest Account or the Principal Account are required to be applied, as provided in the Bond Indenture, or (together with any other moneys available therefor, but excluding amounts on deposit in the Grant-Funded Reserve Subaccount) for the payment or redemption of all Bonds then Outstanding. The Trustee will draw from the Bond Reserve Subaccount until exhausted prior to drawing from the Grant-Funded Reserve

Subaccount. The Reserve Account is anticipated to be sized at maximum annual debt service. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Amounts on deposit in the Reserve Account will be valued by the Trustee at their fair market value each January 1 and July 1 and the Trustee will notify the Borrower of the results of such valuation. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is less than one-hundred percent (100%) of the Reserve Account Requirement (as defined below), the Borrower has agreed in the Loan Agreement to make the deposits to the Reserve Account required by the Bond Indenture. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is greater than the Reserve Account Requirement, then (i) the amount of money on deposit in the Grant-Funded Reserve Subaccount greater than $_____ will be paid to the Authority free and clear of the lien of the Bond Indenture and (ii) any additional excess will be withdrawn from the Bond Reserve Subaccount of the Reserve Account and transferred to the Revenue Fund. See "CERTAIN RISK FACTORS" herein.

"Reserve Account Requirement" means as of any date of calculation, an amount which will be equal to the least of (i) 10% of the proceeds of the Bonds, (ii) the maximum annual debt service with respect to the Bonds Outstanding, (iii) 125% of average annual debt service with respect to the Bonds, and (iv) for the last Bond Year only, the total debt service with respect to the Bonds Outstanding. Maximum annual debt service and average annual debt service, for purposes of this definition, will be calculated on the basis of 12-month periods ending on July 1 of any year in which Bonds are Outstanding.

On the date of issuance of the Bonds, $_____, constituting the Reserve Account Requirement for the Bonds, will be deposited in the Reserve Account. Such deposit is expected to be fully funded by proceeds of an award pursuant to the Authority's Charter Finance Enhancement Program, or a similar program administered by the Authority. The Reserve Account is anticipated to be sized at maximum annual debt service.

Repair and Replacement Fund. The Trustee will establish, maintain and hold in trust a separate fund designated as the "Repair and Replacement Fund," which shall be used solely for the purposes set forth in the Bond Indenture. Moneys in the Repair and Replacement Fund to be used to pay for capital items not budgeted as ordinary maintenance and repair costs related to the Series 2026CD Facility shall be disbursed upon receipt of a requisition of the Borrower, and the Trustee is authorized and directed to issue payments for each such disbursement upon receipt of such a requisition.

When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Revenue Fund, the balance of the Redemption Fund and the balance of the Repair and Replacement Fund, and (ii) all other amounts owed under the Loan Agreement and the Bond Indenture have been paid, moneys held in the Repair and Replacement Fund may be deposited into the Revenue Fund and credited against payments of Loan Repayments required under the Loan Agreement.

Independent Consultant Report. No later than October 1, 2031*, and each fifth anniversary thereafter, the Borrower shall engage an Independent Consultant who shall, within 60 days of each engagement, provide to the Borrower (copies of which shall be provided to the Bond Trustee and the Master Trustee) (i) an Independent Consultant Report and (ii) recommendations as to any required change in the Repair and Replacement Fund Requirement to provide for the proper maintenance and upkeep of the Series 2026CD Facility. Within fourteen Business Days of its receipt of the Independent Consultant Report, the Borrower shall either (i) accept the recommendations of the initial Independent Consultant or (ii) engage and immediately accept the recommendations (which shall be made within 60 days of such engagement) of a different Independent Consultant in the event the recommendations outlined in the initial Independent Consultant Report are deemed by the Borrower to be unreasonable or inconsistent with the respective Schools' operation and maintenance practices.

Pursuant to the Bond Indenture, the Repair and Replacement Fund Requirement means $100,000*; provided, however, that the Repair and Replacement Fund Requirement will initially be $0 as of the date of delivery of the Bonds and will increase by $1,666.67* on the first Business Day of each month commencing _____ 1, 2026 until the Repair and Replacement Fund Requirement equals $100,000*.

Project Fund; Conditions to Release of Bond Proceeds. The Trustee will establish, maintain and hold in trust a separate fund designated as the "Project Fund." See "ESTIMATED SOURCES AND USES OF FUNDS." Moneys in the Project Fund shall be disbursed pursuant to Requisitions of the Borrower, in the form attached to the Bond Indenture. No moneys in the Project Fund may be used to pay Costs of Issuance. From time to time, the Borrower may transfer, or cause to be transferred, funds for deposit in the Project Fund prior to the completion of the Project.

Allocation of Payments. Promptly upon receipt, the Trustee will deposit the Payments to the Revenue Fund. On or before the 25th day of each month, commencing November 25, 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), and then to the Repair and Replacement Fund, to the Rebate Fund, and then to the Administration Fund (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; provided, however, no moneys deposited in the Revenue Fund pursuant to the Intercept will be deposited to the Rebate Fund:

(1) To the Interest Account, one-sixth of the amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest, taking into account the amounts available to be transferred from the Capitalized Interest Subaccount pursuant to the Bond Indenture; provided that from the date of delivery of the Bonds until the first Interest Payment Date with respect to the Bonds (if less than six months), transfers to the Interest Account shall be sufficient on a monthly pro rata basis to pay the interest becoming due and payable on said Interest Payment Date;

(2) To the Principal Account, one-twelfth of the aggregate amount of principal becoming due to redeem or pay Bonds or to make Mandatory Sinking Account Payments on the next succeeding Principal Payment Date, until the balance in said Principal Account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments; provided that from the date of delivery of the Bonds until the first Principal Payment Date with respect to the Bonds (if less than twelve months), transfers to the Principal Account shall be sufficient on a monthly pro rata basis to pay the principal and Mandatory Sinking Account Payments becoming due and payable on said Principal Payment Date;

(3) To the Grant-Funded Reserve Subaccount of the Reserve Account, (a) the greater of (i) the amount designated for deposit to the Grant-Funded Reserve Subaccount of the Reserve Account in a written direction of the Borrower, and (ii) the aggregate, combined amount of all prior withdrawals made from the Grant-Funded Reserve Subaccount of the Reserve Account to make up a deficiency in the Principal Account, until the balance in the Grant-Funded Reserve Subaccount of the Reserve Account has been restored to its pre-withdrawals level, and (b) in the event the balance in said subaccount shall be less than the amount deposited in such subaccount pursuant to the Bond Indenture due to valuation of the Eligible Securities deposited therein in accordance with the Bond Indenture, the amount necessary to increase the balance in said subaccount to an amount at least equal to the amount deposited in such subaccount pursuant to the Bond Indenture (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount);

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* Preliminary, subject to change.
† Preliminary, subject to change.

(4) To the Bond Reserve Subaccount of the Reserve Account, (a) the greater of (i) the amount designated for deposit to the Bond Reserve Subaccount of the Reserve Account in a written direction of the Borrower, and (ii) one-half of the aggregate amount of each prior withdrawal from the Bond Reserve Subaccount of the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account, respectively (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), provided that no deposit need be made into the Bond Reserve Subaccount of the Reserve Account if the balance in said account is at least equal to the Reserve Account Requirement, and (b) in the event the balance in said account shall be less than the Reserve Account Requirement due to valuation of the Eligible Securities deposited therein in accordance with the Bond Indenture, the amount necessary to increase the balance in said account to an amount at least equal to the Reserve Account Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount);

(5) To the Repair and Replacement Fund, $1,667*, until the balance therein is at least equal to the Repair and Replacement Fund Requirement, and thereafter (i) the greater of (A) the amount designated for deposit in the Repair and Replacement Fund in a written direction of the Borrower, and (B) one-sixth of the aggregate amount of each prior withdrawal from the Repair and Replacement Fund, provided that no deposit need be made into the Repair and Replacement Fund if the balance in said account is at least equal to the Repair and Replacement Fund Requirement, and (ii) in the event the balance in said account is less than the Repair and Replacement Fund Requirement due to valuation of the Eligible Securities deposited therein in accordance with the Bond Indenture or due to an increase in the Repair and Replacement Fund Requirement, the amount necessary to increase the balance in said account to an amount at least equal to the Repair and Replacement Fund Requirement (until deposits on account of such valuation deficiency, if any, are sufficient to increase the balance in said account to said amount);

(6) To the Rebate Fund, such amounts as are required to be deposited therein by instruction from the Borrower given in accordance with the Bond Indenture (including the Tax Certificate); and

(7) To the Administration Fund, an amount equal to one-twelfth of the annual Administrative Fees and Expenses.

Moneys remaining in the Revenue Fund after the foregoing transfers will be transferred on the first Business Day of each month, commencing December 1, 2026*, by the Trustee to or at the direction of the Borrower free and clear of the lien of the Bond Indenture.

See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – BOND INDENTURE" and "– LOAN AGREEMENT" attached hereto.

For more information on the Project, the Obligated Group Schools, the Borrower, the Lessee and the initial member of the Obligated Group, see "THE PROJECT" and "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" 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 Bonds. In consideration of the issuance of the Bonds by the Authority and the application of the proceeds thereof as provided in the Bond Indenture, the Borrower agree to issue, or cause to be issued, and to cause to be authenticated and delivered to the Authority, Obligation No. 2, pursuant to the Master Indenture and the Supplemental Master Indenture, concurrently with the issuance and delivery of the Bonds. The Authority will assign its rights in the Loan Agreement (except for the right to receive any Administrative Fees and Expenses, any Additional Payments (as defined herein), any right to be

* Preliminary, subject to change.

indemnified, held harmless or defended, any right to receive information, reports, certifications or other documents and any right to notice, consent, approval or inspection under the Bond Indenture or under the Loan Agreement, and the obligation of the Borrower to make deposits pursuant to the Tax Certificate) to the Trustee. Pursuant to the Loan Agreement, the Borrower agrees to pay, or cause to be paid, from Gross Revenues of the Borrower or from any other legally available funds of the Borrower, to the Trustee for deposit in the Revenue Fund, amounts equal to the aggregate amount of interest payable on the Outstanding Bonds and, on or before the maturity or redemption date of the Bonds, an amount equal to an amount which, together with other funds in the Revenue Fund then available for payment of principal of and interest on the Bonds, shall be sufficient to provide for the payment in full of the interest on, the principal amount, and redemption premium, if any, of the Outstanding Bonds. In addition to such Loan Repayments, the Loan Agreement also requires the Borrower to pay Additional Payments to the Authority, to the Trustee or to the appropriate payee, as the case may be, as follows:

(a) 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 under the Loan Agreement 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 will 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 will 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;

(b) All reasonable fees, charges and expenses of the Trustee and the Master Trustee, as applicable, for services rendered under the Bond Indenture and the Master Indenture, respectively, and all amounts referred to in the Bond Indenture and Master Indenture, as and when the same become due and payable;

(c) The 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 Bond Indenture;

(d) All fees and expenses of any Rating Agency then rating the Bonds and the Rebate Analyst, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Bond Indenture, the amount of such deposit, which will be deposited in the Rebate Fund not later than the tenth day of the calendar month immediately following the date on which such calculation was made pursuant to the Bond Indenture;

(e) All amounts necessary for deposit into the Repair and Replacement Fund pursuant to the Bond Indenture;

(f) The annual fee of the Authority and the fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving the Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture or any of the other documents contemplated thereby, or in connection with the supervision or inspection of the Borrower, their respective properties, assets or operations or otherwise in connection with the administration of the Loan Agreement and the other Borrower Documents; and

(g) The amount necessary to replenish any fund established under the Bond Indenture, but only to the extent then required under the Bond Indenture.

All such payments will be made by the Borrower from the Gross 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 Bond Indenture. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – THE LOAN AGREEMENT" attached hereto.

The Master Indenture

Joint and Several Obligations of the Obligated Group. Under the Master Indenture, each Member jointly and severally covenants and agrees (a) to pay or cause to be paid promptly all Required Payments at the place, on the dates and in the manner provided in the Master Indenture, the Supplemental Master Indenture, Obligation No. 2, and any Related Supplement and any Obligation, and (b) to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, the Supplemental Master Indenture, Obligation No. 2 and any Related Supplement and any Obligation. Each Member acknowledges and agrees that the time of such payment and performance is of the essence of the obligations under the Master Indenture.

Initially, the Obligated Group Representative and the Borrower will be the only Members of the Obligated Group. The Lessee is not a member of the Obligated Group, is not a party to the Master Indenture and is obligated solely as lessee under the Leases, in respect of payment from the sources specified therein relating to the Obligated Group Schools and the Facilities, and is not responsible, party to or otherwise obligated under the Loan Agreement, the Bond Indenture, the Master Indenture or the Supplemental Master Indenture to make payments directly on the Loan, Obligation No. 2 or the Bonds.

Subject to the provisions of the Master Indenture permitting withdrawal from the Obligated Group, the obligation of each Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid in full in accordance with the Master Indenture. All moneys from time to time received by the Obligated Group Representative or the Master Trustee to reduce liability on Obligations, whether from or on account of the Members or otherwise, will be regarded as payments in gross without any right on the part of any one or more of the Members to claim the benefit of any moneys so received until the whole of the amounts owing on Obligations has been paid or satisfied and so that in the event of any such Member's filing bankruptcy, the Obligated Group Representative or the Master Trustee will be entitled to prove up the total indebtedness or other liability on Obligations Outstanding as to which the liability of such Member has become fixed.

Each such Obligation will be a primary obligation and will not be treated as ancillary to or collateral with any other obligation and will be independent of any other security so that the covenants and agreements of each Member under the Master Indenture will be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Obligated Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of the Master Indenture, and to enforce the making of Required Payments.

The Master Trustee will not take recourse against the Obligated Group Representative or any other Member with respect to the failure by the Obligated Group Representative or any other Member to make any Required Payment under the Master Indenture, the Supplemental Master Indenture, and any Related Supplement, except recourse to the Gross Revenues and the amounts held in the funds and accounts created under the Related Bond Indenture (except the Rebate Fund) or under the Master Indenture, or to such other security as may from time to time be given for the payment of obligations arising out of the Master Indenture, the Supplemental Master Indenture, any Related Supplement or any other agreement securing the obligations of the Obligated Group Representative or any other Member with respect to the Bonds.

For a more detailed discussion of entry to or withdrawal from the Obligated Group, see "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – THE MASTER INDENTURE" attached hereto. All capitalized terms used and not defined herein have the meanings listed in "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – DEFINITIONS" attached hereto.

Gross Revenue Fund. Each Member of the Obligated Group agrees in the Master Indenture that, unless otherwise provided in a Related Supplement or if such Related Bonds are payable in full from funds that are subject to Intercept under the Master Indenture, so long as any of the Obligations remain Outstanding, all of the Gross Revenues of the Obligated Group will be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund" which the Members will establish and maintain, subject to the provisions of the Master Indenture, in one or more accounts at such banking institution or institutions as the Members will from time to time designate in writing to the Master Trustee for such purpose (the "Depository Bank(s)"). The Gross Revenue Fund shall contain the Charter School Rent Payment Account, the Ground Rent Account, the Related Bonds Account, the Additional Payments Account and such other accounts or subaccounts as the Master Trustee finds necessary or desirable. Subject only to the provisions of the Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, each Member, respectively, pledges, and to the extent permitted by law grants a security interest to the Master Trustee in, the Gross Revenue Fund and all of the Gross Revenues of the Obligated Group to secure the payment of Required Payments and the performance by the Members of their other obligations under the Master Indenture. Each Member, respectively, will execute and cause to be filed Uniform Commercial Code financing statements, will execute and cause to be sent to each Depository Bank and to the Master Trustee a notice of the security interest granted under the Master Indenture 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 Master Trustee in order to perfect or maintain as perfected such security interest or give public notice thereof.

Amounts in the Gross Revenue Fund may be used and withdrawn by any Member at any time for any lawful purpose, except as hereinafter provided. In the event that any Member is delinquent for more than one business day in the payment of any Required Payment with respect to any Obligation issued pursuant to a Related Supplement, the Master Trustee, upon notice from the Obligated Group Representative or actual knowledge of such delinquency, will notify the Obligated Group Representative and the Depository Bank(s) of such delinquency, and, unless such Required Payment is paid, or provision for payment is duly made, in a manner satisfactory to the Master Trustee, within five days after receipt of such notice, the Obligated Group Representative or the appropriate Member will cause the Depository Bank(s) to enter into a control agreement in order to transfer the Gross Revenue Fund to the name and credit of the Master Trustee. The Gross Revenue Fund will continue to be held in the name and to the credit of the Master Trustee until six months after the amounts on deposit in said fund are sufficient to pay in full, or have been used to pay in full, all Required Payments in default and all other Events of Default known to the Master Trustee will have been made good or cured to the satisfaction of the Master Trustee or provision deemed by the Master Trustee to be adequate will have been made therefor, whereupon the Gross Revenue Fund (except for the Gross Revenues required to make such payments or cure such defaults) will be returned to the name and credit of the appropriate Members. During any period that the Gross Revenue Fund is held in the name and to the credit of the Master Trustee, the Master Trustee will use and withdraw amounts in said Fund from time to time (1) first, to pay Ground Rent directly to each respective lessor under each Ground Lease when and as due, in the amount designated in a written request of the lessor(s), (2) second, to make Required Payments as such payments become due (whether by maturity, redemption, acceleration or otherwise), and, if such amounts will not be sufficient to pay in full all such payments due on any date, then to the payment of Required Payments ratably without any discrimination or preference, and (3) third, to such other payments in the order which the Master Trustee, in its discretion, will determine to be in the best interests of the Holders of Obligations without discrimination or preference and (iv) fourth, to pay Ground Rent directly to each respective lessor under each Ground Lease when and as due in the amount designated in a written request of the lessor(s) (if such Ground Rent is expressly subordinated by the terms of the applicable Ground Lease to the payment of Required Payments. During any period that the Gross Revenue Fund is held in the name and to the credit of the Master Trustee, the Members will not be entitled to use or withdraw any of the Gross Revenues of the Obligated Group unless and to the extent that the Master Trustee at

its sole discretion so directs for the payment of current or past due operating expenses of the Members; provided, however, that the Members will be entitled to use or withdraw any amounts in the Gross Revenue Fund which do not constitute Gross Revenues of the Obligated Group. Each Member agrees to execute and deliver all instruments as may be required to implement the Master Indenture. Each Member further agrees that a failure to comply with the terms of this Section will cause irreparable harm to the Holders and will entitle the Master Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the Members as provided in the Master Indenture.

Immediately upon receipt of Gross Revenues pursuant to a Lease or School Loan Agreement, the Master Trustee shall pay or deposit from the amounts on deposit in the Gross Revenue Fund from amounts received pursuant to such Lease or School Loan Agreement the following amounts in the order indicated: The amount representing Rent of each of the Obligated Group Schools (in accordance with the Rent schedule which shall be attached to the related Supplemental Master Indenture executed in connection with the Related Bonds) shall be transferred into the Charter School Rent Payment Account within the Gross Revenue Fund, and the Master Trustee shall then immediately withdraw and pay, deposit or transfer the following amounts in the order indicated from such account: *First:* To the Ground Rent Account, if applicable, the aggregate amount of Ground Rent, if any, becoming due and payable during the next succeeding payment period in respect of all Ground Leases as designated on the Ground Lease payment schedule furnished to the Master Trustee (each such schedule shall be attached to the applicable Related Supplement), until the balance in said account is at least equal to such aggregate amount; *Second:* To the Related Bonds Account, the amount necessary to pay all Required Payments on the next date upon which such payments become due; provided, however, that such amounts shall exclude any Required Payments received directly by a Related Bond Trustee pursuant to an Intercept; *Third*: To the Additional Payments Account, the amount necessary to pay all Additional Payments pursuant to any Related Loan Agreement on the next date upon which such payments become due; provided, however, that such amounts shall exclude any Required Payments received directly by a Related Bond Trustee pursuant to an Intercept; *Fourth:* Any money remaining following such transfers shall be transferred and released to the Member that is the Landlord or Lender under the related Lease or School Loan Agreement, as applicable, to which such remaining money is allocable.

The balance of Gross Revenues received by the Master Trustee pursuant to a Lease or School Loan Agreement and not transferred into the Charter School Rent Payment Account shall immediately, and in any event not later than one Business Day following receipt thereof, be transferred to or upon the order of Lessee. The Master Trustee shall apply the monies deposited in the foregoing accounts of the Gross Revenue Fund as follows: (i) amounts deposited to the Ground Rent Account shall be paid directly to each respective lessor under each Ground Lease to pay Ground Rent when and as due in the amount designated in a written request of the Lessors; (ii) amounts deposited in the Related Bonds Account shall be paid directly to each Related Bond Trustee to pay amounts due and payable under each Related Bonds Indenture; (iii) amounts deposited in the Additional Payments Account shall be paid directly to the respective payees of Additional Payments pursuant to (and as defined in) each Related Loan Agreement

Under the Master Indenture, "Gross Revenues" means all revenues, income, receipts and money received by or on behalf of the Members from all lawfully available sources, including (a) gross revenues derived from the operation and possession of each Member's facilities; (b) gifts, grants, bequests, donations and contributions, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Required Payments; (c) proceeds derived from (i) accounts receivable, (ii) securities and other investments, (iii) inventory and other tangible and intangible property, and (iv) contract rights and other rights and assets now or hereafter owned by each Member, (d) rentals received from the lease of space and (e) School Loan Repayments; provided, however, that Gross Revenues shall not include (1) income derived from Defeasance Obligations that are irrevocably deposited in escrow to pay the principal of or interest on any Indebtedness; (2) any gains or losses resulting from the early extinguishment of Indebtedness, the sale, exchange or other disposition of Property not in the ordinary course of business, or the reappraisal, reevaluation or write-up of assets, or any other extraordinary gains or losses; (3) net unrealized gain (losses) on investments on investments and Financial Products Agreements; (4)

proceeds of borrowing; (5) condemnation proceeds; (6) insurance proceeds; and (7) income derived from, or accounts receivable for, repayment to any Member of loans made by any other Member or Members.

Limitations on Additional Indebtedness. Under the Master Indenture, each Member covenants and agrees that it will not incur any Additional Indebtedness after the issuance of the Bonds except as follows:

(a) Long-Term Indebtedness may be incurred if prior to the issuance of such Additional Indebtedness the following is satisfied: an Independent Consultant selected by the Obligated Group Representative provides a written report to the Master Trustee setting forth projections which indicate that:

(i) the Consolidated Payment Obligations Coverage Ratio for each of the three consecutive full Fiscal Years beginning in the earlier of:

(A) the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Additional Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such Facility or Facilities; or

(B) the first full Fiscal Year in which the obligor of such Additional Indebtedness will have scheduled payments of interest on or principal of the Additional Indebtedness to be issued for the payment of which provision has not been made as indicated in the report of such Independent Consultant from proceeds of such Additional Indebtedness, investment income thereon or from other appropriate sources (other than Consolidated Net Operating School Revenue), taking into account all Outstanding Long-Term Indebtedness and the Additional Indebtedness to be issued, of not less than 1.20:1.00; and

(ii) the Consolidated Payment Obligations Coverage Ratio for the Fiscal Year immediately preceding the assumption of the proposed Additional Indebtedness is calculated to be at least 1.10:1.00 in such Fiscal Year, or would have been greater than it would otherwise have been absent such proposed Additional Indebtedness.

The report of the Independent Consultant will take into account: (i) the audited results of operations and verified enrollment of the Obligated Group Schools for the most recently completed Fiscal Year, (ii) projected enrollment of the Obligated Group Schools, and (iii) Gross Revenues at the completion of such Facility or Facilities financed with such Additional Indebtedness. In addition, the report of the Independent Consultant will assume that the Long-Term Indebtedness then to be incurred will have been outstanding for the entire year.

(b) Long-Term Indebtedness may be incurred for the purpose of refunding any Outstanding Indebtedness, if prior to the incurrence thereof, there is delivered to the Trustee an Officer's Certificate demonstrating that (i) the Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (ii) the total Debt Service on the Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements of subsection (a)(i) above are met; provided that the foregoing will not apply to any refinancing with Balloon Indebtedness.

(c) Short-Term Indebtedness may be incurred by any Member as long as the Short-Term Indebtedness is made payable from such Member's Gross Revenues.

(d) Indebtedness consisting of purchase money obligations with respect to any item of equipment related to the Facilities may be incurred without limitation.

(e) Indebtedness consisting of leases (other than those described in paragraph (f) below) which are considered operating leases under generally accepted accounting principles, the term of which does not exceed two years may be incurred without limitation.

(f) Leases for charter school facilities the term of which exceeds two years shall be deemed to be Indebtedness and may be incurred only if, prior to the incurrence of such Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee indicating that the Consolidated Payment Obligations Coverage Ratios required to be met under the Long-Term Indebtedness provisions set forth in paragraph (a) above are satisfied, assuming only for the purposes of such calculation that such lease Indebtedness constitutes additional Long-Term Indebtedness.

(g) Subordinated Indebtedness may be incurred without limitation.

"Consolidated Net Operating School Revenue" means the sum of all Net Operating School Revenue (as such term is defined in the Related Lease or School Loan Agreement) related to all Leases and School Loan Agreements for all Lessees of all Facilities as that computation would be applied to the operations of a Lessee of a Facility financed with Related Bonds or Related Loan Agreements; provided that with respect to calculation of the Consolidated Payment Obligations Coverage Ratio in connection with the issuance of Additional Indebtedness, "Consolidated Net Operating School Revenue" means the sum of all Net Operating School Revenue (as such term is defined in the related Lease or School Loan Agreement) related to all Leases and School Loan Agreements for all Lessees of all Facilities and proposed Facilities as that computation would be applied to the operations of an existing or proposed school Lessee of an existing or proposed Facility financed with Related Bonds or to be financed with Additional Indebtedness, and excluding therefrom the payment obligations associated with any loan or other indebtedness to be refinanced or retired from proceeds of the Long-Term Indebtedness then to be incurred.

"Consolidated Payment Obligations" means the sum of all Lessee Payment Obligations for all Lessees of all Facilities and proposed Facilities.

"Consolidated Payment Obligations Coverage Ratio" means, for any period of time, the ratio determined by dividing Consolidated Net Operating School Revenue for such period by the Consolidated Payment Obligations.

"Lessee Payment Obligations" means (a) that portion of the total lease payment obligation under any Lease by a Lessee of any Facility or proposed Facility, or portion of such Facility, characterized therein as "Base Rent" plus (b) the repayment obligations for a Lessee under any School Loan Agreement for the financing of such Lessee's improvement or equipping of any Facility or proposed Facility, or portion of such Facility, characterized therein as "School Loan Repayments."

"School Loan Agreement" means any loan agreement pursuant to which a Lessee borrows money from a Member of the Obligated Group for the benefit of a Facility at which a School is located or for working capital purposes.

"Additional Indebtedness" means any Indebtedness (including all Obligations) incurred subsequent to the execution and delivery of the Master Indenture, other than Obligation No. 2.

"Balloon Indebtedness" means Long-Term Indebtedness 25% or more of the principal of which becomes due (either by maturity or mandatory redemption) during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date.

"Indebtedness" means all obligations for borrowed money, installment sales and capitalized lease obligations, incurred or assumed by a Member (other than Indebtedness of one Member to another Member or

the Guaranty by any Member of Indebtedness of any other Member), including Guaranties, Long-Term Indebtedness, Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed, provided, however, that if more than one Member shall have incurred or assumed a Guaranty of a Person other than a Member, or if more than one Member shall be obligated to pay any obligation, for purposes of any computations or calculations hereunder such Guaranty or obligation shall be included only one time.

"Long-Term Indebtedness" means Indebtedness having an original maturity greater than one year or renewable at the option of a Member for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least twenty (20) consecutive days during each calendar year.

"Short-Term Indebtedness" means all Indebtedness having an original maturity less than or equal to one year and not renewable at the option of a Member for a term greater than one year from the date of original incurrence or issuance; provided, however, that any Short-Term Indebtedness that has been issued as revenue anticipation notes ("RANs") will not be included or counted as Short-Term Indebtedness to the extent that the RANs are secured by deferred State apportionment revenues expressly pledged and deposited in an intercept account to pay such RANs.

Amendment of Leases or School Loan Agreements. There will be no amendment, modification or termination of any of the Leases or School Loan Agreements without (1) an Officer's Certificate delivered to the Master Trustee stating that the amendment, modification or termination of the Lease or School Loan Agreement contemplated will not have a material adverse effect on the financial position of the Obligated Group or (2) the prior written consent of the Master Trustee, which consent shall only be given if:

(a) in the Opinion of Bond Counsel, such amendment is necessary to preserve the exclusion of interest on related Tax-Exempt Bonds from gross income for purposes of federal income taxation or the exemption of interest on the related Tax-Exempt Bonds from state income taxation;

(b) (1)(A) the Holders of a majority in principal amount of the related Tax-Exempt Bonds then Outstanding consent in writing to such amendment, modification or termination or (B) in the Opinion of Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Related Bondholders or result in any material impairment of the security given for the payment of the related Bonds, and (2) the Master Trustee shall receive an Opinion of Bond Counsel substantially to the effect that such amendment, modification or termination will not, in and of itself, adversely affect any exclusion of interest on the Related Bonds that are Tax-Exempt Bonds from gross income for purposes of federal income taxation; or

(c) it has received a written representation from the Obligated Group Representative to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Related Bonds; provided that, if an Event of Default described in the Master Indenture has occurred and is continuing, the Master Trustee rather than the Borrower shall make a determination that such an amendment or modification will not materially and adversely affect the interest of the Holders of the Related Bonds (provided that, in making such determination, the Master Trustee may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel).

Cross-Collateralization; Extraordinary Monthly Rent. Pursuant to the Master Indenture, each Member covenants and agrees that each Lease will contain the following provisions:

If on the 25th of any month a Related Bond Trustee does not receive sufficient payments to make all deposits and or payments required under the Related Bond Indenture, the Related Bond Trustee will notify the Borrower and the related Lessee in writing of the deficiency (each such notice, an "Extraordinary Monthly Rent Notice").

In the event that a Lessee under a Lease receives a notice (an "Extraordinary Monthly Rent Notice") from either the lessor under such lease (the "Lessor") or the Related Bond Trustee stating that the Related Bond Trustee has not received the payment of Rent with respect to a Related Project on or before that date that such required payment is due, then such Lessee shall pay the Extraordinary Monthly Rent to the Related Bond Trustee within three business days after such Lessee's receipt of the Extraordinary Monthly Rent Notice. The Lessor shall covenant in such Lease to immediately provide the Lessee with a copy of any Extraordinary Monthly Rent Notice received by Lessor pursuant to the terms of the Master Indenture.

"Extraordinary Monthly Rent" means the amount set forth in such Extraordinary Monthly Rent Notice, which will be the Lessee's Proportionate Share of the Extraordinary Monthly Rent.

"Proportionate Share" means the amount required to be paid by Lessee to ensure that all of the required Rent and School Loan Repayments with respect to all of the Related Projects have been timely made.

The definition of "Rent" set forth under the related Lease shall include, as one component, the "Extraordinary Monthly Rent."

Other Covenants. Each Member of the Obligated Group agrees to comply with other covenants set forth in the Master Indenture, including covenants to insure the Facilities against loss or damage. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – MASTER INDENTURE – Additional Covenants" and related definitions attached hereto.

Membership in Obligated Group. Additional Members may be added to the Obligated Group from time to time provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of the Master Indenture;

(b) a Related Supplement executed by the Obligated Group Representative, the new Member and the Master Trustee pursuant to which the proposed new Member (1) agrees to become a Member, (2) agrees to be bound by the terms and restrictions imposed by the Master Indenture and the Obligations, and (3) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative full power to execute Related Supplements authorizing the issuance of Obligations and to execute and deliver Obligations;

(c) an Opinion of Counsel addressed to the Master Trustee to the effect that (i) the proposed new Member has taken all necessary action to become a Member, and upon execution of the Related Supplement, such proposed new Member will be bound by the terms of the Master Indenture and (ii) the addition of such Member will not cause the Master Indenture or any Obligations to be subject to registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred);

(d) an Independent Consultant's or Accountant's report, or an Officer's Certificate, as appropriate, to the effect that the condition described in paragraph (a) under "– Limitations on Additional Indebtedness" above would be met for the incurrence of one dollar of additional Long-Term Indebtedness immediately following the addition of such new Member;

(e) an Opinion of Bond Counsel to the effect that the addition of such Member will not result in the inclusion of interest on any Related Bonds that purports to be a Tax-Exempt Bond in gross income for purposes of federal income taxation, nor cause the Master Indenture nor the Obligations issued under the Master Indenture to be subject to registration under the Securities Act of 1933, as amended or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred);

(f) an Officer's Certificate to the effect that no Member, immediately after the addition of such new Member, would be in default in the performance or observance of any covenant or condition of the Master Indenture;

(g) unless expressly set forth in the Related Supplement, a duly executed and delivered Deed of Trust encumbering all Property, Plant and Equipment of such new Member, subject only to Permitted Liens; and

(h) any other document, agreement, certificate, waiver or other instrument from such parties, as the Master Trustee reasonably requests.

Any certification or calculation made in accordance with this section may take into account the effect of the withdrawal of another Member or Members from the Obligated Group in connection with the addition of a Member to the Obligated Group.

Withdrawal from Obligated Group. Any Member may withdraw from the Obligated Group, and be released from further liability or obligation under the provisions of the Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that, immediately following withdrawal of such Member, no Member would be in default in the performance or observance of any covenant or condition of the Master Indenture;

(b) an Opinion of Bond Counsel to the effect that the withdrawal of such Member is in compliance with the conditions contained in this section, and such withdrawal will not result in the inclusion of interest on any Related Bonds that purports to be a Tax-Exempt Bond in gross income for purposes of federal income taxation, nor cause the Master Indenture nor the Obligations issued under the Master Indenture to be subject to registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred); and

(c) either:

(i) an Officer's Certificate to the effect either (1) no Related Bonds will remain outstanding following such withdrawal, or (2) the Related Bonds remaining outstanding following such withdrawal have been assigned a rating by at least one rating agency and the withdrawal of such Member will not cause a downgrade or withdrawal of such rating; or

(ii) an Independent Consultant's report stating that:

(1) (A) the forecasted Consolidated Payment Obligations Coverage Ratio for the two consecutive Fiscal Years immediately following such withdrawal, taking such withdrawal into account, is projected to be at least 1.25:1.00 in each Fiscal Year or would be greater than it would otherwise have been absent such withdrawal;

(B) the Consolidated Payment Obligations Coverage Ratio for the Fiscal Year immediately preceding such withdrawal is calculated to be at least 1.10:1.00 in such Fiscal Year, or would have been greater than it would otherwise have been, absent such withdrawal; and

(C) such withdrawal will not lower the Consolidated Payment Obligations Coverage Ratio for the most recent Fiscal Year for which Obligated Group Financial Statements are available by more than twenty percent (20%); or

(2) the forecasted Debt Service Coverage Ratio for the two consecutive Fiscal Years immediately following such withdrawal, taking such withdrawal into account, is projected to be not less than 1.00:1.00 in each Fiscal Year or would be greater than it would otherwise have been absent such withdrawal;

Any certification or calculation made in accordance with this section may take into account the effect of the addition of another Member or Members to the Obligated Group in connection with the withdrawal of a Member from the Obligated Group.

Upon compliance with the conditions described above, the Master Trustee shall execute any documents reasonably requested by the withdrawing Member to evidence the termination of such Member's obligations under the Master Indenture (including without limitation termination of the pledge of such Member's Gross Revenues) under any Related Supplements and under all Obligations (including without limitation reconveyance of the Deed of Trust encumbering such Member's Property, Plant and Equipment for the benefit of the Master Trustee).

Deed of Trust

Pursuant to the Master Indenture, unless expressly set forth in the Related Supplement, or unless project funds allocated to the financing of such Facility are escrowed until the filing of a Deed of Trust, each Member will enter into a mortgage, including leasehold deed of trust, deed of trust, security agreement, assignment of rents and leases and/or financing statement as provided therein (each, a "Deed of Trust" and collectively, the "Deeds of Trust") for the respective Facilities to secure the obligations of the Members under the Master Indenture and each Member, respectively, agrees to supplement such Deed of Trust or to execute and deliver such other deeds of trust or mortgages as may be necessary from time to grant to the Master Trustee a first priority lien on any Property, Plant and Equipment of the Member, subject to certain permitted liens.

In connection with the issuance of the Bonds, the Borrower will enter into a Deed of Trust for the Series 2026CD Facility to secure its obligations under the Master Indenture. The Deed of Trust also creates a current and absolute assignment of the rents under the Series 2026CD Lease in favor of the Master Trustee. See "THE LEASE" herein.

Pursuant to the Master Indenture and in connection with the execution and delivery of the Deed of Trust, the Borrower has covenanted to obtain or cause to be obtained, an ALTA title insurance policy on the Series 2026CD Facility in an aggregate amount not less than the aggregate principal amount of the Bonds, less the amount of proceeds of the Bonds held in the Project Fund established under the Indenture until such proceeds are released from the Project Fund, naming and payable to the Master Trustee, insuring the fee title interest of such Member in the Series 2026CD Facility, subject only to Permitted Liens, issued by a title insurance company qualified to do business in the State. See "CERTAIN RISK FACTORS – Limitations On Value of the Series 2026CD Facility and to Remedies Under the Deed of Trust" herein.

Additional Leases Governed by the Master Indenture

Under the Master Indenture, "Lease" is defined as the Series 2026CD Lease and each other lease agreement pursuant to which a Lessee leases a facility at which a School (as defined in the Master Indenture) is located from a Member of the Obligated Group.

If a Member of the Obligated group enters into a Lease (as defined in the Master Indenture), such Lease, must contain the following provisions:

(a) An extraordinary monthly rent covenant substantially similar to the covenant described under the heading "– Cross-Collateralization; Extraordinary Monthly Rents" above;

(b) The definition of "Base Rent" set forth under the related Lease shall include, as one component, the "Extraordinary Monthly Rent;"

(c) A liquidity covenant substantially similar to the covenant described under the heading "THE LEASE – Certain Covenants Under the Series 2026CD Lease – Liquidity Covenant" herein;

(d) A coverage ratio covenant substantially similar to the covenant described under the heading "THE LEASE – Certain Covenants Under the Series 2026CD Lease – Consolidated Payment Obligations Coverage Ratio Covenant" herein;

(e) A pledge of and limitation on liens on Gross School Revenues substantially as set forth under the heading "THE LEASE – Pledge and Security Interest" herein;

(f) A subordination of Support Office Fees substantially as set forth under the heading "THE LEASE – Subordination of Support Office Fees" herein; and

(g) Covenants substantially similar to those described under the heading "THE LEASE – Certain Covenants Under the Series 2026CD Lease – Other Financial Covenants" herein.

As of the issuance of the Bonds, the Obligated Group Representative and the Borrower are the only Members of the Obligated Group, the only Lease (as defined in the Master Indenture) is the Series 2026CD Lease, and the only Schools (as defined in the Master Indenture) are OSCS and CSCS, the initial Obligated Group Schools. The Obligated Group Representative, the Lessee and the Borrower provide no assurances that other members of the Obligated Group, schools or leases will be added and be subject to the provisions of the Master Indenture.

THE LEASE

The following section contains a brief description of the Series 2026CD Lease. All references in this Limited Offering Memorandum to the Series 2026CD Lease are qualified in their entirety by reference to the Series 2026CD Lease, copies of which may be obtained by request to the Underwriter. See "APPENDIX D – SUMMARY OF THE SERIES 2026CD LEASE" attached hereto.

General

The primary source of Gross Revenues for the Members of the Obligated Group are the payments of Rent received pursuant to the Series 2026CD Lease. Under the Series 2026CD Lease, the Borrower will lease to the Lessee, and the Lessee will lease from the Borrower, the Series 2026CD Facility, effective as of the date of issuance of the Bonds. The term of the Series 2026CD Lease will commence on the date of issuance of the Bonds and terminate on June 30, 20__.

See "APPENDIX D – SUMMARY OF THE SERIES 2026CD LEASE" attached hereto.

Payment of Rent

Pursuant to the Series 2026CD Lease, the Lessee will make monthly payments of Rent. "Rent," as defined under the Series 2026CD Lease, comprises the following: (i) Base Rent (as defined in such Lease); (ii) Additional Rent (as defined in such Lease); (iii) Extraordinary Monthly Rent (as defined below) and (iv) Expenses (as defined in such Lease), together with all other monetary obligations of the Lessee to the Borrower or to third parties arising under the terms of the Lease.

The Lessee will cause all Rent payable to the Borrower under the Series 2026CD Lease to be payable in lawful money of the United States, without abatement, deduction or offset whatsoever (except as specifically

provided in the Lease), and without any prior demand therefore. Notwithstanding the foregoing, the Lessee will receive a credit for Rent owed to the Borrower to the extent the Bond Trustee receives monies on behalf of the Lessee under the Intercept for OSCS. The Lessee has covenanted to take such action as may be necessary to include all such payments of Rent due under the Series 2026CD Lease in its annual budgets, to make, as necessary, annual appropriations for all such payments and to take such action annually as shall be required to provide funds in such year for such payments of Rent.

The source of payment for the obligations of the Lessee under the Series 2026CD Lease will be limited solely and exclusively to the Gross School Revenues (as defined therein) attributable to the Obligated Group Schools and any other charter school operated by the Lessee in the Series 2026CD Facility. No other assets or revenues of the Lessee will be available to satisfy its obligations under the Series 2026CD Lease, except at the election of the Lessee. Accordingly, if operations of the Obligated Group Schools failed to provide sufficient revenue to provide for the payment of Rent under the Leases, excess revenues produced by operations of any other charter school operated by the Lessee may not be available for the payment thereof. See "CERTAIN RISK FACTORS" herein.

Neither the Lessee's general revenues nor any revenues the Lessee may derive from its operation of any schools it may operate in the future (other than schools the Lessee may operate in the Series 2026CD Facility), are pledged or otherwise available to make payments under the Series 2026CD Lease and with respect to the Bonds.

Included in the Rent payable by the Lessee under the Series 2026CD Lease are amounts sufficient to pay the Extraordinary Monthly Rent, as further described above under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Cross-Collateralization; Extraordinary Monthly Rent."

"Gross School Revenues" means all revenue, income, receipts and money received by the Lessee or on behalf of the Lessee from all lawfully available sources attributable to its operation of the Obligated Group Schools and to any other charter school operated by the Lessee in the properties subject to the Series 2026CD Lease, 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. Any other income, revenue, receipts, contributions or other monies received by the Lessee not specifically described in the immediately preceding sentence shall not constitute Gross School Revenues.

Pledge and Security Interest

To secure the payment and performance of its obligations under the Series 2026CD Lease, the Lessee pledges and grants to the Borrower a security interest in the Gross School Revenues, subject only to Permitted Liens. From time to time, the Lessee may own or hold funds or other assets subject to a statutory, regulatory, grantor-imposed or donor-imposed restriction on use that prohibits the use of such funds or assets to satisfy the obligations of the Lessee under the Series 2026CD Lease and/or prohibits the encumbrance of such funds or assets to secure such obligations. The foregoing pledge and grant of security interest will not encumber, attach to, or transfer, and the holder of any claims of the Borrower under the Series 2026CD Lease will have no recourse under the Series 2026CD Lease to, any funds or assets of the Lessee to the extent that any transfer of such funds or assets to or for the benefit of such holder would violate any such restriction on the use of such funds or assets.

Additionally, except as provided under the heading "– Limitations on Obligated Group Schools Indebtedness" herein, the Lessee covenants and agrees that it will not create, assume or suffer to exist any lien upon the Gross School Revenues, except Permitted Liens (as defined in the Master Trust Indenture).

Certain Covenants Under the Series 2026CD Lease

General. The Series 2026CD Lease contains various covenants (including financial reporting covenants), representations and warranties made by the Lessee to the Borrower. Certain of those covenants include:

(a) Restrictions on the use of the Series 2026CD Facility to the operation of a charter school;

(b) Compliance by the Lessee with applicable laws, including environmental laws and Applicable Requirements (as defined in such Series 2026CD Lease);

(c) Maintenance and repair covenants;

(d) Certain sublease and assignment restrictions;

(e) Covenants to maintain insurance policy coverages required under the Master Indenture;

(f) Indemnification of the Borrower pursuant to the terms of such Lease; and

(g) Covenants to maintain its charter with a sponsoring entity and take or cause to be taken all actions required to renew or extend the term of its charter with a sponsoring entity.

Liquidity Covenant. The Lessee will calculate Consolidated Days Cash on Hand for the Obligated Group Schools as of the last day of each Fiscal Year, commencing with the Fiscal Year ending (i) June 30, 2027, with respect to the Series 2026CD Lease, and (ii) with respect to any other Lease, June 30 of the Fiscal Year in which such Lease is executed, based upon its audited financial statements for such Fiscal Year and file such reports with Master Trustee. For each calculation date, the Obligated Group Schools will maintain Consolidated Days Cash on Hand as of the last day of each Fiscal Year equal to or greater than 45 days. As of the date of issuance of the Bonds, the only Obligated Group Schools are OSCS and CSCS.

"Cash and Cash Equivalents" means the sum of cash, cash equivalents, liquid investments, and unrestricted marketable securities (valued at the lower cost of market value) of the Obligated Group Schools.

"Consolidated Days Cash on Hand" means (i) the sum of Cash and Cash Equivalents of the Obligated Group Schools, as shown on the Lessee's audited financial statements for each Fiscal Year, and any State payments accrued to such Fiscal Year and scheduled to be received within two months following the end of such Fiscal Year ("Cash on Hand"); divided by (ii) the Average Daily Expenses for Obligated Group Schools (as calculated for the most recent Fiscal Year ending before such date).

"Average Daily Expenses for Obligated Group Schools" means (A) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Obligated Group Schools (excluding from such calculation all depreciation and other non-cash items), and including within such calculation on behalf of the Obligated Group Schools in the aggregate (i) all Operating Expenses for such Fiscal Year for the Obligated Group Schools, (ii) subordinated Support Office Management Fees, and (iii) the annual sum of the Base Rent and School Loan Repayments payable under the Leases and School Loan Agreements, respectively, for all Obligated Group Schools between the Lessee and any Member of the Obligated Group for that year or any other year, divided by (B) 365.

The Lessee will provide a certificate to the Borrower and Master Trustee at the time of delivery of its annual audited financial statements for each Fiscal Year indicating whether the Lessee, on behalf of the Obligated Group Schools, has met the requirement set forth above. If the certificate indicates that such cash balance requirement has not been met, the Lessee covenants to retain an Independent Consultant at the expense of the Lessee, on behalf of the Obligated Group Schools, within 45 days, to make recommendations to increase such

balances in the then-current Fiscal Year to the required level or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Lessee, on behalf of the Obligated Group Schools, agrees to implement the recommendations of the Independent Consultant, to the extent permitted by law. The Lessee will not be obligated to retain such an Independent Consultant, on behalf of the Obligated Group Schools, more often than once during any 24 month period. See "– Approval of Consultants" herein.

In the event the Obligated Group Schools fail to have such an amount on deposit, it will not be a default or Event of Default under a Lease.

Consolidated Payment Obligations Coverage Ratio Covenant. The Lessee covenants and agrees to calculate for each Fiscal Year its Consolidated Payment Obligations Coverage Ratio based on its audited financial statements for such Fiscal Year, and to provide a copy of such calculation for such period to the Borrower, and the Master Trustee annually commencing with (i) June 30, 2027, with respect to the Series 2026CD Lease, and (ii) with respect to any other Lease, the Fiscal Year ending June 30 of the Fiscal Year in which such Lease is executed. The Lessee also covenants to maintain its Net Operating School Revenue so that its Consolidated Payment Obligations Coverage Ratio at the end of each Fiscal Year is not less than 1.10 to 1.00; provided that, except as provided below, the Lessee's failure to achieve the required Consolidated Payment Obligations Coverage Ratio will not constitute an Event of Default under any Lease or School Loan Agreement if the Lessee promptly engages an Independent Consultant to prepare a report, to be delivered to the Lessee, the Borrower, and Master Trustee within 45 days of engagement, with recommendations for meeting the required Consolidated Payment Obligations Coverage Ratio or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Lessee, on behalf of the Obligated Group Schools, agrees to implement the recommendations of the Independent Consultant, to the extent permitted by law. The Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24 month period. Notwithstanding the foregoing, the Lessee's failure to achieve a Consolidated Payment Obligations Coverage Ratio of 1.00 to 1.00 will constitute an Event of Default under a Lease. See "– Approval of Consultants" herein.

"Expenses" shall mean all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Series 2026CD Facility, as determined by standard accounting practices, as further described in the Series 2026CD Lease.

"Net Operating School Revenue" means Lessee's Gross School Revenues minus its Operating Expenses; provided, that no determination thereof will take into account: (a) any gain or loss resulting from either the early extinguishment or refinancing of Obligated Group School Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (b) gifts, grants, bequests, donations or contributions, and income therefrom, to the extent specifically permanently restricted by the donor or by law to a particular purpose inconsistent with their use for the payment of Operating Expenses; (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles; (e) unrealized gains or losses that do not result in the receipt or expenditure of cash; and (f) nonrecurring items which involve the receipt, expenditure or transfer of assets.

"Obligated Group School Indebtedness" means Indebtedness (as such term is defined in the Master Indenture) related to or payable from revenues of the Obligated Group Schools and to any other charter school operated by the Lessee at the Series 2026CD Facility.

"Operating Expenses" means except as provided below, all unrestricted expenses of the Lessee attributable to operations of the Obligated Group Schools and to any other charter school operated by the Lessee at the Series 2026CD Facility, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding the Base Rent, School Loan Repayments and the Extraordinary Monthly Rent, if any, but including Additional Rent and Expenses), Ground Rent (unless such Ground Rent is expressly

subordinated to the payment of amounts due under the Related Supplement), administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Lessee, equipment leases and service contracts, taxes upon the operations of the Lessee not otherwise mentioned in the Series 2026CD Lease, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Lessee. "Operating Expenses" shall exclude, however, (i) all subordinated Support Office Fees, (ii) depreciation and amortization, (iii) one-time expenses, and (iv) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles.

"Support Office Agreement" means any agreement between the Lessee and a charter school, including charter schools operated or managed by the Lessee, pursuant to which the Lessee provides administrative services.

"Support Office Fees" means all Support Office Fees, if any, paid to the Lessee in connection with management services provided for management services provided and related to or payable from revenues attributable to the Obligated Group Schools and to any other charter school operated by the Lessee on the property subject to the Leases. This fee shall be subordinate to the payment of Rent due under the Leases. Currently, no Support Office Fees are assessed or paid to the Lessee.

Approval of Consultants. Whenever the Series 2026CD Lease provides for the retention or engagement of an Independent Consultant by the Lessee, such Independent Consultant will be engaged in the manner as set forth in such Series 2026CD Lease. See "– Liquidity Covenant" and "– Consolidated Payment Obligations Coverage Ratio Covenant" herein.

Upon the selection by the Lessee of an Independent Consultant as required under the provisions of a Lease, Lessee will notify the Master Trustee of such selection. The Master Trustee is required to, as soon as practicable but in no case longer than five Business Days after receipt of notice, notify the Holders of all Outstanding Related Bonds of such selection. Such notice (which shall be provided by the Obligated Group Representative) will (i) include the name of the Independent Consultant and a brief description of the Independent Consultant, (ii) state the reason that the Independent Consultant is being engaged including a description of the covenant(s) of the applicable Lease that require the Independent Consultant to be engaged, and (iii) state that the Holder of the Outstanding Related Bonds will be deemed to have consented to the selection of the Independent Consultant named in such notice unless such Holder submits an objection to the selected Independent Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two Business Days after the end of the 15-day objection period, the Master Trustee is required to notify the Obligated Group Representative of the number of objections. If 66.6% or more in aggregate principal amount of the Holders of the Outstanding Related Bonds have been deemed to have consented to the selection of the Independent Consultant, the Borrower is required to cause the Lessee to engage the Independent Consultant within three Business Days. If 33.4% or more in aggregate principal amount of the Holders of the Outstanding Related Bonds have objected to the Independent Consultant selected, the Lessee will select another Independent Consultant which may be engaged upon compliance with the procedures described herein.

Other Financial Covenants. Additionally, the Lessee will make the following covenants in the Series 2026CD Lease:

Use of Public Moneys. The Lessee covenants that it will not use any public money, assets, and funds for support of the public school system that it receives through apportionments from the State in a manner that conflicts with or constitutes on its part or on the part of an Obligated Group School a violation or breach of any California statute, rule or regulation governing the use of those moneys. In addition, the Authority will be a Third Party Beneficiary under the Series 2026CD Lease with respect to this provision.

Use of Intercept Moneys. The Lessee covenants that all funds subject to an Intercept shall only be transferred to a Related Bonds Trustee for Related Bonds issued by the Authority.

Subordination of Support Office Fees. If an Obligated Group School enters into a Support Office Agreement for the payment of Support Office Fees to the Lessee or any supporting organization of the Lessee under Internal Revenue Code Section 509(a)(3), or any of their respective affiliates, the Lessee will amend any such Support Office Agreement for such Obligated Group School such that, so long as Bonds remain outstanding: (i) the obligation of the Lessee to pay Support Office Fees relating to the Obligated Group School will be subordinate to its payment of operating expenses of the Obligated Group School and rent payments to the Borrower under the Series 2026 CD Lease; (ii) the obligation of the Lessee to pay Support Office Fees relating to the Obligated Group School will be suspended for any such time as the payment of Support Office Fees would cause the Lessee to fail to meet any of the financial covenants contained in the Master Indenture; and (iii) during any period of time when Support Office Fees remain unpaid, such fees will accrue without interest. If the Lessee has not engaged a separate administrative services provider with respect to an Obligated Group School, the Lessee agrees that it will not apply any Gross School Revenues to costs and expenses of administrative services unless and until all Rent is fully paid and the Loan is not in default.

Currently, no Support Office Fees are assessed or paid to the Lessee.

Financial Reporting. Upon written request of the Borrower, the Trustee or Master Trustee, the Lessee agrees to provide the following information:

(a) If the Lessee is undertaking any construction at the Series 2026CD Facility, not later than 60 days after the end of each fiscal quarter of Lessee, commencing December 31, 2026, a construction progress report with respect to such construction, until such construction is substantially complete.

(b) Quarterly unaudited financial information and operating data of the Obligated Group Schools not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026.

(c) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a report of each Obligated Group School's quarterly enrollment data by grade for the previous fiscal quarter.

(d) Once adopted, a copy of the annual budget of the Obligated Group Schools for the subsequent Fiscal Year.

(e) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a year to date comparison of the revenue and expenditures in the unaudited financial statements for such quarter to the annual budget for the applicable fiscal year.

(f) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a copy of any recommendations of any Independent Consultant received in accordance with the Master Indenture pursuant to the Liquidity Covenant and Consolidated Payment Obligations Coverage Ratio covenant under the Series 2026CD Lease described above.

(g) Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2026, copies of the audited financial statements of the Lessee and the Obligated Group Schools for the prior fiscal year prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.

(h) Annually, no later than six (6) months after the close of each fiscal year, (i) commencing with the Fiscal Year ending June 30, 2026, the certifications and calculations of the Consolidated Days Cash on Hand for the Obligated Group Schools and, (ii) commencing with the Fiscal Year ending June 30, 2027, the

Consolidated Payment Obligations Coverage Ratio for the Obligated Group Schools as described in the Series 2026CD Lease described above.

(i) Such other information as may be reasonably requested by the applicable Borrower, the Authority, the Trustee or the Master Trustee.

Limitations on Obligated Group School Indebtedness. The Lessee covenants that it will not incur, assume or guarantee ("incur") any Obligated Group School Indebtedness (secured or unsecured), except Obligated Group School Indebtedness with respect to purposes specifically benefiting the Lessee, and except as provided below.

(a) Nonrecourse Indebtedness. To the extent permitted by applicable law and if no Breach under the Series 2026CD Lease, or an event that with the giving of notice or passage of time or both would constitute a Breach under the Series 2026CD Lease, has occurred and is continuing, the Lessee may incur or assume Nonrecourse Indebtedness (as defined below), but limited with Short-Term Indebtedness (as defined below), and Interim Indebtedness (as defined below) to a total aggregate principal amount outstanding at any time that is not in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) the maximum amount of advance apportionment and principal apportionment due to the Obligated Group Schools in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14041.6 of the California Education Code or Sections 16325.5 and 16326 of the California Government Code, or any subsequent legislation authorizing additional deferrals of such apportionments (collectively "Maximum Deferred Apportionment").

"Nonrecourse Indebtedness" means all Obligated Group School Indebtedness with respect to which the obligee is prevented by applicable law or contractual arrangement from exercising recourse, or any other right or remedy exercisable by a creditor, against all or any part of the Premises or the Improvements in order to pay, satisfy or discharge all or any part of the Obligated Group School Indebtedness.

(b) Short-Term Lessee Indebtedness. The Lessee may incur Obligated Group School Indebtedness that is Short-Term Lessee Indebtedness (as defined below) or working capital purposes as in its judgment is deemed expedient, provided that in no event will the Lessee incur such Short-Term Indebtedness, together with outstanding Nonrecourse Indebtedness and Interim Indebtedness (as defined below) in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) Maximum Deferred Apportionment.

(c) Interim Indebtedness. The Lessee may incur Obligated Group School Indebtedness that is Interim Indebtedness (as defined below) to finance or refinance existing capital needs as in its judgment is deemed expedient, provided that in no event will the Lessee incur Interim Indebtedness, together with outstanding Nonrecourse Indebtedness and Short-Term Indebtedness, on a combined basis, is in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) Maximum Deferred Apportionment.

"Interim Indebtedness" means all Obligated Group School Indebtedness having an original maturity less than or equal to five years and not renewable at the option of the Lessee for a term greater than five years from the date of original incurrence or issuance.

(d) Long-Term Lessee Indebtedness. The Lessee may incur Obligated Group School Indebtedness that is Long-Term Lessee Indebtedness if, prior to the issuance of such Long-Term Lessee Indebtedness, an Independent Consultant selected by the Obligated Group Representative provides a written report to the Lessor and the Master Trustee setting forth projections which indicate that:

(1) the Consolidated Payment Obligations Coverage Ratio for each of the three consecutive full Fiscal Years beginning in the earlier of:

(A) the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Long-Term Lessee

Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such Facility or Facilities; or

(B) the first full Fiscal Year in which the obligor of such Long-Term Lessee Indebtedness will have scheduled payments of interest on or principal of the Long-Term Lessee Indebtedness to be issued for the payment of which provision has not been made as indicated in the report of such Independent Consultant from proceeds of such Long-Term Lessee Indebtedness, investment income thereon or from other appropriate sources (other than Consolidated Net Operating School Revenue),

provides for a Consolidated Payment Obligations Coverage Ratio, taking into account all Outstanding Long Term Indebtedness and the additional Long-Term Lessee Indebtedness to be issued, of not less than 1.20:1.00; and

(2) the Consolidated Payment Obligations Coverage Ratio for the Fiscal Year immediately preceding the assumption of the proposed Long-Term Lessee Indebtedness is calculated to be at least 1.10:1.00 in such Fiscal Year, or would have been greater than it would otherwise have been, absent such proposed Additional Indebtedness.

The report of the Independent Consultant will take into account, as applicable, (i) the audited results of operations and verified enrollment of the Obligated Group Schools for the most recently completed Fiscal Year, (ii) projected enrollment of the Obligated Group Schools and (3) Gross School Revenues at the completion of such Facility or Facilities financed with such Additional Indebtedness. In addition, the report of the Independent Consultant shall assume that the Long Term Indebtedness then to be incurred shall have been outstanding for the entire year.

Long Term Lessee Indebtedness may also be incurred for the purpose of refunding any Outstanding Lessee Indebtedness, if prior to the incurrence thereof, there is delivered to the Trustee an Officer's Certificate demonstrating that (i) the maximum annual debt service with respect to all Long-Term Lessee Indebtedness will not increase by more than 10% after the incurrence of such proposed refunding of Long Term Lessee Indebtedness and after giving effect to the disposition of the proceeds thereof; (ii) the total debt service on the Long-Term Lessee Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements of subsection (a)(1) above are met; provided that the foregoing shall not apply to any refinancing with Balloon Indebtedness.

(e) Facility Leases. Obligated Group School Indebtedness consisting of leases for charter school facilities, the term of which do not exceed two years (including any term extension options), may be incurred without limitation. A lease for a charter school facility with a term exceeding two years (including any term extension options) shall be considered Long-Term Lessee Indebtedness.

(f) Subordinated Indebtedness. Lessee may incur Obligated Group School Indebtedness that is Subordinated Indebtedness (as defined below) without limitation.

"Lessee Indebtedness" means all obligations for borrowed money, installment sales and capitalized lease obligations, incurred or assumed by the Lessee, including Guaranties, Long-Term Lessee Indebtedness, Short-Term Lessee Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

"Long-Term Lessee Indebtedness" means Lessee Indebtedness having an original maturity greater than one year or renewable at the option of the Lessee for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Lessee Indebtedness, no Lessee Indebtedness is permitted to be outstanding thereunder for a period of at least 20 consecutive days during each calendar year.

"Short-Term Lessee Indebtedness" means all Lessee Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the Lessee for a term greater than one year from the date of original incurrence or issuance, provided however, that any Short-Term Lessee Indebtedness that has been issued as revenue anticipation notes ("RANs") will not be included or counted as Short-Term Lessee Indebtedness to the extent that the RANs are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANs.

"Subordinated Indebtedness" means Lessee Indebtedness that is subordinate to the obligations of the Lessee under the Leases (as defined in the Master Indenture) and under any other obligations of the Lessee entered into in connection with any Obligations issued under the Master Indenture, the terms of which Lessee Indebtedness provide that no payment may be made to the holder of such Lessee Indebtedness while any event of default has occurred and is continuing with respect to any such obligations.

CHARTER SCHOOLS

This section provides a brief overview of California's charter school law. Prospective purchasers of the Bonds 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 Bonds, see "STATE FUNDING OF EDUCATION" 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.

The Obligated Group Schools' charter petitions were approved by the Orange County Board of Education (the "Authorizer"). For information concerning the charters granted with respect to the Obligated Group Schools, see "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" 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 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.

12. Provisions for employee coverage under the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security.

13. The public school attendance alternatives for pupils residing within the district who choose not to attend charter schools.

14. 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.

15. The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter.

16. 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.

17. A description of the procedures for closure of the school, including the disposition of assets and the maintenance and transfer of pupil records.

A charter school shall provide for an annual and independent financial and compliance audit in accordance with Education Code Section 41020.

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. Under Assembly Bill 126, starting July 1, 2027, each chartering authority will need to (i) visit each resource center, meeting space, and satellite facility approved in a charter petition or material revision and established by the charter school upon the opening and thereafter at least once every two years; (ii) annually attend, in person, at least one meeting of the governing body of the charter school; (iii) review the agendas and minutes of the meetings of the governing body of the charter school; (iv) conduct annual financial and compliance audit oversight responsibilities of the charter schools it authorizes; (v) refer any creditable allegations received from third parties or observed through the chartering authority's duties, of fraud, misappropriation of funds or other illegal fiscal practices to the county superintendent of schools who may elect to exercise authority; and (vi) review, with respect to each nonclassroom-based charter school under its authority, the charter school's average daily attendance and a sample of independent study written agreements and work samples from each track to gauge whether the documents generally align with the reported attendance.

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 was prohibited. This prohibition did not affect renewal petitions for nonclassroom-based charter schools established prior to January 1, 2020, such as CSCS.

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, and shall 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. 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 petition 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. 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.

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, demonstrated by verifiable data:

(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.

OSCS operates pursuant to a countywide benefit charter. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" 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. The Lessee functions as a CMO for the

Obligated Group Schools. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" 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 Lessee has not received any notice from the Authorizer, regarding any violation or proposal to revoke either of the Obligated Group Schools' charters or of any other violation requiring corrective action. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

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 Lessee nor any charter school has any control over State legislative or regulatory decision making that could affect the operations or ongoing funding sources for the Obligated Group Schools.

None of the Borrower or the Lessee makes any 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 Lessee.

Growth in Charter Schools in California

California has the largest concentration of charter schools in the nation with approximately 725,646 students enrolled in charter schools for the 2025-26 school year (down approximately 2,077 students from the prior school year), which was approximately 12.7% of total state-wide enrollment in the 2025-26 school year (up from approximately 12.5 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 2025-26

Fiscal Year	*Number of Charter Schools*
2025-26	1,263
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.

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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 " – 2026-27 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 Lessee and 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 Bonds, and neither the Borrower nor the Lessee takes any responsibility for informing Beneficial Owners of the Bonds 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 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 Lessee or the Borrower, and neither the Lessee nor the Borrower 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 Bonds.

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.

2026-27 State Budget. On June 29, 2026, the Governor signed the State budget for fiscal year 2026-27 (the "2026-27 State Budget"). The following is drawn from the DOF summary of the 2026-27 State Budget.

The 2026-27 State Budget largely maintains the framework of the Governor's May revision to the proposed 2026-27 State Budget (the "May Revision"), and is projected to provide for balanced State budgets in both fiscal years 2026-27 and 2027-28, while reducing projected structural deficits in fiscal years 2028-29 and 2029-30. To assist in providing for a positive ending balance in the State reserve in fiscal year 2027-28 and manage State resources, the 2026-27 State Budget includes a transfer in fiscal year 2026-27 of $6.4 billion into the Projected Surplus Temporary Holding Account (the "Surplus Holding Account"). Created in 2004 by Assembly Bill 179, the Surplus Holding Account allows the State to set aside a portion of anticipated surplus funds and allocate them in a subsequent fiscal year. State leaders have broad authority to determine whether or how to use the Surplus Holding Account. The only requirement is that revenues that go into the account cannot remain there for longer than one year. If State revenues materialize as projected, the revenues in the account may be spent for any purpose or transferred back to the State general fund for future use.

The State budget for fiscal year 2025-26 included numerous spending measures that, at the time, were projected to result in almost $12 billion in ongoing savings. The 2026-27 State Budget includes three additional revenue measures that are intended to solidify the State's fiscal structure:

- *Managed Care Organization (MCO) Tax* – A renewal of the MCO Tax, effective January 1, 2027, which is projected to increase revenues by $575 million in fiscal year 2026-27, $2.3 billion in fiscal year 2027-28 and 2028-29, and $1.7 billion in fiscal year 2029-30, primarily to support the State Medi-Cal program and maintain targeted rate increases for primary, maternal and mental health care.

- *Business Tax Credit Limitation* – An extension of the temporary business tax credit limitation for an additional three years, which limits the amount by which carry-over business credits can reduce net tax liability. Beginning in 2030, the 2026-27 State Budget permanently limits the use of business tax credits to the greater of $5 million or 70% of the tax liability. This is projected to increase State general fund revenues by $1 billion in fiscal year 2026-27, $3.3 billion in fiscal year 2027-28, $4.7 billion in fiscal year 2028-29 and $4.2 billion in fiscal year 2029-30.

- *Prewritten Software Tax* – An extension of an existing sales tax on prewritten software. This is projected to increase State general fund revenues by $450 million in fiscal year 2026-27 and $900 million annually thereafter.

For fiscal year 2025-26, the 2026-27 State Budget projects total general fund revenues and transfers of $245.8 billion and authorizes expenditures of $245.3 billion. The State is projected to end fiscal year 2025-26 with total reserves of approximately $49.9 billion, including $11.5 billion in the BSA, $9.2 million in the PSSSA and $29.2 billion in traditional general fund reserves. For fiscal year 2026-27, the 2026-27 State Budget projects total general fund revenues and transfers of $226.8 billion and authorizes expenditures of $251.5 billion. The State is projected to end fiscal year 2026-27 with total reserves of approximately $28.8 billion, including $15.1 billion in the BSA, $9.2 billion in the PSSSA and $4.5 billion in the traditional general fund reserve. The Safety Net Reserve projected to have zero balances in both fiscal years.

The 2025-26 State Budget sets total funding in fiscal year 2026-27 for all TK-12 education programs at $151.4 billion, including $91.1 billion from the State general fund and $60.3 billion from other sources. The minimum funding guarantee in fiscal year 2026-27 is set at $128.1 billion. The 2026-27 State Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2024-25 and 2025-26, setting them at $124.9 billion and $125.3 billion, respectively. These revised levels represent an increase of approximately $29.2 billion over the three-year period relative to the State budget for fiscal year 2025-26, and an increase of approximately $1.2 billion from the May Revision.

Test 1 of the minimum funding guarantee is projected to be in effect over the three-year period, meaning that the guarantee is these years is roughly equal to 40% of projected State general fund revenues and local property taxes. This percentage is not reduced to reflect enrollment adjustments, which increases per-pupil spending. In addition, the revised minimum funding guarantee level for fiscal year 2024-25 fully retires a $8.3 billion maintenance factor payment due in that year. To mitigate against potential future reductions in revenues and manage resources, the 2026-27 State Budget maintains a $3.9 billion settle-up amount in fiscal year 2025-26. If, in spring of 2027, revenues remain at the same or higher levels for fiscal year 2025-26, the State legislature will be required to pay this amount back to TK-14 school districts and will need to schedule this payment in State budgetary legislation, either from available funds or scheduled over multiple fiscal years.

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

- *LCFF* – The 2026-27 State Budget includes a statutory COLA of 2.87% which, when combined with population growth adjustments, results in an increase of approximately $1.1 billion in discretionary funds for local educational agencies as compared to the State budget for fiscal year 2025-26. The 2026-27 State Budget includes an additional $1.1 billion in discretionary funding for the LCFF, resulting in a total COLA (statutory and discretionary) of 4.31%. These additional funds are intended to help local educational agencies manage rising costs, offset funding restrictions related to declining enrollment and fund a new requirement for paid pregnancy disability leave (see below). As a result the funding levels provided by the 2026-27 State Budget, the adjusted Base Grants for fiscal year 2026-27 are as follows: (i) $11,811 for grades TK-3, (ii) $10,860 for grades 4-6, (iii) $11,181 for grades 7 and 8, and (iv) $13,296 for grades 9-12. The adjusted add-on per ADA for TK funding is set at $5,784. Finally, the 2026-27 State Budget includes an ongoing increase of $31.3 million in Proposition 98 funding to provide a 20% increase in LCFF funding for Necessary Small Schools.
- *Paid Pregnancy Leave* – The 2026-27 State Budget requires all TK-14 local educational agencies to provide all employees with up to 14 weeks of paid pregnancy disability leave, beginning on January 1, 2027. Costs of the benefit are expected to be absorbable within the additional discretionary LCFF funding described above.
- *Special Education* – An increase of $2.4 billion in special education funding, representing a 43% increase over the funding level set in the prior year State budget. The 2026-27 State Budget also includes an ongoing allocation of $80 million for the special education cost pool, which provides reimbursement to special education local plan areas for students with specified high-cost service needs, as well as the low-incidence disability add-on, which provides funding to support students with rare, highly specialized needs. Additional measures also include (i) $30 million for the Supporting Inclusive Practices Project, which provides resources to schools and educators to expand students access to the general educational environment, (ii) a one-time increase of $25 million to the Inclusive College Technical Assistance Center, which facilitates collaboration between local educational agencies and institutions of higher education to expand inclusive college opportunities for disabled students, and (iii) $10 million in one-time funds to support implementation of alternative pathways for disabled students to obtain a high-school diploma.
- *Student Support and Professional Development* – $5 billion in one-time Proposition 98 funding for the Student Support and Professional Development Block Grant, which provides local educational agencies with additional fiscal support to address rising costs and fund Statewide priorities.
- *Community Schools* – $1 billion in ongoing Proposition 98 funding to expand community schools, which partner with educational, county and nonprofit entities to provide integrated health, trauma-informed mental health, social services and academic supports.

- *Literacy and Math Instruction* – $350 million in one-time Proposition 98 funding to extend 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 2026-27 State Budget also provides $50 million in one-time Proposition 98 funding to expand the reach of the Mathematics Professional Learning Partnership to include more local educational agencies and extend its impact beyond its current expiration date of June 30, 2029.
- *Teacher Preparation and Professional Development* – Nearly three quarters of a billion dollars to accelerate the State's progress in addressing teacher shortages, including (i) $408 million in additional one-time Proposition 98 funding for the Student Teacher Stipend Program, (ii) $250 million in one-time Proposition 98 funding to continue educational residency programs through 2029-30, (iii) $30 million in in one-time Proposition 98 funding for the Statewide teacher residency technical assistance center, (iv) $16.2 million in ongoing federal special education funds to continue the Golden State Teacher Grant Program, (v) $15 million in in one-time Proposition 98 funding to expand and enhance no-cost, high quality professional learning to support educational leaders and administrators, (vi) $10 million in in one-time Proposition 98 funding to provide competitive grants to local educational agencies to create pathways that will increase the number of bilingual teachers, and (vii) $10 million in in one-time Proposition 98 funding to support classified employees pursuing teaching credentials.
- *Immigrant Students* – $100 million in in one-time Proposition 98 funding to provide supportive services for newcomer pupils, English learners and immigrant families. The 2026-27 State Budget also provides $75 million in one-time Proposition 98 funding to establish Dream Resource Centers at high schools to support pupils with social services, State-funded immigration legal services, academic opportunities and parent and family workshops.
- *Early Education* - $250 million in in one-time Proposition 98 funding for the Universal Prekindergarten Planning & Implementation Grant, which will support the expansion of State preschool and Transitional Kindergarten programs to two-, three- and four-year old students. The 2026-27 State Budget also provides $51.4 million in ongoing Proposition 98 funding to provide increased monthly cost of care payments to State preschool program contractors and $33.6 million in ongoing Proposition 98 funding to increase the number of preschool development days.
- *Learning Recovery Emergency Block Grant* – $757.3 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.
- *Kitchen Infrastructure* – $500 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure and training to support schools in providing more freshy prepared meals made with local ingredients.
- *Student Homelessness* – $116 million in one-time Proposition 98 funding to provide three-year grants to local educational agencies to increase identification of and improve educational outcomes for students experiencing homelessness.
- *Dual Enrollment* - $100 million in one-time Proposition 98 funding to increase access to college and career pathways for high school students.
- *Holocaust and Genocide Education* - $10 million in one-time Proposition 98 funding for the Holocaust and Genocide Education Grant program to support professional development and provide resources on Holocaust and genocide education.
- *Reading Difficulties Screening* – $40 million in one-time Proposition 98 funding to support continued implementation of student reading difficulties screenings.

For additional information regarding the 2026-27 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. Neither the Borrower nor the Lessee can predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. In addition, neither the Borrower nor the Lessee can 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 and the Lessee 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 Lessee.

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 will be 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, established the current 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 amended by SB 91, was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of State categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans (grades Transitional Kindergarten (TK)-3, 4-6,7-8, and 9-12). Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF occurred over a period of eight fiscal years, concluding with the adoption of the State budget for fiscal year 2018-19. During the implementation period of the LCFF, an annual transition adjustment was 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 gap.

Base Grant. 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. For the 2026-27 year, they are (i) $10,698 for grades TK-3; (ii) $10,860 for grades 4-6; (iii) $11,181 for grades 7-8; and (iv) $12,958 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, and an LCFF COLA increase is negotiated as part of each 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 TK-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 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. As a result, school districts and charter schools that serve TK students are eligible to receive an add-on equal to $5,784 in the 2026-27 fiscal year, multiplied by second principal reporting period ADA for TK students for the current fiscal year. This add-on is subject to COLA adjustments to the same degree as LCFF Base Grants.

Supplemental Grant. 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.

Concentration Grant. 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 65% 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.

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 charter school'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 current year annual ADA adjusted by an attendance factor of 1.04446 to estimate total average enrollment. 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 approximately 2% of public school revenues and is estimated at $274 per unit of ADA for the 2026-27 fiscal year, of which approximately $190 is "non-Proposition 20" and $84 is "Proposition 20" funding.

Categorical Funding. As the Categorical Block Grant for charter schools was phased out with the introduction of the LCFF formula, charter schools may be automatically eligible for (or if not automatically eligible, may apply for and receive) categorical funds for many programs that are not included in general LCFF funding, if otherwise eligible, but typically may not receive aid for programs exclusively or almost exclusively provided by a county office of education.

Charter School Facility Grant Program Funding. Charter schools that meet certain criteria are 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 is $1,504 per ADA and will be adjusted in subsequent years based on LCFF COLA 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 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. In 2026-27, while the statewide allocation of SB 740 funding increased over 2025-26, there will be no funding of Other Costs under SB 740 and only Facility Rents will be reimbursed).

The SB 740 program is administered by CSFA. In recent years, including 2026-27, the program has been "oversubscribed", with awards being limited to Facility Rents only, and further reduced on a pro-rata basis if necessary.

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.

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Set forth in the following table are historical data regarding SB 740 funding and awards for fiscal years 2019-20 through 2024-25. The final funding and awards for fiscal year 2025-26 is anticipated in early 2027.

HISTORICAL SB 740 GRANT AWARDS
Fiscal Years 2019-20 to 2024-25

		2019-20	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*2024-25*
A.	**No. of Schools Awarded**	437	424	423	414	437[1]	453[1]
B.	**Total Amount Awarded**	$136,786,000	$136,786,000	$143,520,000	$183,387,413	$193,583,000[1]	$168,040,000[1]
	Amount awarded for lease costs	136,786,000	136,786,000	143,520,000	153,387,413	$163,583,000[1]	$168,040,000 [1]
	Amount awarded for Other Costs	--	--	--	30,000,000	30,000,000	--
C.	**Total Moneys Appropriated to SB 740[2]**	$136,786,000	$136,786,000	$143,520,000	$184,273,000	$193,583,000	$168,040,000
D.	**Subscription Percentage**	103%	108%	101%	99%	105%[1]	110%[1]
E.	**Total Average Daily Attendance ("ADA")[4]**	165,489	172,143	171,812	158,489	175,839[8]	186,224[7]
F.	**Average Award Per ADA[5]**	$827	$795	$835	1,163	$1,101[1]	$902[1]
G.	**Maximum Award Allowed Per ADA[6]**	$1,184	$1,211	$1,232	$1,313	$1,421	$1,436

(1) Figures are current estimates as of July 20, 2026, and subject to change.

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

(3) In fiscal years 2019-20, 2020-21, and 2021-22, CSFA funded lease costs at 97.47%, 92.61%, and 98.89%, respectively, and therefore was unable to fund other costs. The SB740 program was not oversubscribed in fiscal year 2022-23. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

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

(5) 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.

(6) SB 740 Program grant awards are calculated at the lesser of: (a) 75% of actual costs paid or (b) maximum award allowed per ADA by State law. Lease costs are capped by the lower of: (a) fair market value determined independent appraisal or (b) a cost-of-living adjustment increase based on the prior year's eligible lease costs. 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 2024-25 was $1,436, and for 2025-26 was $1,468.

(7) Total ADA for fiscal year 2024-25 is provided through the California Department of Education's Certified 2024-25 Second Principal Apportionment Attendance Data.

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Annual Funding Components. The following tables describe LCFF funding of California charter school education for Fiscal Year 2022-23 through 2026-27:

Fiscal Year 2022-23

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$9,166	$9,166	$9,304	$9,580	$11,102
TK-3/9-12 Grade Span Add-ons	953	953	--	--	289
Transitional Kindergarten Add-on	2,813	--	--	--	--
Total[(2)]	$12,932	$10,119	$9,304	$9,580	$11,391

Fiscal Year 2023-24

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$9,919	$9,919	$10,069	$10,367	$12,015
TK-3/9-12 Grade Span Add-ons	1,032	1,032	--	--	312
Transitional Kindergarten Add-on	3,044	--	--	--	--
Total[(2)]	$13,995	$10,951	$10,069	$10,367	$12,327

Fiscal Year 2024-25

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$10,025	$10,025	$10,177	$10,478	$12,144
TK-3/9-12 Grade Span Add-ons	1,043	1,043	--	--	316
Transitional Kindergarten Add-on	3,077	--	--	--	--
Total[(2)]	$14,145	$11,068	$10,177	$10,478	$12,460

Fiscal Year 2025-26

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$10,256	$10,256	$10,411	$10,719	$12,423
TK-3/9-12 Grade Span Add-ons	1,067	1,067	--	--	323
Transitional Kindergarten Add-on	5,545	--	--	--	--
Total[(2)]	$16,868	$11,323	$10,411	$10,719	$12,746

Fiscal Year 2026-27[(3)]

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$10,698	$10,698	$10,860	$11,181	$12,958
TK-3/9-12 Grade Span Add-ons	1,113	1,113	--	--	337
Transitional Kindergarten Add-on	5,784	--	--	--	--
Total[(2)]	$17,595	$11,811	$10,860	$11,181	$13,295

(1) Estimated.

(2) Excludes special education, nutrition, After School Education and Safety, Proposition 28 Arts & Music, Expanded Learning Opportunities Program (ELOP), SB 740, Every Student Succeeds Act, supplemental instruction, other state one-time and recurring categorical funding, economic impact aid, and any private philanthropy, grants, or other fund-raising.

(3) The Fiscal Year 2026-27 funding amounts are preliminary and based on the approved California 2026-27 State Budget, used for initial budgeting purposes in general. For specific projections with respect to the the Obligated Group Schools, see "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto. "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

Nonclassroom-Based Funding

Certain of the Obligated Group Schools' 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.

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.

A number of the Obligated Group Schools' educational programs, are considered nonclassroom-based. With respect to such nonclassroom-based programs operated by CSCS, the Lessee submitted its most recent funding determination request for 100% in May 2023, which was granted and expires in June 2027. With respect to such nonclassroom-based programs operated by OSCS, the Lessee expects to receive its first funding determination in January of 2027. 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 LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER – CURRICULUM AND EDUCATIONAL PROGRAMS" and " – OPERATING AND FINANCIAL INFORMATION – State Aid Payments and ADA" attached hereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING EDUCATION REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIIIA of the California Constitution. Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA 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 XIIIA 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 XIIIA.

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 XIIIA. 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 XIIIB 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)

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

Neither the Borrower nor the Lessee makes any representation or guarantees that they will either pursue or qualify for facilities funding under the 2024 State School Facilities Bond program.

Future Initiatives

Articles XIIIA, 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 Bonds involves substantial risks. The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exclusive listing of risks and other considerations which may be relevant to investing in the Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks. Certain factors which could result in a reduction of revenues available to the Obligated Group 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 Lessee to generate revenues needed to meet its obligations under the Leases, which could, in turn, have an adverse effect on the ability of the Borrower to generate sufficient revenues to meet its obligations to make payments due under the Loan Agreement and the ability of the Members of the Obligated Group to make payments due under Obligation No. 2. The ability of the Lessee to generate sufficient revenues to make payments under the Leases is dependent upon a number of elements, including State budget pressures, demand for charter schools, the ability of the Obligated Group Schools 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 ability of the Obligated Group Schools to achieve enrollment and fundraising levels. This, in turn, is affected by numerous circumstances both within and outside the control of the Obligated Group and the Lessee, 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 Obligated Group Schools' curriculum; the ability and energy of the Obligated Group Schools' faculties and administration; and the benevolence of the Obligated Group Schools' supporters. There can be no assurance given that revenues of the Obligated Group Schools or the revenues of the Lessee attributable to the Obligated Group Schools 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 or the Lessee.

SEE "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER," and "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE LESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2025" attached hereto.

Sufficiency of Revenues

The Bonds are payable primarily from Payments which are derived from payments received under the Loan Agreement and Obligation No. 2. The Borrower will encumber its fee simple interest in the Series 2026CD Facility with a Deed of Trust as security for the payments under the Loan Agreement and Obligation No. 2.

The Borrower's primary expected source of the revenues will be the Rent payments it receives from the Lessee pursuant to the Series 2026CD Lease. Based on present circumstances, including the successful operating history of CSCS, the Lessee believes it will generate a sufficient amount of such revenues to meet its payment obligations under the Leases representing the source of payment by the Borrower and the Obligated

Group of debt service on the Bonds and the Series 2026AB Bonds. However, the charters for one or more Obligated Group Schools may be terminated or not extended or renewed, or the basis of the assumptions utilized by the Lessee and the Borrower to formulate such beliefs may otherwise change. No representation or assurance can be made that the members of the Obligated Group generate or will continue to generate sufficient revenues to meet their obligations under the Obligation No. 2 with respect to the Bonds.

AS NOTED ELSEWHERE HEREIN, THE OBLIGATIONS OF THE LESSEE TO MAKE PAYMENTS UNDER THE LEASES ARE SPECIAL OBLIGATION LIMITED SOLELY TO THE GROSS SCHOOL REVENUES, WHICH INCOME DERIVES SOLELY FROM THE OPERATION OF THE OBLIGATED GROUP SCHOOLS AND THE FACILITIES AND NOT ANY OTHER CHARTER SCHOOL THAT MAY BE OPERATED BY THE LESSEE IN THE FUTURE, OR ANY OTHER REVENUES OF THE LESSEE. NEITHER THE GENERAL REVENUES NOR THE REVENUES THE LESSEE MAY DERIVE FROM THE OPERATION OF CHARTER SCHOOLS OTHER THAN THE OBLIGATED GROUP SCHOOLS IN THE FUTURE (OTHER THAN SCHOOLS THE LESSEE MAY OPERATE IN THE FACILITIES), ARE PLEDGED TO MAKE PAYMENTS WITH RESPECT TO THE LEASES OR THE BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" HEREIN.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. NOTHING IN THE BOND 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 INTERCEPT NOTICES OR TO MAKE FUNDS AVAILABLE TO THE OBLIGATED GROUP SCHOOLS IN ANY AMOUNT OR AT ANY TIME.

Operating History; Reliance on Projections

See Appendix A for information regarding current and projected enrollment of the Obligated Group Schools. No assurance is given that such projections will be met, or that the number of students attending the Obligated Group Schools may not diminish in the future. The projections of revenues and expenses contained in Appendix A are based upon the number of students projected to be enrolled at the Obligated Group Schools and were prepared by the Lessee for the Borrower and have not been independently verified by any party other than the Lessee.

No feasibility studies have been conducted with respect to operations of the Series 2026CD Facility pertinent to the Bonds. 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. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Bonds will be outstanding.

THE LESSEE PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF THE SERIES 2026CD FACILITY, 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 "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" 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 Obligated Group Schools 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 Obligated Group Schools to generate sufficient revenue to allow the Lessee to meet its obligations under the Leases representing debt service payments on the Bonds. No liability would accrue to the State in such event, and the State would not be obligated or liable for any future payments or any damages. If the State were to withhold State aid payments for any reason, even for a reason that is ultimately determined to be invalid or unlawful, the Obligated Group Schools could be forced to cease operations.

Possible Offsets to State Apportionment

Section 41344 of the Education Code provides that if an audit or review requires the Lessee Schools 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.

Included in the principal apportionment is the general-purpose entitlement for charter schools, which are the "funds subject to intercept" pursuant to Section 17199.4 of the Education Code ("Section 17199.4"). Specifically, the funds subject to intercept are funds apportioned for purposes of the charter school block grant or the local control funding formula (as described in Section 17199.4) with respect to OSCS.

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 the calculated amount of funds subject to intercept. The amount available for intercept is therefore the lesser of periodic calculated funds subject to intercept and the amount of cash provided to the Lessee with respect to the Obligated Group Schools by the State.

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 Obligated Group Schools.

Default Under a Lease; No Assurance Regarding Subsequent Tenant

If there is a default by the Borrower under the Loan Agreement attributable to a default by the Lessee under a Lease, the Borrower will likely not have sufficient funds to satisfy its obligations under the Loan Agreement and Obligation No. 2 absent re-leasing – or in appropriate cases, selling – the applicable Facility. Were the Lessee to default under a Lease, there is no assurance that the Borrower would be able to find a new tenant for the Series 2026CD Facility which could generate revenues in a sufficient amount to allow the Borrower to make payments under the Loan Agreement and Obligation No. 2 to satisfy debt service on the Bonds or a buyer that would purchase the Series 2026CD Facility for a sufficient amount to allow the Borrower to repay principal and interest with respect to the Loan. This risk is heightened by the fact that the Series 2026CD Facility has been improved specifically for use as charter school campuses and may be legally restricted to that use.

Survival of Lease after a Bond Default and Foreclosure

The Borrower will enter into a Subordination, Non-Disturbance and Attornment Agreement (the "SNDA") relating to the Series 2026CD Facility with the Lessee, and the Master Trustee. The SNDA addresses the priority of the rights between the Lessee, the Borrower, and the Master Trustee for the Series 2026CD Facility. The SNDA provides that the Lessee's rights under the Series 2026CD Lease to the use, possession and enjoyment of the Series 2026CD Facility will not be disturbed by the Master Trustee so long as no event of default exists under the corresponding Lease. The non-disturbance portion assures the Lessee that its rights to the Series 2026CD Facility will be preserved ("nondisturbed") on specified conditions within control of the Lessee if the Borrower defaults on its obligations under the Master Indenture and the Master Trustee forecloses on the Series 2026CD Facility. The attornment component of the SNDA provides that the Lessee will continue its obligations under the Series 2026CD Lease after a foreclosure and a new landlord takes possession of the Series 2026CD Facility.

Additional Indebtedness and Additional School Indebtedness

The Master Indenture permits the issuance of Additional Indebtedness on a parity basis with Obligation No. 2 if certain conditions are met. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Limitations on Additional Indebtedness" herein. The Lessee expects that the Borrower or other affiliates of the Lessee may acquire, construct and equip additional charter schools in the future. If they do, or for certain other expenses, they may issue Additional Indebtedness which may or may not be on a parity basis with Obligation No. 2 and may or may not be issued through the Master Indenture. If secured on a parity basis, any such parity indebtedness would be entitled to share ratably with the holders of the Bonds and any other holder of parity debt in any moneys realized from the exercise of remedies in the event of a default by the Borrower to the extent provided in the Bond Documents. The amount of any such Additional Indebtedness is undetermined at this time. The issuance of Additional Indebtedness may adversely affect the investment security of the Bonds.

Under the Series 2026CD Lease, the Lessee may also issue additional Obligated Group School Indebtedness, subject to certain conditions and limitations, which may be secured by a pledge of Gross School Revenues on parity with its obligations under the Series 2026CD Lease. See "THE LEASE – Certain Covenants Under the Series 2026CD Lease – Limitations on Obligated Group School Indebtedness" herein. The issuance of such additional Obligated Group School Indebtedness may adversely affect the investment security of the Bonds.

Addition and Removal of Members

The Master Indenture permits the addition of Members under the Obligated Group, but it also permits the removal of Members, subject to certain conditions and limitations. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Withdrawal from Obligated Group" herein. Any such withdrawal of Members from the Obligated Group may decrease the revenues available for payment of debt service on the Bonds and may adversely affect the investment security of the Bonds.

Reserve Account

The Bond Indenture establishes the Reserve Account within the Revenue Fund for payment of principal of and interest on the Bonds to the extent the Payments are insufficient to make such payments. Although the Borrower and Lessee believe such reserve to be reasonable and anticipate that the Payments will be sufficient to cover the debt service on the Bonds, there is no assurance that funds on deposit in the Reserve Account and future Payments will be sufficient to cover debt service on the Bonds.

Purchases and Transfers of Bonds Restricted to Qualified Institutional Buyers and Qualified Accredited Investors

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

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

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

Tax Related Issues

Tax-Exempt Status of Interest on the Series 2026C Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2026C Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2026C Bond proceeds, limitations on the investment earnings of Series 2026C Bond proceeds prior to expenditure, a requirement that certain investment earnings on Series 2026C Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the Internal Revenue Service (the "IRS"). The Authority, the Borrower, and the Lessee have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by any of the foregoing to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the

treatment of interest on the Series 2026C Bonds as taxable, retroactively to the date of issuance of the Series 2026C Bonds.

Existence and Maintenance of Tax-Exempt Status. The Lessee has been organized to provide various educational and philanthropic services. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto. The tax-exempt status of the Series 2026C Bonds depends upon the existence and maintenance by the Lessee of its status as an organization described in Section 501(c)(3) of the Code. The existence and maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of organizations described under Section 501(c)(3) of the Code, including the operation for charitable and educational purposes and avoidance of transactions which may result in more than an insubstantial amount of unrelated business activity and/or cause the assets of either 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 or more than an insubstantial amount of unrelated business activity is the revocation of tax-exempt status. Although the IRS has not frequently revoked the Section 501(c)(3) status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by the Lessee could potentially result in loss of tax exemption of interest on the Series 2026C Bonds and of other existing and future tax-exempt debt of members of the Obligated Group, if any, and defaults in covenants regarding the Series 2026C Bonds and other existing and future tax-exempt debt, if any, would likely be triggered.

Less onerous sanctions have been enacted which enforce rules applicable to Section 501(c)(3) organizations, but these sanctions do not replace the other remedies available to the IRS as mentioned above.

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

Unrelated Business Income. In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). To the extent the Lessee does not properly account for and report UBTI, if any, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI (which might be substantial) and in some cases could ultimately affect the tax-exempt status of the Lessee, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2026C Bonds.

Exemption from Property Taxes. In recent years, State, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt corporations with respect to their real property tax exemptions. The management of the Lessee believes that the Series 2026CD Facility will be exempt from California real property taxation.

Non-Qualified Use of Facilities Financed with Tax-Exempt Obligations

There are legal restrictions on the use of facilities financed with tax-exempt bonds like the Series 2026C Bonds. For instance, at least 95% of net proceeds of qualified 501(c)(3) bonds (such as the Series 2026C Bonds) must be used to finance facilities owned and used by an exempt organization or governmental unit, and the use of bond-financed facilities must not be an unrelated trade or business of the owner.

The Borrower will make certain covenants in the Loan Agreement and Tax Certificate relating to the qualified use of the Series 2026CD Facility financed with the Series 2026C Bonds. Failure to comply with such

covenants could threaten the exclusion from gross income for federal income tax purposes of the interest on the Series 2026C Bonds.

Factors That Could Affect the Security Interest in the Series 2026CD Facility; Superior Liens

The Master Trustee's security interest in the Series 2026CD Facility may be subordinated to the interest and claims of others in several instances. Some examples of subordination to prior claims are (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (v) federal or state bankruptcy or insolvency laws that may affect the enforceability of the Loan Agreement, (vi) rights of third parties in amounts not in the possession of the Trustee, (vii) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the California Uniform Commercial Code as from time to time in effect, and (viii) mechanics liens.

Limitations of Appraisals

Appraisals are estimates of value and not an assurance of what any particular property would bring on sale. Appraisals also are subject to numerous other limitations set forth therein. Potential investors should not assume that the appraised values set forth in "THE PROJECT" represent a reliable estimate of what the Series 2026CD Facility would bring in liquidation following an Event of Default. See "THE PROJECT – Appraisal" herein. The appraised as-is market value of the Series 2026CD Facility of $5,550,000 is equal to approximately 60.2%[*] of the aggregate par amount of the Bonds of $9,220,000[*].

Limitations On Value of the Series 2026CD Facility and to Remedies Under the Deed of Trust

Maintenance of Value. The Series 2026CD Facility is located in a region that has experienced significant real property market volatility over the past several years. There can be no assurance made that, should the Members of the Obligated Group default in making the payments due under Obligation No. 2, including in the event the Lessee defaults in making the Rent payments due under the Series 2026CD Lease, the Series 2026CD Facility could be foreclosed upon and sold for the amounts owed under Obligation No. 2.

Hazardous Substances. While governmental taxes, assessments and charges are common claims against the value of property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized is a claim with regard to hazardous substances. In general, the Borrower may be required by law to remedy conditions of the Series 2026CD Facility relating to release of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws. California laws with regard to hazardous substances are stringent and similar to certain federal acts. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had or has anything to do with the creation or handling of the hazardous substance. The effect, therefore, should the Series 2026CD Facility be affected by a hazardous substance, is generally to reduce the marketability and value of the parcel by the cost of remedying the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling the hazardous substance. Any of these potentialities could significantly affect the value of the Series 2026CD Facility that would be realized upon a default and foreclosure. See "THE PROJECT – Environmental Inspections" herein for a description of environmental reports regarding the Series 2026CD Facility.

Foreclosure. There are two methods of foreclosing on a deed of trust or mortgage under California law, by nonjudicial sale and by judicial sale. Foreclosure under a deed of trust may be accomplished by a

[*] Preliminary, subject to change.

nonjudicial trustee's sale under the power of sale provision in the deed of trust. Prior to such sale, the trustee must record a notice of default and election to sell and send a copy to the trustor, to any person who has recorded a request for a copy of the notice of default and notice of sale, to any successor in interest of the trustor and to certain other parties discernable from the real property records. The trustee then must wait for the lapse of at least three months after the recording of the notice of default and election to sell before establishing the trustee's proposed sale date and giving a notice of sale (in a form mandated by California statutes). The notice of sale must be posted in a public place and published once a week for three consecutive calendar weeks, with the first such publication preceding the trustee's sale by at least 20 days. Such notice of sale must be posted on the property and sent, at least 20 days prior to the trustee's sale, to the trustor, to each person who has requested a copy, to any successor in interest of the trustor, to the beneficiary of any junior deed of trust and to certain other parties discernable from the real property records. In addition, the notice of sale must be recorded with the county recorder at least 14 days prior to the date of sale. The trustor, any successor in interest of the trustor in the trust property, or any person having a junior lien or encumbrance of record may, during the statutory reinstatement period, which extends to five days prior to the sale date, cure any monetary default by paying any delinquent installments of the debt then due under the terms of the deed of trust and certain other obligations secured thereby (exclusive of principal due by virtue of acceleration upon default) plus costs and expenses actually incurred in enforcing the obligation and certain statutorily limited attorneys' and trustees' fees. Following a nonjudicial sale, neither the trustor nor any junior lienholder has any right of redemption, and the beneficiary may not ordinarily obtain a deficiency judgment against the trustor.

Should foreclosure under a deed of trust be sought in the form of a judicial foreclosure, it is generally subject to most of the delays and expenses of other lawsuits, and may require several years to complete. The primary advantage of a judicial foreclosure is that the beneficiary is entitled, subject to other limitations, to obtain a deficiency judgment against the trustor to the extent that the amount of the debt is in excess of the fair market value of the property. Following a judicial foreclosure sale, the trustor or its successors in interest may redeem the property for a period of one year (or a period of only three months if the proceeds of sale are sufficient to satisfy the debt, plus interest and costs). In addition, in order to assure collection of any rents assigned as additional collateral under the Deed of Trust, a receiver for the Series 2026CD Facility may be appointed by a court.

Damage, Destruction or Condemnation. Although the Borrower will be required to obtain certain insurance against damage or destruction as set forth in the Loan Agreement and the Deed of Trust, there can be no assurance that any portion of the Series 2026CD Facility will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the Borrower, as a result of damage or destruction to the Series 2026CD Facility, cannot generate revenues, will not exceed the coverage of such insurance policies.

If the Series 2026CD Facility, or any portion thereof, is damaged or destroyed, or are taken in a condemnation proceeding, the proceeds of insurance or any condemnation award for the Series 2026CD Facility, or any portion thereof, must be applied as provided in the Loan Agreement to restore or rebuild the Series 2026CD Facility or to redeem Bonds. There can be no assurance that the amount of revenues available to restore or rebuild the Series 2026CD Facility, or any portion thereof, or to redeem Bonds will be sufficient for that purpose, or that any remaining portion of the Series 2026CD Facility will generate revenues sufficient to pay the expenses of the Borrower and the Loan Repayments.

Seismic. The Series 2026CD Facility is located in a seismically active region of California. The occurrence of severe seismic activity could result in substantial damage to the Series 2026CD Facility, which could adversely affect the ability of the Lessee to operate the Series 2026CD Facility or make payments due under the Series 2026CD Lease and/or the ability of the Borrower to make the Loan Repayments and could adversely affect the value of the Series 2026CD Facility. The Borrower is not obligated by the Loan Agreement or Master Indenture to maintain earthquake insurance on any portion of the Series 2026CD Facility and there can be no assurance that the Borrower will obtain such coverage in the future.

The Series 2026CD Facility is located within an Alquist-Priolo Earthquake Fault Zone, which is an area in the vicinity of an active fault that constitutes a potential hazard to structures from surface faulting or fault creep as determined in accordance with applicable provisions of the State's Public Resources Code.

Flood. Pursuant to the Master Indenture, the Borrower has covenanted that, so long as a Facility is located in a special flood hazard area as designated by the Federal Emergency Management Agency, the Borrower will maintain, or cause to be maintained flood insurance coverage in an amount equal to or greater than the replacement value of such Facilities. The Series 2026CD Facility is not located in a special flood hazard area.

Wildfires. Major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020, the summer of 2021, and the winter of 2025. Serious and significant property damage has resulted in other areas of the State due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

Neither of the Borrower nor the Lessee can make any representation regarding the effects that future wildfires may have on their respective operations or finances, or to what extent any such wildfires could cause disruptions to economic activity in the vicinity of the Series 2026CD Facility.

Sea Level Rise. Various State and local agencies have produced reports or assessments in connection with planning for the potential effects of sea level rise, which increases the potential for severe flooding caused by the occurrence of coastal and inland flooding. Neither of the Borrower nor the Lessee are able to predict whether sea level rise, or associated impacts thereof, will occur, and if any such events occur, whether they will have a material adverse effect on their respective operations and financial condition, or more generally affect the region's economy.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects generally on the economy and communities surrounding the Facilities, and on the value of the Facilities themselves. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, droughts, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the control of the Borrower and the Lessee. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, neither of the Borrower nor the Lessee is able to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Environmental Risks. There are potential risks relating to liabilities for environmental hazards with respect to the ownership of any real property. If hazardous substances are found to be located on a property, owners of such property may be held liable for costs and other liabilities related to the removal of such substances which costs and liabilities could exceed the value of the Series 2026CD Facility or any portion thereof.

See "THE PROJECT" herein for a description of environmental reports regarding the Series 2026CD Facility.

Bankruptcy

The rights and remedies of the Beneficial Owners of the Bonds are subject to various provisions of the Federal Bankruptcy Code (the "Bankruptcy Code"). If either of the Borrower or the Lessee 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 interest created under the Deed of Trust for the benefit of the Beneficial Owners of the Bonds. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such entity, and its 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 such Borrower or another Member, including accounts receivable and proceeds thereof, could be used for the financial rehabilitation of such entity despite the security interest of the Trustee or Master Trustee therein. While the Bankruptcy Code requires that the interest of the Trustee or Master Trustee as lien owner be adequately protected before the collateral may be used by the Borrower or a Member, such protection could take the form of a replacement lien on assets acquired or created after the bankruptcy petition is instituted. The rights of the Trustee or Master Trustee to enforce liens and security interests against the Borrower's or another Member's assets could be delayed during the pendency of the rehabilitation proceedings.

The Borrower or the Lessee 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 Obligated Group Schools' Operations

There are a number of factors affecting schools generally that could have an adverse effect on the Obligated Group Schools and on the Lessee's financial position and ability to operate the Facilities as charter schools and, consequently, on the Borrower's ability to make Loan Repayments necessary to make debt service payments on the Bonds. 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 Obligated Group Schools and disruption of the Obligated Group Schools's operations by real or perceived threats against the Obligated Group Schools, their staff members or students; and (vi) decline in the reputation of the Obligated Group Schools or the ability of the Obligated Group Schools and their management to provide educational services desired and accepted by the population it serves. Potential purchasers should be aware that the Obligated Group Schools face constant competition for students and there can be no assurance that the Obligated Group Schools will continue to attract and retain the number of students that are needed to generate revenues sufficient to make payments under the Leases that are the source of revenue to pay debt service on the Bonds. None of the Borrower or the Lessee can 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 Series 2026CD Lease, the Loan Agreement or Obligation No. 2.

Dependency of State Finances

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" above.

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." 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. None of the Borrower, the Lessee or any other party to the Bond transaction can predict how State income or State education funding will vary over the entire term of the Bonds. No party to the Bond transaction takes any responsibility for informing owners of the Bonds about any such changes.

Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites, including those of the 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 Lessee's ongoing viability and its ongoing ability to make payments under the Series 2026CD Lease representing debt service on the Bonds.

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 Lessee to find comparable qualified replacements, could adversely affect their respective operations or financial results. Moreover, relationships between Key Directors/ Managers may increase the likelihood that more than one Key Director/Manager may depart at the same time.

See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

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, the Bond Indenture and the Deed of Trust upon a default depends upon the exercise of various remedies specified in the Loan Agreement, the Bond Indenture and the Deed of Trust. 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, the Bond Indenture and the Deed of Trust 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, the Bond Indenture or the Deed of Trust. Accordingly, the ability of the Authority, the Trustee or the Master Trustee to exercise remedies under the Loan Agreement, the Bond Indenture and the Deed of Trust 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 may affect the financial viability of the Obligated Group Schools.

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 Lessee believes that it has stable relationships with the Authorizer of the Obligated Group Schools' charters, and representatives on the State Board of Education, which under appropriate circumstances is authorized to grant charters under the Charter School Law. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" herein.

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 an Obligated Group School's charter will not be subjected to legal challenge. See "ABSENCE OF MATERIAL LITIGATION – the Borrower" herein and "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER – OPERATING AND FINANCIAL INFORMATION – No Material Litigation" attached hereto. Any failure of the Lessee to have a charter for an Obligated Group School in place

could well have a material adverse effect on the Borrower and their ability to generate revenues necessary to make payments under the Loan Agreement and Obligation No. 2 which are expected to provide sufficient revenues to satisfy the debt service requirements for the Bonds.

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 and Obligation No. 2. See "STATE FUNDING OF EDUCATION" above.

Enrollment Levels. The Lessee's revenues and financial strength will depend in part upon maintaining certain enrollment levels at the Obligated Group Schools. A reduction in enrollment for the Obligated Group Schools will have a direct result of reducing revenues available to pay amounts due under the Leases. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" attached hereto.

Risk of Reduction in ADA Funding. Since the majority of funds for the Obligated Group Schools' operations come from the State on the basis of ADA, the Obligated Group Schools are 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 Obligated Group Schools are 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. Such a loss of revenues could adversely affect the ability of the Lessee to make Rent payments due under the Series 2026CD Lease and, consequently, the ability of the Borrower to make payments under the Loan Agreement and Obligation No. 2.

In addition, the Charter School Law prohibits a charter school from imposing fees or charges for its educational services. Therefore, the Obligated Group Schools are dependent upon receipt of ADA-based funding, as well as philanthropic support. There is little the Lessee or the Borrower can do to increase revenues, other than for the Obligated Group Schools 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 LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER" 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.

Reliance on Commercial or Third-Party Vendors

Charter school operators often rely on educational programming provided by outside vendors provided through a contractual relationship. To the extent that the success of a charter school is related to the specific educational programming it offers, the end of such a relationship, or a change in the cost of such educational programming, may affect the enrollment, finances or operations of the charter school.

Since July 2025, the Lessee has operated a virtual online public charter school program ("Connections Academy") in partnership with Connections Education LLC, d/b/a Pearson Virtual Schools USA, a Delaware limited liability company ("Pearson"). For Connections Academy, Pearson provides all marketing and enrollment services, its full curriculum, student information, learning management system, data systems, core classes and a variety of elective/enrichment classes. The teachers for the Connection Academy program are California- credentialed employees of the Lessee. As of February 4, 2026, 496 students were enrolled in the Connections Academy program. The agreement between Pearson and the Lessee provides that neither will terminate it without ample notice. Notwithstanding the foregoing, there can be no assurance that, if the agreement with Pearson ends, the Lessee would be able to replace the curriculum, marketing, and management services now provided by Pearson with no material adverse effect on the Lessee's finances or operations. See "APPENDIX A – CURRICULUM AND EDUCATIONAL PROGRAMS – Educational Philosophy and Programs – Educational Programs."

Claims and Insurance Coverage

Litigation could arise from the corporate and business activities of the Lessee, the Obligated Group Schools or the Borrower. Such litigation may result as a result of the Lessee'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 Lessee, a charter school or 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.

The Borrower and the Lessee covenant and agree in the Loan Agreement and the Series 2026CD Lease that they will maintain, or caused to be maintained, property, general liability and business interruption insurance with respect to the Series 2026CD Facility at levels set forth therein. The Borrower and the Lessee are not obligated by the Loan Agreement or the Series 2026CD Lease to maintain earthquake insurance and there can be no assurance that the Borrower or the Lessee will obtain such coverage in the future. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" attached hereto.

Risk of Noncontinued Philanthropy or Grants

In the past, the Lessee has received some income from unrestricted gifts and donations or grants to supplement operating revenues to finance operations and capital needs. Gifts, grants and donations may continue. However, there can be no assurance that projections of this non-operating revenue will be realized or will not decrease, adversely affecting the financial condition of the Lessee. See also "APPENDIX A – OPERATING AND FINANCIAL INFORMATION."

Failure to Provide Ongoing Disclosure

The Borrower and the Lessee 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 Bonds. Any material failure to comply with the Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the affected Bonds and their market price in the secondary market.

Use of Series 2026CD Facility

No assurance can be given that a challenge brought to the educational use of the Series 2026CD Facility would not result in an interruption of the Obligated Group Schools' operations and have a material negative impact on the Revenues or result in redemption of the Bonds. See "THE PROJECT" herein.

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 the Authority 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 Lessee has received SB 740 funding in the past, and expects to continue receiving such funding relating to facilities costs of certain of its facilities for classroom-based instruction. However, there can be no assurances that the Lessee will continue to qualify for or receive SB 740 funding, or that such funding will not be 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 LESSEE, THE OBLIGATED GROUP SCHOOLS AND THE BORROWER" attached hereto. The financial projections set forth in Appendix A attached hereto assume the receipt of SB 740 funding relating to certain of the Lessee's in fiscal year 2025-26 and future fiscal years, and a failure to receive such funding could negatively affect the Lessee's finances.

Cybersecurity

The Lessee, 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 Lessee 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 Lessee's digital systems for the purposes of misappropriating assets or information or causing operational

disruption and damage. Within the last five years, the Lessee 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 Lessee'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 Lessee. The Lessee carries cybersecurity insurance.

ABSENCE OF MATERIAL LITIGATION

The Authority

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

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 Bonds, 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 Bonds, the validity or enforceability of the documents executed by the Borrower in connection with the Bonds, the completeness or accuracy of the Limited Offering Memorandum or the existence or powers of the Borrower relating to the sale of the Bonds.

The Lessee

To the knowledge of the Lessee, 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 Lessee seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Lessee taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, the validity or enforceability of the documents executed by the Lessee in connection with the Bonds, the completeness or accuracy of the Limited Offering Memorandum or the existence or powers of the Lessee relating to the sale of the Bonds.

See also, "APPENDIX A – CERTAIN INFORMATION REGARDING THE LESSEE AND THE BORROWER – OPERATING AND FINANCIAL INFORMATION – No Material Litigation" attached hereto.

TAX MATTERS

Series 2026C Bonds

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2026C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Code, generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2026C Bonds might be taken

into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2026C Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Series 2026C Bond over the issue price of a Series 2026C Bond (the first price at which a substantial amount of the Series 2026C Bonds of the same series and maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2026C Bond Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Series 2026C Bond Beneficial Owner will increase the Series 2026C Bond Beneficial Owner's basis in the Series 2026C Bond.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Series 2026C Bonds is based upon certain representations of fact and certifications made by the Authority, the Borrower, the Lessee, and others and is subject to the condition that the Authority, the Borrower and the Lessee comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2026C Bonds to assure that interest (and original issue discount) on the Series 2026C Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Series 2026C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026C Bonds. The Authority, the Borrower and the Lessee have covenanted to comply with all such requirements.

The amount by which a Series 2026C Bond Beneficial Owner's original basis for determining gain or loss on sale or exchange of the applicable Series 2026C Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2026C Bond Beneficial Owner's basis in the applicable Series 2026C Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series 2026C Bond premium may result in a Series 2026C Bond Beneficial Owner realizing a taxable gain when a Series 2026C Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2026C Bond to the Beneficial Owner. Purchasers of the Series 2026C Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2026C Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2026C Bonds might be affected as a result of such an audit of the Series 2026C Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2026C Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2026C Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026C BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES 2026C BONDS OR THE MARKET VALUE OF THE SERIES 2026C BONDS. LEGISLATIVE CHANGES ARE, FROM TIME TO TIME, PROPOSED IN CONGRESS, WHICH, IF ENACTED, COULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2026C BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH

CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2026C BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026C BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE SERIES 2026C BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2026C BONDS.

Bond Counsel has relied on the opinion of Young, Minney & Corr, LLP, counsel to the Borrower and the Lessee, regarding, among other matters, the status of the Borrower as a disregarded entity for federal income tax purposes, the sole member of which is the Lessee, and the current qualification of the Lessee as an organization described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Bond Counsel has also relied upon representations of the Borrower and the Lessee regarding the use of the facilities financed with the proceeds of the Series 2026C Bonds in activities that are not considered unrelated trade or business activities of the Lessee or the Borrower within the meaning of Section 513 of the Code. Neither Bond Counsel nor counsel to the Borrower and the Lessee can give or has given any opinion or assurance about the future activities of the Borrower or the Lessee, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service ("IRS"). Failure of the Lessee to be organized and operated in accordance with IRS's requirements for the maintenance of status as organizations described in Section 501(c)(3) of the Code may result in interest (and original issue discount) on the Series 2026C Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2026C Bonds.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2026C Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Series 2026C Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Series 2026C Bonds is excluded from gross income for federal income tax purposes provided that the Authority, the Borrower and the Lessee continue to comply with certain requirements of the Code, the ownership of the Series 2026C Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series 2026C Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. ACCORDINGLY, BEFORE PURCHASING ANY OF THE SERIES 2026C BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2026C BONDS.

A copy of the proposed form of opinion of Bond Counsel for the Series 2026C Bonds is included herewith in Appendix G.

Series 2026D Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Series 2026D Bonds 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 Series 2026D Bond over the issue price of a Series 2026D Bond (the first price at which a substantial amount of the Series 2026D Bonds 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 Series 2026D Bond will increase the Beneficial Owner's basis in the Series 2026D Bond. Beneficial Owners of Series 2026D Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Series 2026D Bonds.

The amount by which a Series 2026D Bond Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Series 2026D Bond (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 Series 2026D Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Series 2026D Bond Beneficial Owner's basis in the applicable Series 2026D Bond (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 Series 2026D Bond premium may result in the Beneficial Owner of a Series 2026D Bond realizing a taxable gain when a Series 2026D Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2026D Bond to the Beneficial Owner. The Beneficial Owners of the Series 2026D Bonds that have a basis in the Series 2026D Bonds that is greater than the principal amount of the Series 2026D Bonds 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 Series 2026D Bond, such bond 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 Series 2026D Bond Beneficial Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance of the Series 2026D Bond Beneficial Owner's adjusted tax basis in such bond.

The federal income tax discussion set forth above with respect to the Series 2026D Bonds 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 Series 2026D Bonds and the accrual or receipt of interest with respect to the Series 2026D Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE SERIES 2026D BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE SERIES 2026D BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel for the Series 2026D Bonds is included herewith in Appendix G.

APPROVAL OF LEGALITY

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Authority, the approval of certain matters for the Authority by the Honorable Rob Bonta, Attorney General of the State, 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 Lessee and the Borrower. Bond Counsel, the Underwriter and its counsel will receive compensation contingent upon the sale and delivery of the Bonds. Complete copies of the proposed forms of Bond Counsel opinion are contained in Appendix G hereto. Neither Bond Counsel nor the Attorney General undertakes any responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned a rating of "BB+" (with a stable outlook) to the Bonds.

Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P, at the following address: S&P Global Ratings at Municipal Finance, 55 Water Street, New York, New York 10041, telephone: (212) 208-8000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

LIMITED OFFERING OF BONDS

The Bonds 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 Qualified Institutional Buyers or Qualified Accredited Investors. By purchasing the Bonds, each investor is deemed to have made the acknowledgments, representations, warranties and agreements set forth under the heading "TRANSFER RESTRICTIONS" herein.

CONTINUING DISCLOSURE

The Borrower, the Lessee and U.S. Bank Trust Company, National Association, as dissemination agent (the "Dissemination Agent"), will execute and deliver one or more Continuing Disclosure Agreements pursuant to which the Borrower and the Lessee will, for the benefit of the Beneficial Owners of the Bonds, periodically compile and deliver to the Dissemination Agent certain financial information and operating data relating to the operations of the Borrower, the Lessee, the members of the Obligated Group, and the Obligated Group Schools, and provide notices of the occurrence of certain enumerated events. These covenants have been made to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). A form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

The Borrower has not previously entered into a continuing disclosure undertaking pursuant to the Rule. In connection with the issuance of certain revenue anticipation notes for the benefit of the Lessee in 2021, the Lessee undertook to provide certain information to be made available through the MSRB's Electronic Municipal Market Access system, including certain monthly reports, quarterly reports, and notices of listed events. In response to this undertaking, four monthly reports were filed late (ranging from one day to 84 days late), and one quarterly report was filed one day late.

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Bonds 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 Bonds. 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 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds.

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 Bonds 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 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $_____ (being the aggregate principal amount of the Bonds of $_____, plus/less aggregate original issue premium/discount of $_____, less an Underwriter's discount of $_____). The Bond Purchase Agreement ("Bond Purchase Agreement") pursuant to which the Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriter may offer and sell the Bonds 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 Bonds and there may, in fact, be no market for the Bonds depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Borrower and the Lessee.

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 Bonds and the Bond 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 Bond Indenture and Loan Agreement may be obtained during the offering period upon request directed to the Underwriter.

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.

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The distribution of this Limited Offering Memorandum has been approved by the Authority, the Borrower, and the Lessee, as lessee under the Series 2026CD Lease.

ORANGE SPRINGS FACILITIES II LLC, a California limited liability company, as Borrower

By: _____
Trevor Johnson
Authorized Borrower Signatory

CITRUS SPRINGS CHARTER SCHOOL, INC., a California nonprofit public benefit corporation, as Lessee

By:_____
Kathleen Hermsmeyer, Ed.D.
Superintendent

APPENDIX A

CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER

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APPENDIX A

CERTAIN INFORMATION REGARDING THE LESSEE, THE OBLIGATED GROUP SCHOOLS, AND THE BORROWER

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 Limited Offering Memorandum. 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 Limited Offering Memorandum.

INTRODUCTION

Citrus Springs Charter School, Inc. (the "Lessee") 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 Bonds are being issued to finance the Project (as defined in the forepart of this Limited Offering Memorandum). The proceeds of the Bonds will be loaned to Orange Springs Facilities II LLC (referred to throughout as the "Borrower"), a California limited liability company, the sole member of which is the Lessee. For more information regarding the Borrower, see "THE BORROWER" below.

THE LESSEE

The Lessee was incorporated in March 2015 to operate charter schools 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 Lessee operates, and is the holder of the charters for, two schools: Citrus Springs Charter School ("CSCS"); and Orange Springs Charter School ("OSCS" and together with CSCS, each an "Obligated Group School" and collectively, the "Obligated Group Schools"). Located in Orange County, each of the Obligated Group Schools is a California charter school established pursuant to the Charter School Law.

The Lessee began operating CSCS in the 2016-17 school year and currently serves students in kindergarten through 11th grade. The Lessee began operating OSCS in the 2025-26 school year and currently serves students in transitional kindergarten ("TK") through 12th grade.

The Obligated Group Schools' students reside primarily in Orange County. As of September 28, 2026, for the current 2026-27 school year CSCS has active enrollment of 548 students and 20 additional prospective students partway through the enrollment process (568 combined) and OSCS has active enrollment of 719 with 22 additional prospective students partway through the enrollment process (741 combined), and each anticipates active enrollment of 550 and 720 respectively by the annual enrollment census day on October 7, 2026, assuming a combination of a portion of current prospective students already in the enrollment process completing that process to active enrollment, students coming off the waitlist, and new students. CSCS operates pursuant to a charter originally approved by the Orange County Board of Education ("OCBE") in 2016 following a denial by the Santa Ana Unified School District ("SAUSD"), and renewed in 2020. A CSCS renewal petition was submitted to OCBE in early September 2026, and approval by OCBE is anticipated in November 2026 for a

2027-2032 five-year term. OSCS operates pursuant to a countywide benefit charter approved directly by OCBE in 2024. As a countywide benefit charter, OSCS can operate facilities anywhere throughout Orange County under the existing charter. CSCS, since it was authorized on appeal from SAUSD and is not a countywide benefit charter, can only open facilities within the geographic footprint of SAUSD. Both schools can enroll students residing anywhere in Orange County and any contiguous counties (Los Angeles, Riverside, San Bernardino, and San Diego), although classroom-based enrollment is geographically limited (within SAUSD for CSCS and within Orange County for OSCS. See "CHARTERS" herein.

The table below summarizes the Lessee's Charters (as defined herein) with respect to the Obligated Group Schools.

TABLE 1
CHARTERS AND AUTHORIZERS
The Obligated Group Schools

School	*Authorizer*	*Charter Type*	*Most recent Charter/Renewal*	*Expiration of Current Charter*	*2026-27 Enrollment*[(1)]
CSCS	Orange County Board of Education	District[(2)]	November 2020	June 30, 2027	550
OSCS	Orange County Board of Education	Countywide	October 2024	June 30, 2030	720
				Total	***1,270***

(1) Enrollment at the Obligated Group Schools is uncapped; 2026-27 enrollment is projected enrollment as of October 7, 2026.
(2) Authorized by OCBE on appeal – original petition was submitted to SAUSD and so the same geographic restrictions apply as if it were originally locally approved by SAUSD.
Source: The Lessee.

The Lessee has undergone a recent multi-year transition from operating one to two charter schools, with a movement of programs originally offered in CSCS to OSCS at the end of the 2025-26 school year. Pursuant to its countywide benefit charter, the Lessee can operate OSCS to serve students at facilities throughout all of Orange County, which the Lessee could not do under the charter to operate CSCS, which is geographically restricted to the boundaries of SAUSD. The Lessee plans to open OSCS facilities in Fullerton (financed through the Bonds) and Saddleback Valley to provide additional classroom-based programs, as well as nonclassroom-based programs that have access to student centers for enrichment and support classes. In 2025-26, the first year of operations for OSCS, the Quest Academy classroom-based program was moved from CSCS, where it had been offered since 2016-17, to OSCS. In 2026-27, the Lessee has also moved students in its various Homeschool programs and Montessori Village from CSCS to OSCS. Acquisition of the Series 2026AB Facility located at 1821 N. Grand Ave in Santa Ana (also known as the "Trailblazer Student Center") has allowed OSCS to expand enrollment of the Quest Academy program from prior years, as the 2026AB Facility is larger than the Lessee's previous facility located at 2121 N. Grand Ave., Santa Ana (the "Odyssey Student Center").

Moving forward, OSCS will function as the Lessee's primary charter school throughout Orange County, housing all programs except Connections Academy, a virtual program that will continue to be offered through CSCS. Because of the potential volatility of year-to-year enrollment and variances in standardized testing results for virtual programs, the Lessee is opting to keep the Connections Academy program in CSCS separate from the other programs offered. The Lessee is authorized to offer Connections Academy under CSCS to students across Orange County and contiguous counties. See "CURRICULUM AND EDUCATIONAL PROGRAMS – Educational Philosophy and Programs – Educational Programs" herein.

Related Organizations

Related Schools. The Lessee's instructional program follows a model employed at eight additional independent charter schools that were organized and are managed by the Lessee's management team:

- River Springs Charter School ("River Springs")
- Empire Springs Charter School ("Empire Springs")
- Inland Empire Springs Charter School ("Inland Empire Springs")
- Harbor Springs Charter School ("Harbor Springs")
- Pacific Springs Charter School ("Pacific Springs")
- Vista Springs Charter School ("Vista Springs")
- Liberty Springs ("Liberty Springs")
- Shasta Springs ("Shasta Springs") and, together with River Springs, Empire Springs, Inland Empire Springs, Harbor Springs, Pacific Springs, Vista Springs, and Liberty Springs the "Related Schools")

The Obligated Group Schools and the Related Schools are referred to herein as the "Springs Network of Schools."

Each of the Related Schools is governed by a board of directors independent from that of the Lessee. See "GOVERNANCE AND ADMINISTRATION" herein. The Superintendent of the Lessee 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 Lessee and each of the Related Schools, the costs of certain administrative services and key leadership are shared by the Lessee 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:

- Empire Springs Charter Schools, Inc. the nonprofit corporation operating Empire Springs and Inland Empire Springs
- Harbor Springs Charter School, the nonprofit corporation operating Harbor Springs, Pacific Springs, and Vista Springs
- Springs Charter Schools, Northern California, Inc., the nonprofit corporation operating Liberty Springs and Shasta Springs
- the Lessee, operating the Obligated Group Schools

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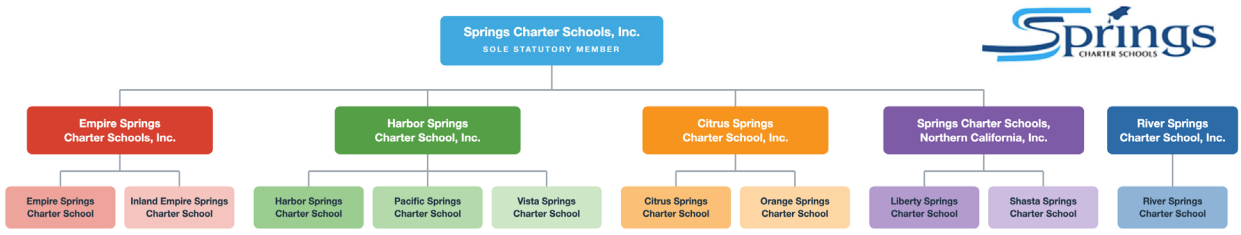
The following table shows the relationship between SCS, Inc., the Obligated Group Schools and the Related Schools.

The Springs Network of Schools

501(c)3 Corporation	Schools Operated	Charter Authorizer	Sole Statutory Member
Citrus Springs Charter School, Inc. (the "Lessee")	Citrus Springs Charter School Orange Springs Charter School	Orange County Board of Education Orange County Board of Education	Springs Charter Schools, Inc.
Springs Charter Schools, Inc.	N/A	N/A	N/A
River Springs Charter School, Inc.	River Springs Charter School	Riverside County Board of Education	N/A
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.
Springs Charter Schools, Northern California, Inc.	Liberty Springs Charter School Shasta Springs Charter School	Browns Elementary School District Millville Elementary School District	Springs Charter Schools, Inc.

None of the Related Schools are obligated with respect to the Lease, and the Lessee is not obligated with respect to any indebtedness of any Related School. Two of the Related Schools, River Springs and Pacific Springs, have outstanding bonded indebtedness, information for which can be found on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) database (the Pacific Springs indebtedness can be found under Harbor Springs as the nonprofit corporation entering into the indebtedness on behalf of Pacific Springs). None of the Related Schools are currently in default, nor have ever been in default, on such bonded indebtedness. For additional information regarding shared costs between the Related Schools, see the fiscal year 2024-25 audited financial statements of the Lessee attached hereto as Appendix B. Such audited financial statements are only of the Lessee and not the Related Schools, which each have their own separate financial statements. Through the Lessee's fiscal year 2024-25 financial statements, the only component unit was CSCS. Starting with the Lessee's fiscal year 2025-26 financial statements, CSCS, OSCS, and Orange Springs Facilities LLC will all be included as component units, as that was the first year of operations for OSCS and Orange Springs Facilities LLC. Starting with the Lessee's fiscal year 2026-27 financial statements, the Borrower will also be included as a component unit. See "OPERATING AND FINANCIAL INFORMATION – Indebtedness" herein. An organizational chart for the Springs Network of Schools is shown below.

Springs Network of Schools Organizational Chart



CHARTERS

CSCS operates pursuant to a charter originally granted by OCBE in 2016 after a denial by the SAUSD, and renewed on November 4, 2020 for an additional five-year term from July 1, 2021 through June 30, 2026 (the "CS Charter"). The CS Charter term has since been extended via statewide legislative action to June 30, 2027, and the 2027-2032 renewal petition was submitted to OCBE in early September 2026.

On October 17, 2016, the Third District Court of Appeal held that geographic restrictions in Education Code sections 47605 and 47605.1 apply to all charter schools, whether classroom-based or nonclassroom-based (the "Anderson Decision"). The court ruled that a charter school authorized by a school district must be located and operate entirely within the geographic boundaries of the authorizing district, unless one of the specific exceptions of section 47605.1 applies. This new geographic limitation prevented CSCS from opening any new facilities or resource centers in Orange County outside of the SAUSD boundaries.

Due to the success of CSCS and its programs, expansion of these programs throughout Orange County was a desired goal of the Lessee. To accomplish this, the Lessee submitted a new charter petition to OCBE for a "countywide benefit" charter, proposing to operate primarily classroom-based programs throughout Orange County. The new petition included the current Quest Academy program in Santa Ana as the initial classroom-based program, with expansion in future years to Anaheim and Saddleback Valley, which had been identified by the Lessee as the communities most similar to those of existing successful programs of the Lessee and Related Schools. See "CURRICULUM AND EDUCATIONAL PROGRAMS – Educational Philosophy and Programs" herein. The petition also proposed a homeschool population of less than 20% of total attendance, to comply with a statewide moratorium on new nonclassroom-based charters in place through December 2025. The OSCS charter was granted by OCBE in October 2024 (the "OS Charter" and together with the CS Charter, each a "Charter" and collectively, the "Charters") for a term through June 30, 2030. OSCS began operation in the 2025-26 fiscal year, operating Quest Academy and a small Homeschool program, both of which previously operated under CSCS.

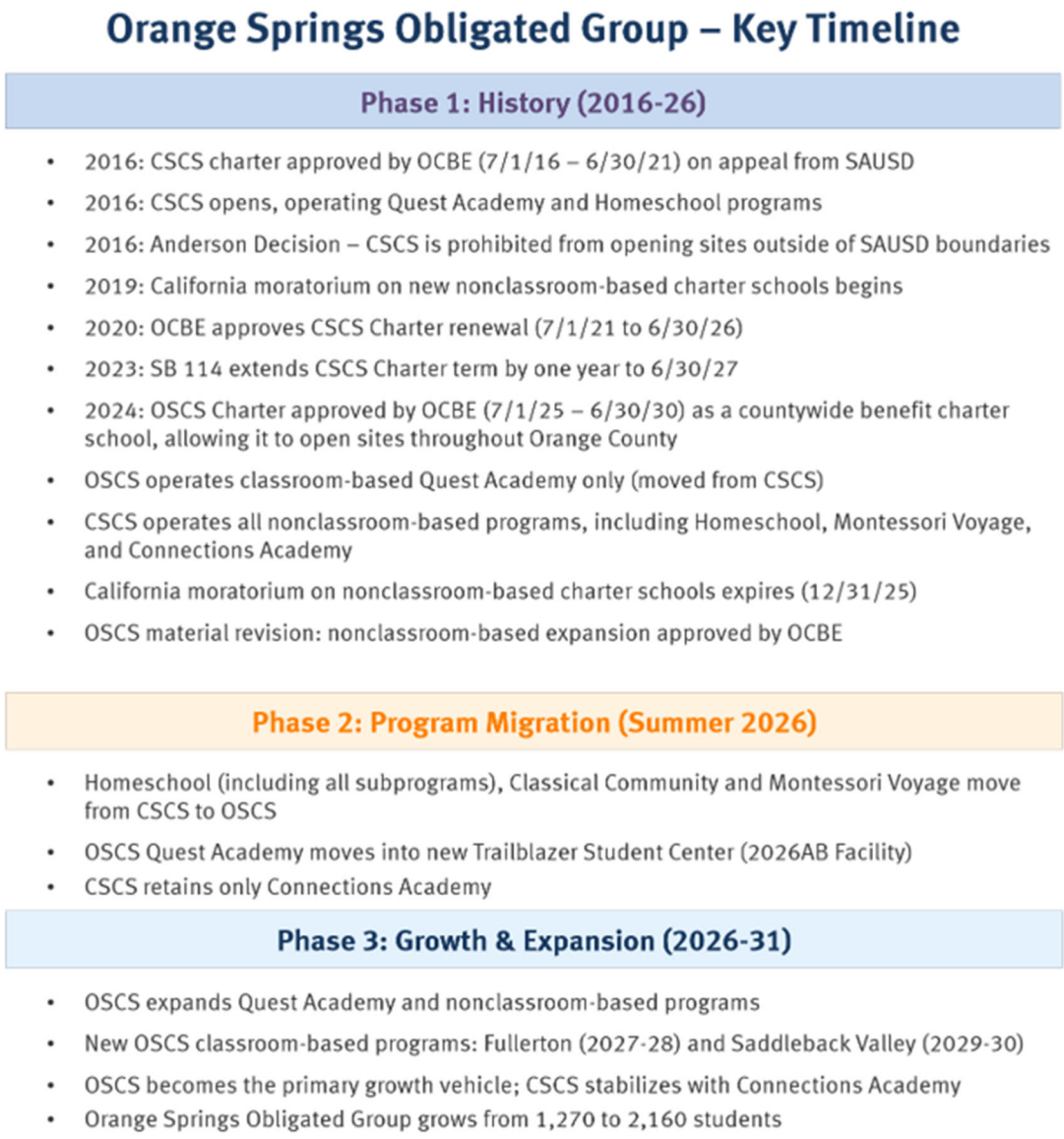
As the statewide moratorium on new nonclassroom-based charters ended on December 31, 2025, OSCS submitted a material revision in January 2026 to its existing petition to allow for significant expansion of the nonclassroom-based program of OSCS beginning in the 2026-27 school year, moving the Homeschool program (including the Homeschool Journey and Homeschool – Classical Connections subprograms) and the Montessori Voyage program from CSCS to OSCS. The Connections Academy program remains under CSCS. This material revision to the OS Charter was approved by OCBE on March 4, 2026. A subsequent material revision to add the proposed Fullerton facility to be financed with the Bonds was approved by OCBE on September 2, 2026. All enrollment projections herein are based on the new program offerings within each charter for the 2026-27 year as outlined.

Moving forward, OSCS will function as the Lessee's primary charter school throughout Orange County, housing all programs except Connections Academy, a new virtual program started in 2024-25 at Related Schools and started in the 2025-26 school year at CSCS. Because of the potential volatility of year-to-year enrollment and variances in standardized testing results for virtual programs, the Lessee is opting to keep the Connections Academy program in CSCS separate from the other programs offered. Connections Academy under CSCS will continue to serve all existing Connections Academy students as well as any new students from Los Angeles County and Orange County going forward.

The Lessee has executed a memorandum of understanding (the "MOU") for each Charter with OCBE, wherein it pays certain fees to the chartering entity for compliance. See "OPERATING AND FINANCIAL INFORMATION – Other Obligations – Payments to Chartering Agencies" herein.

The following figure summarizes the histories and current statuses of the Obligated Group Schools, as well as the Lessee's plans for their interschool program migrations, growth and expansion. For more information on the interschool program migrations, see "FIGURE 2 – OVERVIEW OF ACADEMIC PROGRAM TRANSITIONS" under "CURRICULUM AND EDUCATIONAL PROGRAMS" herein.

FIGURE 1
KEY TIMELINE
Obligated Group Schools
2016-17 through 2030-31



Source: The Lessee.

Compliance with Charter and Good Standing

The Lessee believes it is in compliance with the terms of the Charters and the State and Federal laws applicable to the Obligated Group Schools. The Lessee will certify in connection with the issuance of the Bonds

that it has not been advised by the OCBE of any outstanding notices of concern or grounds for revocation or non-renewal of the Charters.

MISSION AND VISION

The Obligated Group Schools are parent choice schools where the community is the classroom. The Lessee'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 Lessee believe that the best learning occurs through:

- The parent is directly involved in the teaching/learning process;
- Using the community as the classroom;
- Fostering a child's innate creativity;
- Collaborating to achieve goals;
- Building relationships; and
- Personalized learning.

CURRICULUM AND EDUCATIONAL PROGRAMS

General

The Lessee'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 Lessee'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.

All student curricula are subject to approval by the Lessee. For the Lessee's nonclassroom-based programs, each student and at least one parent or guardian with the assistance of the Lessee's Education Specialists (each, an "Education Specialist") and advisors, designs, consistent with the Lessee'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 Lessee that clearly describes the student's individual educational goals and curriculum for each semester the student is enrolled with the Lessee. 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 Lessee 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 Philosophy and Programs

Educational Philosophy. The Obligated Group Schools are parent choice schools where the community is the classroom. The Obligated Group Schools' mission is to foster the innate curiosity of students, empower their parents, and promote optimum learning by collaboratively developing a personalized learning program for each student. The Obligated Group Schools' objective is to enable students to become self-motivated, competent, and lifelong learners.

Parents who enroll their children in the Obligated Group Schools will, through specific enrollment and curriculum contracts, accept primary responsibility for their children's education. The Obligated Group Schools support its students and parents with appropriate educational materials and with a team of specialists and advisors. This team advises and assists parents and students in all aspects of student education pursuant to relevant contracts.

The Obligated Group Schools believe in providing a multi-faceted portfolio of options for parents who want to play a more active role in the public education of their children. Instead of providing just one model, the Obligated Group Schools work within the local community of families and teachers to create research-based, mission-driven, comprehensive school models that combine the best of resource center classroom instruction with the best of personalized home-study. The Lessee believes that a child's attitude about learning a particular subject significantly contributes to his/her success or failure in that subject. Positive attitudes are strongly influenced by success. For this reason, the Obligated Group Schools:

1. Operate multiple educational programs to maximize learning options for students, from five-day-a-week in-person instruction to virtual learning (see "Educational Programs" below);

2. Use a variety of diagnostic tools to accurately assess and place each child in the appropriate course/curriculum for his/her skills. The content will be challenging, but not so challenging that it would be almost impossible for the child to succeed based on his/her initial skill set.

3. Focus on the goals of mastery and understanding within each discipline. Children are encouraged to keep working on a skill until it is mastered, and they are not penalized for multiple attempts at mastery.

4. Give timely feedback to the student about his/her progress in such a way that the student will learn and grow from it. Students are actively involved in evaluating their own progress - they are called upon to reflect, given tools such as rubrics, pre-assessments, and other means of identifying their strengths and weaknesses - so they will be more able to make the adjustments necessary to succeed and achieve at high levels. Teachers personalize learning to help a child identify their own strengths and weaknesses in a particular task or topic.

Since the Obligated Group Schools focus on personalized learning throughout all their programs, they uses a continuum of skills for mastery based on the Common Core State Standards. These skills are organized by grade level, with the goal for every student to master these skills during or before that grade level year. However, since these skills are building blocks that are required for true understanding of higher level concepts, some students will begin their learning below their designated grade level. The goal for students operating below grade level is to accelerate their learning through mastery and success. The Obligated Group Schools' programs use a variety of instructional materials to teach these skills. All students have access to their own copies of standards-aligned instructional materials for use at school and at home. Chromebooks are available to all students at a 1:1 ratio. Further, the Obligated Group Schools will provide portable internet devices (MiFis) to all students attending classroom-based programs who request one and qualify. Qualifying students include socio-economically disadvantaged, foster, homeless, English Learner, or Special Education. Instructional materials support standards-based mastery and are used with flexibility according to individual student need.

The Obligated Group Schools' goals for students and parents include but shall not be limited to the following:

1. Optimum learning by the student will be achieved by encouraging parent involvement and support.

2. Students will be active participants in their personalized learning plan with the support of staff.

3. Students will make at least one year of academic achievement gains each year.

4. Students will be intrinsically motivated.

5. Students will achieve competency in basic academic skills.

6. Opportunities will be provided for students to explore their potential in the performing and living arts and in the use of technology.

7. Students will recognize and use their strongest skills and abilities and improve in areas where they are weak.

Educational Programs. The Lessee offers a range of educational approaches to suit the needs of its students, as described below.

Classroom-Based Program Options:

Quest Academy. In the Quest Academy program offered at the Lessee's Trailblazer Student Center beginning in 2026-27, students in grades TK-8 attend class five days a week and receive in-person instruction from fully credentialed teachers. The Quest Academy program utilizes a project-based learning model to guide and monitor students' learning of the Common Core State Standards. This model uses real-world learning activities to engage student interest and motivation. Students collaborate, problem-solve, make decisions along their journey, create something new, and present their work. Projects are designed to address essential questions or problems that represent experiences people encounter in the world outside a traditional classroom. Beginning in the 2026-27 school year, the Quest Academy program will be operated exclusively under OSCS. The Lessee anticipates future enrollment growth in its Quest Academy program for 2026-27 on, due to: (a) increased student demand generated by the new expanded facility; (b) targeted marketing efforts in the Santa Ana community; and (c) opening of the Fullerton and Saddleback Valley Student Centers. While the future programmatic makeup of the proposed Saddleback Valley campus has not yet been finalized, it is currently anticipated that these new locations will offer classroom-based instruction similar to the existing Quest Academy and will also receive targeted marketing in these new communities. As of September 28, 2026, 61 students were actively enrolled in the Quest Academy program for the 2026-27 school year, with no prospective students currently in the enrollment process.

Nonclassroom-Based Program Options:

Homeschool. In the general 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. Depending on grade-level, families are allotted instructional funds to purchase curriculum materials and services from approved vendors. While there is no regularly scheduled on-site component, Homeschool students may augment their homeschool program by selecting enrichment classes at the Trailblazer or Odyssey Student Center, one or two days per week, currently available on Tuesdays and Thursdays. Homeschool students are able to take advantage of field trips, a well-stocked curriculum warehouse, various health and fitness programs, and numerous parent and student events throughout the year. Homeschool high school students have access to a variety of supported courses offered either through an online course management system or at the Trailblazer or Odyssey Student Center. High school courses include core subjects, world languages, CTE, and elective options. All high school online courses are overseen by highly qualified subject-specialists who grade key assignments, run regularly scheduled live seminars, monitor thread and forum discussions, and are available to tutor students as needed. Student progress is tracked through the use of individualized learning plans, which are created monthly and revised often through collaboration with the parent, student, and ES. Assessment is completed regularly for a variety of purposes including curriculum selection. Assessment data is analyzed regularly and used to modify instruction at each learning plan meeting. The assigned ES meets with parents and students at least every 20 school days to review progress and develop a plan for the upcoming learning period. As of September 28, 2026, 183 students were enrolled in the general Homeschool program, with an additional six prospective students currently in the enrollment process. Beginning in the 2026-27 school year, the Homeschool program will be operated exclusively under OSCS.

Homeschool – Classical Community. Classical Community is a Homeschool subprogram teaching science, history, and enrichment based on the classical education model. This specialized hybrid offering gives students the opportunity "to have a foot in both worlds" by blending independent home study with a classically-focused classroom-designed active learning community two days per week**.** The Classical Community subprogram will receive core instruction on-site in science and history, which facilitates cooperative learning while incorporating real-world-related math and reading/writing. The classes follow a four-year cycle of sequential history and science disciplines, with each student learning at their developmental level. Classes for the Classical Community program will be held at the Odyssey Student Center on Monday and Wednesday of each week. As of September 28, 2026, 213 students were enrolled in the Homeschool – Classical Community subprogram, with no prospective students currently in the enrollment process. Not all prospective students complete the enrollment process to become actively enrolled students. Beginning in the 2026-27 school year, the Homeschool – Classical Community program will be operated exclusively under OSCS.

Homeschool – Journey. The Homeschool-Journey high school subprogram offering redefines how independent study Homeschool students progress through their high school career, within a supportive environment, rich with a variety of experiences and opportunities. This program is designed to support a flexible and personalized path to graduation. Students are encouraged to pursue their interests and are supported academically by meeting with a single subject specialist twice a month, once in an online environment, and once in person. Students have the option to meet with each subject specialist each month. Each student is assigned to a dedicated High School Education Specialist, who will collaborate with students and parents to create a customized path with flexible pacing and the ability to design their own courses. Students have access to CTE, the National Honor Society, and internships as well as Learning Center support classes at the Trailblazer Learning Center, mobile science labs, and vendor electives. As of September 28, 2026, 31 students were enrolled in the Homeschool – Journey subprogram, with one additional prospective student currently in the enrollment process. Not all prospective students complete the enrollment process to become actively enrolled students. Beginning in the 2026-27 school year, the Homeschool – Journey program will be operated exclusively under OSCS.

Montessori Voyage. Montessori Voyage is a four-day-per-week nonclassroom-based program for grades TK-6 that provides a comprehensive educational approach based on self-directed activity and hands-on learning. In Montessori Voyage, students log in for 90 minutes of direct online instruction 4 days per week (and 30 minutes on Friday) and receive selected curriculum and materials to support authentic Montessori learning, with the support of trained credentialed teachers, from the comfort of their homes. For the remainder of the time they are scheduled, the parent guides the student, at home, to complete the required work. The program is rooted in Montessori theory and philosophy, with lessons and activities designed to spark the imagination and sow seeds of interest in each student, with occasional park days and other "al fresco" activities, consisting of outdoor, experiential learning and/or electives and special interest clubs in small cohorts of learners who will have the opportunity to form deep connections throughout the year. Students attending Montessori Voyage will have the opportunity to pursue individual interests, collaborate with peers, develop independence and time management skills, and cultivate personal relationships. Under the guidance of qualified educators, children will have daily opportunities to participate in live, interactive online sessions, as well as have access to recorded videos. In addition, parents will receive mentoring and support from teachers on how to implement the Montessori philosophy and approach in the home environment. The curriculum is based upon the Montessori approach to education and will encompass the following topics: language arts, math, geometry, history, biology, geography, music, art, physical education, and practical life. Students will have the opportunity to participate in online, interactive lessons with a teacher and a small group of multi-grade children as well as having the option of joining additional activities such as read-aloud, literature circles, and special interest clubs. As of September 28, 2026, 231 students were enrolled in the Montessori Voyage program, with an additional 15 prospective students currently in the enrollment process. Not all prospective students complete the enrollment process to become actively enrolled students. Beginning in the 2026-27 school year, the Montessori Voyage program will be operated exclusively under OSCS.

Connections Academy. Available for grades K-11, Connections Academy is a virtual online public charter school program that is aligned with state education standards and fosters students' love of learning. Students receive individualized support from California-credentialed teachers specially trained in online instruction using an award-winning curriculum and virtual platform provided by Pearson Education, an independent private vendor. Pearson Education has partnered with the Lessee to provide this program since July 2025, offering all marketing and enrollment services, its full curriculum, student information, learning management system, data systems, core classes and a variety of elective/enrichment classes. The teachers for the Lessee's Connections Academy program are California-credentialed employees of the Lessee. Pursuant to the agreement between the Lessee and Pearson (the "Pearson Agreement"), Pearson is paid a flat fee per unit of average daily attendance ("ADA"). The Pearson Agreement extends to June 30, 2029, unless renewed. The Pearson Agreement may be terminated by either party in various circumstances, including for material breach (with 30-day cure period); however, (i) any notice of any early termination must be delivered by December 15 of the current academic year, and (ii) any early termination will take effect on the last day of the academic year, unless otherwise agreed to by the parties.

At Connections Academy, parents, referred to as Learning Coaches, are invited to the New Family Orientation sessions, where they receive an overview of the program and access to a variety of helpful resources, including Learning Coach guides, webinars, and step-by-step tutorials. On a daily basis, parents ensure their child's completion and progress with lessons and assignments, monitor progress and communicate regularly with the child's homeroom teacher, and support their child in time management and successful learning routines at home. As of September 28, 2026, 548 students were enrolled in the Connections Academy program, with an additional 20 prospective students currently in the enrollment process. Not all prospective students complete the enrollment process to become actively enrolled students. Beginning in the 2026-27 school year, the Connections Academy program is now operated exclusively under CSCS and is the sole program offering of CSCS.

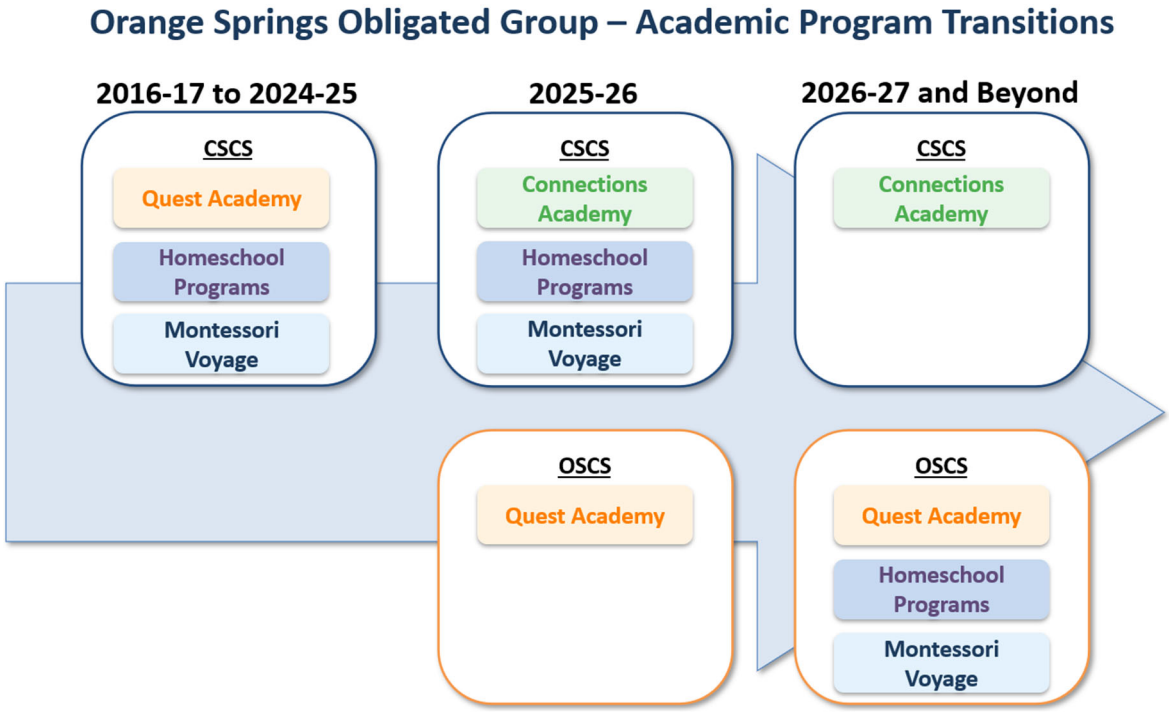
The Pearson Agreement provides that the Springs Network of Schools has an exclusive partnership with Pearson to provide the Connections Academy program in Southern California. Seven of the ten schools in the Springs Network of Schools have implemented Connections Academy programs, and enrollment at each such

program has grown rapidly since inception. Starting in the 2026-27 school year, any new student that wishes to enroll in Connections Academy at any Related Schools will be enrolled at CSCS if they reside in Orange County or Los Angeles County. Existing Connections Academy students will continue at the four Related Schools currently offering Connections Academy, and any new students enrolling in Connections Academy and residing in Riverside County, San Diego County, or San Bernardino County will continue to enroll in the applicable Related School.

For purposes of ADA calculations (due to the regulatory definition of nonclassroom-based ADA), as explained more fully in the forepart of this Limited Offering Memorandum and herein, the Quest Academy five-day-per-week program is considered a classroom-based program generating classroom-based ADA, and all other programs are considered nonclassroom-based programs generating nonclassroom-based ADA. See "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Nonclassroom-based Funding" in the forepart of this Limited Offering Memorandum and "OPERATING AND FINANCIAL INFORMATION" herein.

The following figure summarizes the Lessee's plans for the interschool program migration between the Obligated Group Schools.

FIGURE 2
OVERVIEW OF ACADEMIC PROGRAM TRANSITIONS
Obligated Group Schools



Source: The Lessee.

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TABLE 2
ENROLLMENT BY SCHOOL AND PROGRAM[1]
The Obligated Group Schools
2021-22 through 2026-27

School and Program	*Type*	*Grades*	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2025-26*	*2026-27[2] (current)*	*2026-27[3]*
CSCS									
Classroom-Based Programs:									
Quest Academy (Odyssey Student Center)[3]	CB	TK-8	112	89	83	87	--	--	--
Subtotal – Classroom-Based Programs			**112**	**89**	**83**	**87**	--	--	--
Nonclassroom-Based Programs[4]:									
Homeschool – General	NCB	TK-12	186	206	197	170	141	--	--
Homeschool – Classical Community	NCB	TK-8	--	--	--	--	165	--	--
Homeschool – Journey	NCB	9-12	18	18	24	32	28	--	--
Montessori Voyage	NCB	TK-6	72	84	154	188	215	--	--
Connections Academy (Virtual)	NCB	K-10	--	--	--	--	361	548	550
Subtotal – Nonclassroom-Based Programs			**276**	**308**	**375**	**390**	**910**	**548**	**550**
CSCS Subtotal			**388**	**397**	**458**	**477[4]**	**910**	**548**	**550[3]**
OSCS									
Classroom-Based Programs:									
Quest Academy (Trailblazer Student Center)[3]	CB	TK-8	--	--	--	--	65	61	61
Subtotal – Classroom-Based Programs			--	--	--	--	**65**	**61**	**61**
Nonclassroom-Based Programs[4]:									
Homeschool – General	NCB	TK-12	--	--	--	--	11	183	183
Homeschool – Classical Community	NCB	TK-8	--	--	--	--	--	213	213
Homeschool – Journey	NCB	9-12	--	--	--	--	--	31	31
Montessori Voyage	NCB	TK-6	--	--	--	--	--	231	232
Connections Academy (Virtual)	NCB	K-11	--	--	--	--	--	--	--
Subtotal – Nonclassroom-Based Programs			--	--	--	--	**11**	**658**	**659**
OSCS Subtotal			**--**	**--**	**--**	**--**	**76**	**719**	**720**
Total			**388**	**397**	**458**	**477**	**986**	**1,267**	**1,270**

(1) Represents certified enrollment as of the fall census day (the first Wednesday in October), as reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") for school years 2021-22 through 2025-26. Enrollment for the 2026-27 school year is projected CALPADS enrollment as of September 28, 2026.

(2) Represents current active enrollment as of September 28, 2026.

(3) Quest Academy moved from CSCS to OSCS in the 2025-26 school year, and moved from the Odyssey Student Center to the Trailblazer Student Center in 2026-27 financed via the 2026AB Bonds. Odyssey Student Center is used as an independent study resource center starting in 2026-27.

(4) Nonclassroom-Based programs except Connections Academy transitioned from CSCS to OSCS in the 2026-27 school year.

Source: The Lessee.

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TABLE 2 (Continued)
ENROLLMENT BY SCHOOL AND PROGRAM
The Obligated Group Schools
2026-27 through 2030-31

School and Program	*Type*	*Grades*	*2026-27*	*2027-28*	*2028-29*	*2029-30*	*2030-31*
CSCS							
Nonclassroom-Based Programs[(1)]:							
Connections Academy (Virtual)	NCB	K-11	550	600	600	600	600
CSCS Subtotal			**550**	**600**	**600**	**600**	**600**
OSCS							
Classroom-Based Programs:							
Quest Academy (Odyssey Student Center)[(2)]	CB	TK-8	--	--	--	--	--
Quest Academy (Trailblazer Student Center)[(2)]	CB	TK-8	61	200	275	300	375
Fullerton Student Center	CB	TK-8	--	110	160	230	260
Saddleback Valley Student Center	CB	TK-8	--	--	--	140	175
Subtotal – Classroom-Based Programs			**61**	**310**	**435**	**670**	**810**
Nonclassroom-Based Programs:							
Homeschool – General	NCB	TK-12	183	185	190	195	200
Homeschool – Classical Community	NCB	TK-8	213	221	229	236	240
Homeschool – Journey	NCB	9-12	31	30	30	35	35
Montessori Voyage	NCB	TK-6	232	245	258	270	275
Connections Academy (Virtual)	NCB	K-11	--	--	--	--	--
Subtotal – Nonclassroom-Based Programs			**659**	**681**	**707**	**736**	**750**
OSCS Subtotal			**720**	**991**	**1,142**	**1,406**	**1,560**
Total			**1,270**	**1,591**	**1,742**	**2,006**	**2,160**

(1) Nonclassroom-Based programs except Connections Academy transitioned from CSCS to OSCS in the 2026-27 school year.
(2) Quest Academy moved from CSCS to OSCS in the 2025-26 school year, and moved from the Odyssey Student Center to the significantly larger Trailblazer Student Center in 2026-27. Odyssey Student Center now used as an independent study resource center starting in 2026-27.

Source: The Lessee.

Accreditation

Each of the Obligated Group Schools is fully accredited in their respective grade ranges by the Western Association of Schools and Colleges ("WASC").

GOVERNANCE AND ADMINISTRATION

Board of Directors

The Lessee is governed by a Board of Directors (the "Board') which consists of between three and seven directors, as determined by the Board from time to time, with each director serving no more than two consecutive three-year terms. If OCBE exercises its statutory right to appoint a representative to the Board, the Board may appoint an additional director to maintain an odd number of directors on the Board. Presently, the Board is composed of six members (none of whom is an OCBE-appointed director). Directors are nominated by the Board, with nominations submitted to the Sole Member, and appointed only with the written approval of the Sole Member. The Sole Member may remove directors from the Board with or without cause.

The current members of the Board, their positions and terms are listed below.

Name	*Position*	*Term Expires*
Michael Solomon	Chair	June 30, 2028
Kellie Caldwell-Woodson	Vice Chair	June 30, 2028
Todd Franklin	Treasurer	June 30, 2028
Dr. Eugene Dokes	Secretary	June 30, 2028
Jessica Large	Director	June 30, 2028
Dianne Mendez	Director	June 30, 2029

Michael Solomon. Mr. Solomon is the head of a real estate conglomerate based in Irvine that transacts in local, state, national and international ventures, which follows his career in retail management. Mr. Solomon is a licensed California Real Estate Broker and member of the Board of Directors of the California Association of Realtors.

Kellie Caldwell-Woodson. Ms. Caldwell-Woodson has been a member of the Springs Network of Schools for over 5 years and has over 10 years of experience in education. She currently serves as Senior Director of Curriculum Planning and Design for Age of Learning, Inc (ABCmouse.com). Ms. Caldwell-Woodson has a Bachelor of Arts degree in Women's Studies and Biology from Spelman College.

Todd Franklin. Mr. Franklin is a small business owner in the Santa Ana area and holds a license as a real estate broker.

Dr. Eugene Dokes. Dr. Dokes is a U.S. Navy veteran, real estate professional, and entrepreneur, having launched several ventures in addition to teaching business classes in undergraduate and graduate college programs. He has a PhD in Organization Management from Capella University, a Master's degree in Business Administration from Lindenwood University, and a Bachelor of Arts degree from Columbia College.

Jessica Large. Ms. Large has over 15 years of active involvement in various local organizations. In addition to her work as the founder of the Murrieta Arts Council, Ms. Large has also taken on a leadership role as the founder of the Downtown Murrieta Merchants & Property Owners Association. Professionally, Ms. Large is a seasoned business management consultant.

Dianne Mendez. Ms. Mendez has 25 years of experience as a school director and local governmental analyst in the Inland Empire region. She has a Bachelor's Degree in business administration and a Master of Business Administration (MBA) from California Baptist University.

Management Staff

In addition to Members of the Board, the Lessee and the Obligated Group Schools are served by the following management staff. Each of these individuals serves in the same capacity for each school in the Springs Network of Schools.

Kathleen Hermsmeyer, Ed. D., Superintendent. Ms. Hermsmeyer has served as Superintendent of the Lessee since inception in 2016. She has also served in the same role at the Related Schools since the inception of the Springs Network of Schools in 2006, commencing with River Springs which was the only existing charter school in the Springs Network of Schools in such year. She 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 Lessee since inception in 2016. She has also served in the same role at the Related Schools since the inception of the Springs Network of Schools in 2006, commencing with River Springs which was the only existing charter school in the Springs Network of Schools in such year. She holds a Bachelor of Arts degree in Political Science from California State University, 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. She is also currently completing her doctorate in Educational Leadership.

Trevor Johnson, Acting Assistant Superintendent, Business. Mr. Johnson has worked in California K-12 public education finance and accounting since 2011, as an accountant, accounting supervisor, and accounting services supervisor at school districts in the Inland Empire. Mr. Johnson currently acts as the supervisor of the Springs Network of Schools Finance Department and oversees all financing functions within each organization. Mr. Johnson holds a Bachelor of Science in Business Administration with a concentration in Accounting from California State University, San Bernardino.

Vivian Price, Assistant Superintendent, Education – Personalized Learning. Ms. Price has served as Assistant Superintendent, Education – Personalized Learning of the Lessee since inception in 2016, and in the same role for the Related Schools since 2012. 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. She received her Doctorate degree in Education from San Diego State University.

Tanya Rogers, the Assistant Superintendent, Business, of the Borrower, has been on administrative leave since June 2026.

The Sole Member and its Board

SCS, Inc., the sole member of the Lessee ("the Sole Member"), was formed to help maintain educational and operational consistency among the Springs Network of Schools. The primary functions of the Sole Member are to appoint directors to the boards of the Lessee, Harbor Springs Charter School, Empire Springs Charter Schools, Inc., and Springs Charter Schools, Northern California, Inc. and to provide professional development activities to the staff of the Springs Network of Schools.

The Sole Member is governed by a Board of Directors (the "SCS, Inc. Board") that consists of between three and five directors, with each director serving an unlimited number of six-year terms. Directors are designated by the existing members of the SCS, Inc. Board, and any director may be removed, with or without cause, by the vote of the majority of members of the SCS, Inc. Board.

The bylaws of the Sole Member were last updated on December 13, 2022. The bylaws of the Sole Member provide that, subject to applicable conflict of interest laws, employees of the Springs Network of Schools are eligible to serve on the SCS, Inc. Board. However, no employee or spouse of an employee related to the Executive Director of any of the Springs Network of Schools may serve on the SCS, Inc. Board. Additionally, no director of any of the Springs Network of Schools may serve concurrently on the SCS, Inc. Board, and no director on the SCS, Inc. Board or a family member thereof may serve on the board of directors of the Lessee or any of the Related Schools.

The current members of the SCS, Inc. Board, their positions and terms are listed below.

Name	*Position*	*Term Expires*
Timothy Trainor	Chair	June 30, 2030
Teasa Phalen	Vice Chair	June 30, 2030
Pamela Ellard	Secretary	June 30, 2029
Catherine Hanson	Director	June 30, 2027
Rachel Couch	Director	June 30, 2031

Timothy Trainor. Mr. Trainor is the Senior Manager of Short Sale Operations at Auction.com, possessing ten years of experience in the financial services and real estate industries and nine years of experience serving on nonprofit boards of directors, including serving on the board of directors of River Springs. He has served on the SCS, Inc. Board since May 20, 2013. Mr. Trainor earned a Bachelor of Arts degree in Christian Studies from California Baptist University.

Teasa Phalen. Ms. Phalen has 12 years of experience in homeschooling, with significant connections to the Springs Network of Schools. She previously served on the board of directors of River Springs, where she has also served on a parent advisory committee and Parent Teacher Student Organizations. Ms. Phalen has served on the SCS, Inc. Board since May 20, 2013.

Pamela Ellard. Ms. Ellard has 15 years of experience in public education in the traditional classroom setting. She is a tutor certified through the Barton Reading & Spelling System and is also certified to screen for dyslexia signs and symptoms. Ms. Ellard has served on the SCS, Inc. Board since July 26, 2017.

Catherine Hanson. Ms. Hanson has 19 years of experience in education, having served in the capacities of Homeschool Education Specialist, Academy Advisor, and as Principal of the KEYS Independent Study High School program, which she created under the direction of Dr. Hermsmeyer. She has served on the SCS, Inc. Board since July 1, 2021. Ms. Hanson earned a Bachelor of Arts degree in Liberal Studies with English Emphasis from California Baptist University.

Rachel Couch. Ms. Couch has over 20 years of experience in education and served as a middle and high school teacher in both private and public-school settings. Ms. Couch earned a Bachelor's degree from Cal Polytechnic State University, San Luis Obispo and a Master's degree in Counseling Psychology.

FACULTY AND PERSONNEL

Faculty and Personnel

As of September 15, 2026, the Lessee employed 71 full-time equivalent ("FTE") certificated employees (including two Principals, one Vice-Principal, 64 certificated teachers and four certificated non-teaching professionals) and an additional 19 FTE of non-certificated employees (including employees who hold a partial full-time equivalent position at each Springs Network of Schools and receive a partial FTE from each). Of the certificated teachers, 100% hold bachelor's degrees, 58% also hold master's degrees, and 2% hold PhDs in Education. Currently, 91% of CSCS teachers and 74% of OSCS teachers have more than five years of teaching experience. In addition to employees holding partial full-time equivalent positions at each Springs Network school, certain centralized managerial and operational staff are employees of River Springs and pro-rata services to the Lessee are billed as operational expenses to the Lessee each year rather than employee salary and benefits. The 2025-26 overall ratio of students to certificated instructional personnel of the Lessee was 15.4:1.

The Lessee 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 Lessee has established relationships with eight colleges and universities to post its open positions; (iii) the Lessee participates in several local and regional job fairs to recruit prospective new teachers;

and (iv) the Lessee joined an RCOE consortium for a grant for classified staff who wish to become teachers in the areas of SPED and STEM credentials.

Teacher Retention

The table below shows, for any given school year, the percentage of teachers employed by the Lessee in June of the prior school year who remained employed by the Lessee in August of the school year shown, for school years 2021-22 through 2026-27. The Lessee opened OSCS for operation in the 2025-26 school year.

TABLE 3
TEACHER RETENTION
The Obligated Group Schools
2021-22 through 2026-27

School Year	***CSCS***	***OSCS***
2021-22	89.5%	--
2022-23	74.1	--
2023-24	85.3	--
2024-25	78.3	--
2025-26	85.0	--
2026-27	91.7[(1)]	88.9%

[(1)] *For 2026-27, the CSCS retention percentage reflects returning teachers to either CSCS or OSCS.*
Source: The Lessee.

The following table shows the breakdown of full-time equivalent (FTE) employees at each Obligated Group School for the 2026-27 school year.

TABLE 4
FACULTY BREAKDOWN BY OBLIGATED GROUP SCHOOL
2026-27
The Obligated Group Schools

	Principal	Vice-Principal	Teaching Professionals	Certificated (non-Teaching Professionals)	Classified Staff (non-Teaching Professionals)	Total
CSCS	--	1	23	3	3	30
OSCS	2	--	41	1	16	60
Total	**2**	**1**	**64**	**4**	**19**	**90**

Source: The Lessee.

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ENROLLMENT

Enrollment

Unlike certain other states, California does not use a 40-day, 100-day, or similar enrollment snapshot to determine annual funding, and nearly all state and federal funding to the Lessee is based on ADA rather than enrollment. Enrollment is still tracked for demographic purposes, attendance ratios, and other non-funding purposes. While enrollment varies throughout the school year, the most commonly used metric for tracking annual TK-12 California enrollment data is the annual snapshot of enrollment taken as part of the California Longitudinal Pupil Achievement Data System ("CALPADS") Fall 1 Census Day each year. Annual Census Day enrollment represents a count of students enrolled on the first Wednesday in October of the applicable school year (the "Census Day"). The count is derived from individual student records reflecting enrollment status, grade level and enrollment dates, and includes students in grades TK-12 who are actively enrolled on the Census Day. Secondary enrollments and enrollments solely for specialized services are excluded from this count. Census Day enrollment measures enrollment as of that date, rather than the number of students physically attending school that day or the cumulative number of students served during the school year.

Charter school data is submitted to CALPADS either directly by the charter school or through its authorizing agency, depending on the school's designated reporting status (the Lessee reports CALPADS data directly). The reporting entity submits and updates student records, resolves applicable validation errors and discrepancies, and reviews the resulting enrollment totals and supporting student-level reports before certifying the Fall 1 submission in accordance with CDE's reporting schedule. Corrections may be incorporated during the applicable amendment period, but the enrollment count continues to reflect students enrolled on the Census Day. The resulting certified data support CDE's official annual enrollment reporting. Census Day enrollment is distinct from ADA, which is calculated separately under applicable attendance-accounting requirements and is generally determined by dividing total pupil-days of attendance by the number of instructional days in the reporting period. Accordingly, Census Day enrollment should not be treated as equivalent to the ADA used in calculating charter school funding, and depending on attendance ratios and growth or decline in enrollment/attendance after the Census Day, can be higher or lower than ADA for a given school year.

The tables on the following page show historical and current enrollment for CSCS and OSCS. Current enrollment is as of September 28, 2026. The Lessee does not anticipate any substantive variances between this current enrollment and enrollment on the Census Day (October 7, 2026).

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TABLE 5
HISTORICAL AND CURRENT ENROLLMENT BY GRADE
The Obligated Group Schools
2020-21 through 2026-27

CSCS

	Historical[1]						***Current[2]***
Grade	***2020-21***	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***
TK	--	--	--	34	40	67	--
K	37	56	62	64	50	111	52
1	27	48	45	49	56	89	64
2	32	40	57	50	56	84	55
3	41	40	39	51	52	82	52
4	44	43	33	32	50	75	50
5	40	48	54	34	32	75	45
6	29	42	36	54	36	79	45
7	27	28	32	32	37	76	45
8	38	23	21	33	34	61	45
9	11	8	7	7	12	52	39
10	1	8	6	6	8	47	33
11	3	--	5	7	6	8	23
12	4	4	--	5	8	4	--
Total	***334***	***388***	***397***	***458***	***477***	***910***	***548***

(1) Reflects certified enrollment as of the fall census day (the first Wednesday in October), as reported to CALPADS in each school year.
(2) Reflects current enrollment as of September 28, 2026. Decrease reflects the movement of academic programs from CSCS to OSCS in the 2026-27 school year.
Source: The Lessee.

OSCS[1]

	Historical[1]	***Current[2]***
Grade	***2025-26***	***2026-27***
TK	--	35
K	5	79
1	4	58
2	7	56
3	6	55
4	7	63
5	10	63
6	10	62
7	11	61
8	16	62
9	--	32
10	--	31
11	--	31
12	--	31
Total	**76**	***719***

(1) OSCS began its operations in the 2025-26 school year. 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 28, 2026. Reflects the movement of academic programs from CSCS to OSCS in the 2026-27 school year.
Source: The Lessee.

Wait List

As of September 28, 2026, the Lessee had 50 students on a wait list for admission to OSCS, as shown in the following table – however, the majority of these students are in pre-enrollment status for fall 2026 as opposed to on the wait list due to program oversubscription. Enrollment remains open in several Homeschool programs – the students on the waitlist for impacted programs are 7 for Classical Community and 35 for Montessori Voyage, which currently have limited capacity.

TABLE 6
CURRENT WAITLIST BY PROGRAM
As of September 28, 2026
The Obligated Group Schools

School	***Program***	***2026-27***
CSCS	Connections Academy	--
OSCS	Homeschool – General	8
	Homeschool – Journey	--
	Homeschool – Classical Community	7
	Montessori Voyage	35
	Quest Academy	--
	Total	***50***

Source: The Lessee.

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Projected Enrollment

Projected enrollment by grade level for the Obligated Group Schools are set forth in the tables below and on the following page.

TABLE 7
PROJECTED ENROLLMENT BY GRADE[(1)]
2026-27 through 2030-31

Obligated Group Schools

Grade	*2026-27*	*2027-28*	*2028-29*	*2029-30[(2)]*	*2030-31*
TK	35	53	66	86	91
K	132	188	210	244	263
1	122	130	152	185	198
2	111	152	141	175	195
3	107	141	162	167	187
4	114	146	164	200	192
5	108	146	161	192	213
6	107	122	136	154	169
7	106	122	128	154	166
8	107	120	127	145	164
9	71	85	87	88	93
10	64	78	86	87	91
11	55	70	80	85	89
12	31	38	42	44	49
Total	**1,270**	**1,591**	**1,742**	**2,006**	**2,160**

(1) Enrollment increases not necessary for repayment of outstanding obligations. The Lessee projects that current enrollment is sufficient to permit compliance with financial covenants, including Consolidated Payment Obligations Coverage Ratio and Consolidated Days Cash on Hand.
(2) The Lessee expects to open the Fullerton Student Center in the 2027-28 school year and a new site in Saddleback Valley in the 2029-30 school year.
Source: The Lessee.

CSCS

Grade	*2026-27*	*2027-28*	*2028-29*	*2029-30*	*2030-31*
TK	--	--	--	--	--
K	52	67	69	70	69
1	64	43	50	55	54
2	55	67	42	48	54
3	52	58	64	41	47
4	51	55	56	63	40
5	45	54	53	55	61
6	45	46	52	51	54
7	45	46	44	50	50
8	45	46	44	42	49
9	39	46	44	42	41
10	33	40	44	42	41
11	24	32	38	41	40
12	--	--	--	--	--
Total	**550**	**600**	**600**	**600**	**600**

(1) Enrollment increases not necessary for repayment of outstanding obligations. The Lessee projects that current enrollment is sufficient to permit compliance with financial covenants, including Consolidated Payment Obligations Coverage Ratio and Consolidated Days Cash on Hand.
Source: The Lessee.

TABLE 7 (Continued)
PROJECTED ENROLLMENT BY GRADE[1]
2026-27 through 2030-31

OSCS

Grade	*2026-27*	*2027-28*	*2028-29*	*2029-30[2]*	*2030-31*
TK	35	53	66	86	91
K	80	121	141	174	194
1	58	87	102	130	144
2	56	85	99	127	141
3	55	83	98	126	140
4	63	91	108	137	152
5	63	92	108	137	152
6	62	76	84	103	115
7	61	76	84	104	116
8	62	74	83	103	115
9	32	39	43	46	52
10	31	38	42	45	50
11	31	38	42	44	49
12	31	38	42	44	49
Total	**720**	**991**	**1,142**	**1,406**	**1,560**

(1) Enrollment increases not necessary for repayment of outstanding obligations. The Lessee projects that current enrollment is sufficient to permit compliance with financial covenants, including Consolidated Payment Obligations Coverage Ratio and Consolidated Days Cash on Hand.
(2) The Lessee expects to open the Fullerton Student Center in the 2027-28 school year and a new site in Saddleback Valley in the 2029-30 school year.
Source: The Lessee.

Comparison to Prior Enrollment Projections

At the time of the Series 2026AB Bonds, the Lessee projected enrollment to grow to 1,845 students in the 2030-31 school year. Based on the latest information, the Lessee currently projects enrollment growing to 2,160, an increase of 315 students. Key drivers to the enrollment changes through the 2030-31 school year are stated below. All of the projected enrollment changes are based on the most recent expressions of interest in each of the programs.

- CSCS Connections Academy: The Lessee is now projecting steady-state enrollment of 600 students, 100 more than previously. Projected 2026-27 enrollment of 550 students currently.
- OSCS Classroom-based Programs: The Lessee is now projecting a slower ramp up to 810 students in 2030-31, primarily driven my more conservative assumptions at the Trailblazer Student Center. Opening of the 2026CD Facility in school year 2027-28 is one year ahead of the previously projected opening of a facility in Anaheim.
- OSCS Nonclassroom-based Programs: The Lessee is now projecting approximately 200 more students in the Homeschool and Montessori Village programs each year through 2030-31.

Special Populations

The table below shows CSCS's student demographics for the 2021-22 through 2025-26 school years, and the table on the following page shows current student demographics for OSCS, which opened its operations in the 2025-26 school year.

TABLE 8
STUDENT ENROLLMENT BY SUBGROUP
2021-22 through 2025-26

CSCS

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Free and Reduced Priced Meals	59.0%	61.2%	61.8%	65.6%	68.4%
English Learners	12.6	9.3	7.9	6.1	9.2
Students with Disabilities	15.5	12.3	14.6	12.2	18.4
Homeless Youth	3.9	4.5	4.4	4.6	13.2

Sources: California Department of Education and the Lessee.

2025-26 only

OSCS

	2025-26
Free and Reduced Priced Meals	56.9%
English Learners	3.4
Students with Disabilities	14.3
Homeless Youth	7.5

Sources: California Department of Education and the Lessee.

Student Retention

The table below shows, for any given school year, the percentage of students enrolled at CSCS or OSCS in May of the prior school year who re-enrolled at CSCS or OSCS in August of the school year shown, disregarding graduating students, for school years 2021-22 through 2026-27. For CSCS 2026-27 data, the percentage shown is those students returning to either CSCS or OSCS due to the program transfer between schools this year.

TABLE 9
STUDENT RETENTION
2021-22 through 2026-27

The Obligated Group Schools

School Year	*CSCS*	*OSCS*
2021-22	78%	--
2022-23	75	--
2023-24	73	--
2024-25	67	--
2025-26	70	--
2026-27	67[(1)]	78%

(1) Reflects retention at either CSCS or OSCS.
Source: The Lessee.

The student retention rate for school year 2026-27 increases to 71.4% for CSCS and 80.9% for OSCS if it includes students at CSCS or OSCS respectively that returned to any school within the Springs Network of Schools.

ACADEMIC OUTCOMES

CAASPP. The California Assessment of Student Performance and Progress program ("CAASPP"), effective since July 1, 2014, is 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;

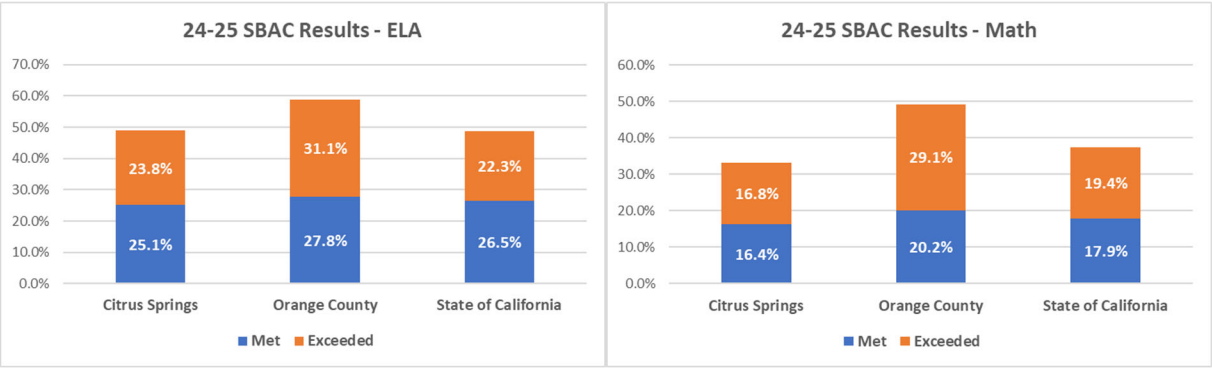
(b) alternate assessments for ELA and mathematics in grades 3 through 8 and 11, that are based on alternate achievement standards and aligned with the Common Core State Standards for students with significant cognitive disabilities;

(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 CSCS's students on CAASPP Smarter Balanced Assessments for ELA and mathematics in 2024-25, compared against averages for schools in the State and Orange County. Such data is currently unavailable for OSCS, which began its operations in the 2025-26 school year.

FIGURE 3
2024-25 SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS
Percent of Students Met or Exceeded Standard
CSCS



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	• Academic Performance (Grades 3-8 and Grade 11); • English Learners Progress	N/A
Student Engagement	• 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 2024-25 for CSCS. Such data is currently unavailable for OSCS, which began its operations in the 2025-26 school year.

TABLE 10
CALIFORNIA SCHOOL DASHBOARD STATE AND LOCAL INDICATORS
2024-25
CSCS

All Students

State Indicators	Performance	Status	Change[1]
Chronic Absenteeism [2]	 Green High	5.9% chronically absent	Declined 0.8%
Suspension Rate [3]	 Blue Very High	0.2% suspended at least one day	Maintained 0%
English Learner Progress [4]	N/A	57.1% making progress towards English language proficiency	Increased 21.7%
English Language Arts [5]	 Green High	2.9 points below standard	Increased 11.8 Points
Mathematics [5]	 Orange Low	50.3 points below standard	Maintained -1.6 Points
Graduation Rate[6]	N/A	Fewer than 11 students	N/A
College/Career[7]	N/A	Fewer than 11 students	N/A

Local Indicators	Ratings
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 2024-25 and 2023-24 school years.
(2) Chronic Absenteeism Status level is based on the number of students absent for 10% or more of instructional days within the 2024-25 school year.
(3) Suspension Rate Status level is based on the unduplicated number of students suspended within the 2024-25 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 2024-25 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 2024-25 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.

SERVICE AREA AND COMPETING SCHOOLS

Service Area

The Obligated Group Schools currently serve students residing in Orange County and contiguous counties (Los Angeles, Riverside, San Bernardino and San Diego). The following table shows current enrollment by county as of September 15, 2026.

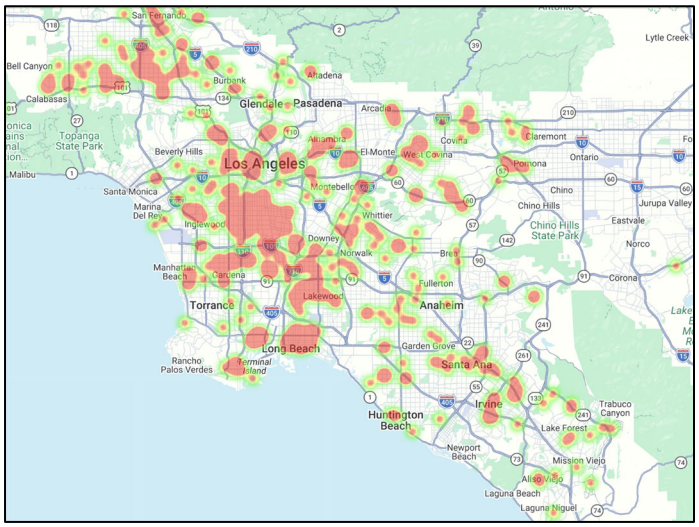
TABLE 11
ENROLLMENT BY COUNTY
2026-27 School Year

County	*CSCS*	*OSCS*	*Total Obligated Group*
Orange	14.8%	60.5%	41.2%
Los Angeles	85.0	6.9	39.9
Riverside	0.2	24.5	14.3
San Bernardino	0.0	6.1	3.5
San Diego	0.0	2.0	1.1
Total	**100.0%**	**100.0%**	**100.0%**

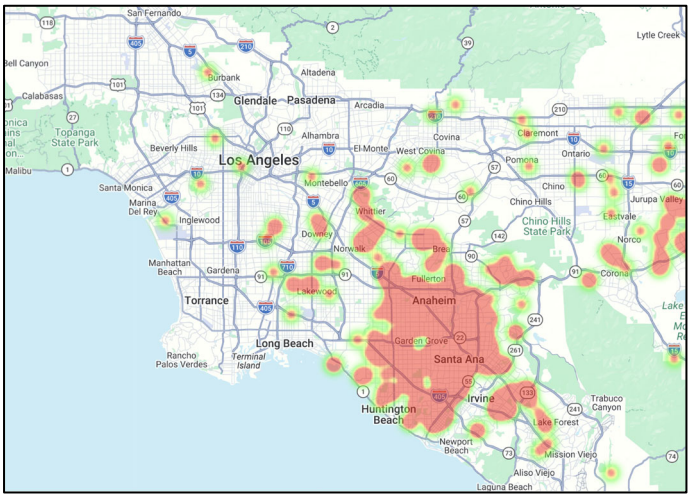
Source: The Lessee.

The following heat map graphs show the distribution of the Obligated Group Schools' students across their service area, by school and combined.

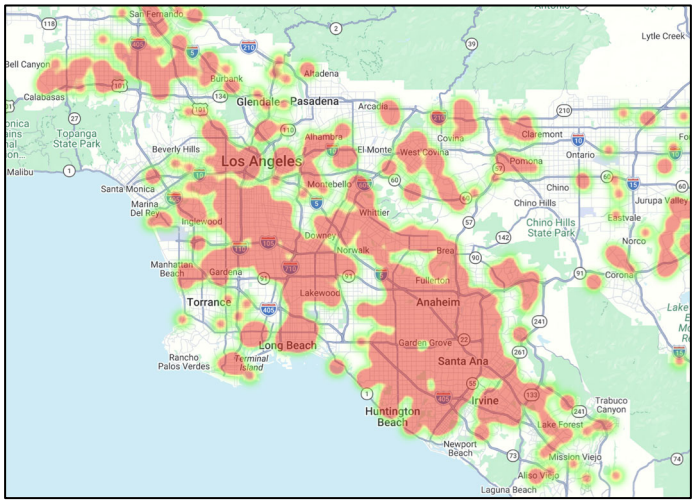
CSCS



OSCS



The Obligated Group Schools



Source: The Lessee.

Competing Schools

As primarily nonclassroom-based programs, the Obligated Group Schools primarily compete with other independent study programs, rather than traditional public schools in the geographic areas in which their students reside. The following table presents enrollment, the percent of students qualifying for free and reduced priced meals, the percent of students classified as English Learners for the 2025-26 school year, and the percentage of students who met or exceeded standards for the 2024-25 Smarter Balanced Assessments for such programs offered within the Orange County geographic area of the Obligated Group Schools. Data for the Smarter Balanced Assessments is not available for OSCS, which opened its operations in the 2025-26 school year.

TABLE 12
OTHER INDEPENDENT STUDY CHARTER SCHOOLS IN THE VICINITY OF CSCS

		2025-26			*2024-25 SBAC Results (Met/Exceeded Expectations)*	
School	*Grade Range*	*Enrollment*	*FRPM %*	*EL %*	*SBAC ELA Met/Exceeded*	*SBAC Math Met/Exceeded*
CSCS	**TK-12**	**910**	**56.9%**	**3.4**	**48.9%**	**33.2%**
California Online PS Southern California	TK-12	4,391	58.0	7.0	43.9	33.2
College and Career Preparatory Academy	11-12	170	86.5	25.3	n/a	n/a
Epic California Academy	TK-12	1,090	51.3	2.7	46.9	45.5
Opportunities for Learning-Capistrano	7-12	172	48.3	5.2	56.0	18.0
Orange County Workforce Innovation High	9-12	227	81.1	17.6	25.8	4.5
Suncoast Prep Academy	TK-12	1,871	38.4	1.3	42.7	35.5

Source: California Department of Education.

See "CERTAIN RISK FACTORS – Factors Associated with the Obligated Group Schools' Operations" in the forepart of this Limited Offering Memorandum regarding competition for students faced by the Lessee, as well as other factors affecting its operations and finances.

OPERATING AND FINANCIAL INFORMATION

State Aid Payments and ADA

Nonclassroom-based independent study programs, such as the Obligated Group Schools, 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 a 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 – Nonclassroom-Based Funding" in the forepart of this Limited Offering Memorandum.

CSCS's historical ADA figures from 2021-22 through 2025-26 and projected ADA for 2026-27 are reflected in the table shown below. CSCS's most recent funding determination request for 100% was approved by the State Board of Education in May 2023 and is in effect through the 2026-27 school year. CSCS's next funding determination due date is February 1, 2027. 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, CSCS has not been provided any notice that it will be required to submit such a funding determination renewal request prior to normally scheduled renewal. OSCS was not required to obtain a funding determination for its initial 2025-26 school year as a classroom-based school, but will submit for a 2026-27 funding determination based on expectation of classroom-based ADA less than 80% of total ADA for that 2026-27 year. The Lessee expects to receive a 2026-27 funding determination for OSCS in January of 2027. See "STATE FUNDING OF EDUCATION – Nonclassroom-Based Funding" in the forepart of this Limited Offering Memorandum.

ADA information for the Obligated Group Schools over the last five years, if applicable, and projected information for the 2026-27 school year, are set forth in the tables below.

TABLE 13
HISTORICAL, CURRENT AND PROJECTED P-2 ADA[(1)]
2021-22 through 2026-27

CSCS

Grade[(2)]	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2025-26*	*2026-27*[(3)]
TK-3	185.50	199.86	247.89	251.42	450.53	212.30
4-6	130.01	123.02	118.75	115.22	239.11	134.23
7-8	49.67	53.82	65.08	62.97	140.41	85.68
9-12	20.02	18.60	25.98	31.60	115.79	91.39
Total	**385.20**	**395.30**	**457.70**	**461.21**	**945.84**	**523.60**

OSCS

Grade[(2)]	*2025-26*	*2026-27*[(3)]
TK-3	22.03	279.46
4-6	25.60	184.99
7-8	26.53	121.03
9-12	--	123.00
Total	**74.16**	**708.48**

Obligated Group Schools

Grade[(2)]	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2025-26*	*2026-27*[(3)]
TK-3	185.50	199.86	247.89	251.42	472.56	491.76
4-6	130.01	123.02	118.75	115.22	264.71	319.22
7-8	49.67	53.82	65.08	62.97	166.94	206.71
9-12	20.02	18.60	25.98	31.60	115.79	214.39
Total	**385.20**	**395.30**	**457.70**	**461.21**	**1,020.00**	**1,232.08**

(1) For 2021-22 through 2025-26, 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 2026-27, represents projected P-2 ADA.

(2) Ranges of grade levels corresponding to funding levels of Local Control Funding Formula. See "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools" in the forepart of this Limited Offering Memorandum.

(3) Projected.

Source: The Lessee.

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Historic Statement of Activities; Functional Expense Detail

The tables below and on the following page present (a) the consolidated statement of activities and changes in net assets and (b) the functional expense detail for CSCS and the Lessee for fiscal years 2021-22 through 2025-26. CSCS was the only school operated by the Lessee through the 2024-25 fiscal year, as OSCS began operations in the current 2025-26 school year. Both CSCS and OSCS are shown for the 2025-26 year.

TABLE 14
CONSOLIDATED STATEMENT OF ACTIVITIES[1]
2021-22 through 2025-26
Obligated Group Schools

	Audited *2021-22*	*Audited* *2022-23*	*Audited* *2023-24*	*Audited* *2024-25*	*Unaudited* *2025-26[2]*
SUPPORT AND REVENUES					
Federal and state support revenues:					
LCFF, state aid	$2,481,489	$3,049,261	$3,905,678	$3,904,209	$8,716,947
Federal revenue	411,766	530,468	685,426	244,736	321,461
Other state revenues	433,123	1,301,423	497,920	483,752	922,419
Total federal and state support revenues	3,326,378	4,881,152	5,089,024	4,632,697	9,960,827
Local support and revenues:					
Payments in lieu of property taxes	1,374,066	1,572,588	1,953,711	2,180,176	5,007,700
Investment income	1,568	20,982	100,353	236,137	128,073
Other Local Revenue	290,731	373,560	396,236	809,695	3,564,354
Total local support and revenues	1,666,365	1,967,130	2,450,300	3,226,008	8,700,127
Total Support and Revenues	4,992,743	6,848,282	7,539,324	7,858,705	18,660,954
EXPENSES					
Program Services	3,763,397	4,595,965	5,784,510	5,811,726	13,659,784
Management and general	778,697	798,408	969,940	954,179	2,242,687
Total Expenses	4,542,094	5,394,373	6,754,450	6,765,905	15,902,471
CHANGE IN NET ASSETS	450,649	1,453,909	784,874	1,092,800	2,758,483
Net Assets, Beginning	1,413,000	1,863,649	3,317,558	4,102,432	5,195,232
Net Assets, Ending	$1,863,649	$3,317,558	$4,102,432	$5,195,232	$7,953,715

(1) For fiscal years 2021-22 through 2024-25, represents CSCS alone, based on audited financial statements of the Lessee. For 2025-26, totals are based on unaudited actuals of the Lessee, including both CSCS and OSCS. See Appendix B hereto.

(2) Fiscal year 2025-26 amounts are combined unaudited actuals of CSCS and OSCS before interschool eliminations and do not include Citrus Springs Facilities LLC. A $2,000,000 transfer from CSCS to OSCS is included in both Other Local Revenue (OSCS transfer-in) and Total Expenses (CSCS transfer-out); if eliminated, Total Support and Revenues would be $16,660,954 and Total Expenses $13,902,471, with no change to the Change in Net Assets, Net Assets, Beginning, or Net Assets, Ending.

Source: The Lessee.

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TABLE 15
FUNCTIONAL EXPENSE DETAIL[1]
2021-22 through 2025-26
Obligated Group Schools

	Audited	*Audited*	*Audited*	*Audited*	*Unaudited*
	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26[2]*
FUNCTIONAL EXPENSE DETAIL					
Certificated Salaries	$1,527,618	$1,800,794	$2,486,053	$2,400,657	$4,516,591
Non-Certificated Salaries	264,498	368,222	459,519	495,511	687,794
Benefits	621,219	818,691	984,249	1,043,887	1,689,668
Books & Supplies	385,867	465,722	508,270	597,759	717,144
Services & Operations:					
Insurance	36,887	55,051	60,198	68,414	89,984
Facilities	315,009	400,631	131,482	144,238	990,642
Professional Services	1,022,448	1,118,629	1,376,277	1,199,969	4,195,011[3]
Communications	45,810	42,275	72,609	80,845	114,199
Repairs and Maintenance	118,620	95,598	111,585	105,237	130,490
Dues and Memberships	9,234	7,357	10,963	14,091	23,432
Travel and Conference	57,857	86,501	85,846	94,624	180,603
Meals	--	--	--	--	--
National School Lunch Program	123,170	100,135	100,468	112,820	100,828
Equipment	10,631	22,541	82,302	119,162	445,014
Interest on Lease Liability	--	--	30,412	18,033	--
Amortization	--	--	241,952	254,331	--
Total Services & Operations	1,739,666	1,928,718	2,304,094	2,211,764	6,270,203
Depreciation	3,226	12,226	12,265	16,148	20,925
Other Outgo	--	--	--	179	2,000,146
Total Expenses	**$4,542,094**	**$5,394,373**	**$6,754,450**	**$6,765,905**	**$15,902,471**

(1) For fiscal years 2020-21 through 2024-25, represents CSCS alone based on audited financial statements of the Lessee. For 2025-26, totals are based on unaudited actuals of the Lessee, including both CSCS and OSCS. See Appendix B hereto.

(2) Fiscal year 2025-26 amounts are combined unaudited actuals of CSCS and OSCS before interschool eliminations and do not include Citrus Springs Facilities LLC. Other Outgo includes a $2,000,000 transfer from CSCS to OSCS that is also included in OSCS revenue in Table 14; excluding it, Total Expenses would be $13,902,471.

(3) Includes $1,257,082 to Pearson Virtual Schools USA for Connections Academy online platform and marketing services.

Source: The Lessee.

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Historical Statement of Financial Position

The table below presents (a) the consolidated assets, liabilities and net assets for CSCS and the Lessee as of June 30 of each year for fiscal years 2021-22 through 2024-25, and (b) unaudited estimates of the consolidated assets, liabilities and net assets for the Lessee (including both CSCS and OSCS) as of June 30, 2026. CSCS was the only entity of the Lessee through the 2024-25 fiscal year.

TABLE 16
CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]
2021-22 through 2025-26
Obligated Group Schools

	Audited	*Audited*	*Audited*	*Audited*	*Unaudited*
	2021-22	***2022-23***	***2023-24***	***2024-25***	***2025-26[2]***
ASSETS					
Current Assets:					
Cash and cash equivalents	$2,137,459	$3,248,567	$3,622,709	$3,752,098	$5,994,690
Accounts receivable	496,176	715,125	659,121	1,603,043	3,653,627
Prepaid expenses	24,685	24,353	72,360	98,552	66,837
Total Current Assets	2,658,320	3,988,045	4,354,190	5,453,693	9,715,154
Non-current Assets:					
Operating lease right-of-use asset	971,009	740,834	498,882	244,551	--
Capital assets, net	22,677	134,785	184,027	212,450	218,603
Total Non-current assets	993,686	875,619	682,909	457,001	218,603
Total Assets	$3,652,006	$4,863,664	$5,037,099	$5,910,694	$9,933,757
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$706,198	$583,502	$328,718	$322,794	$1,877,969
Current portion of operating lease liability	272,364	272,364	96,870	135,329	--
Current loans	--	--	--	--	--
Deferred Revenue	106,150	216,932	10,197	12,788	102,073
Compensated absences	5,000	4,838	272,364	244,551	--
Total Current Liabilities	1,089,712	1,077,636	708,149	715,462	1,980,042
Long-term liabilities					
Operating lease liability, less current portion	698,645	468,470	226,518	--	--
Loans payable: noncurrent portion	--	--	--	--	--
Total Long-term Liabilities	698,645	468,470	226,518	--	--
Total Liabilities	1,788,357	1,546,106	934,667	715,462	1,980,042
Net assets					
Without Donor Restriction	1,863,649	3,317,558	4,102,432	5,195,232	7,953,715
Total net assets	1,863,649	3,317,558	4,102,432	5,195,232	7,953,715
Total Liabilities and Net Assets	$3,652,006	$4,863,664	$5,037,099	$5,910,694	$9,933,757

(1) Data for the operation of CSCS as the only Obligated Group School and only school operated within the Lessee through fiscal year 2024-25. For fiscal years 2020-21 through 2024-25, based on audited financial statements of the Obligated Group School. See Appendix B hereto.

(2) Combined unaudited actuals of CSCS and OSCS as of June 30, 2026, before interschool eliminations and do not include Citrus Springs Facilities LLC. Right-of-use assets and lease liabilities are not recorded on the unaudited actuals basis; this does not indicate the absence of lease obligations.

Source: The Lessee; Audited Financial Reports for Fiscal Years 2021-22 through 2024-25.

Budgeting and Accounting

Each year in June, separate budgets are prepared by the Lessee's administration for each of CSCS and OSCS for the following fiscal year, with underlying assumptions and estimates clearly documented. The budgets are each submitted for review and certification by the applicable charter authorizers. Each budget is based on state, local and federal educational funding.

The Lessee maintains a single general fund for each charter school. 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 Lessee's charter authorizer by March 15 of each year.

As permitted by the Charter School Law, the Lessee operates as a nonprofit public benefit corporation under the California Nonprofit Public Benefit Corporation Law. The Lessee is required by State law to comply with all applicable generally accepted accounting principles ("GAAP") in all financial operations. The Lessee maintains its books using full accrual accounting basis and pursuant to the guidelines set by the Financial Accounting Standards Board ("FASB").

Under the Charter School Law, the Lessee 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 Lessee has engaged CWDL, LLP, as its auditor for its audited financial statements for Fiscal Year ended June 30, 2025. Such financial statements are attached to this Limited Offering Memorandum as "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE LESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2025." Such audited financial statements are only of the Lessee and not the Related Schools, which each have their own separate financial statements. Through the Lessee's fiscal year 2024-25 financial statements, the only component unit was CSCS. Starting with the Lessee's fiscal year 2025-26 financial statements, CSCS, OSCS, and Orange Springs Facilities LLC will all be included as component units, as that was the first year of operations for OSCS and Orange Springs Facilities LLC. Starting with the Lessee's fiscal year 2026-27 financial statements, the Borrower will also be included as a component unit.

State Retirement Programs

Through the State, qualified employees of the Lessee participate in the California State Teachers Retirement System ("STRS") and the California Public Employees Retirement System ("PERS"). Employees who are not members of STRS or PERS contribute to social security. The Lessee makes employer contributions as required by STRS and PERS. See "CERTAIN RISK FACTORS – Specific Risks of Charter Schools – State Retirement Systems" in the forepart of this Limited Offering Memorandum.

The information set forth below regarding the STRS and PERS programs, other than the information provided by the Lessee regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by the Lessee or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor

benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. Previously, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program increased significantly prior to the implementation of AB 1469 (defined below). In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members ("PEPRA Members") hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees ("Classic Members") hired before the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2023, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2024, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2025, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2026, the contribution rate will be 10.250% for Classic Members and 10.205% for PEPRA Members.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate has been 19.1% for each fiscal year since fiscal year 2022-23 and will be 19.1% in fiscal year 2026-27.

The Lessee's contributions to STRS were $166,616 in fiscal year 2020-21, $236,905 in fiscal year 2021-22, $318,856 in fiscal year 2022-23, $422,772 in fiscal year 2023-24 and $414,244 in fiscal year 2024-25. The Lessee has projected $735,346 for its contribution to STRS for fiscal year 2025-26.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2025-26 and 8.328% for fiscal year 2026-27. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS

valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2024 included 1,600 public agencies and 1,336 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. The employer contribution rate was 25.37% in fiscal year 2022-23, 26.68% in fiscal year 2023-24, 27.05% in fiscal year 2024-25, 26.81% in fiscal year 2025-26, and will be 26.40% in fiscal year 2026-27. Classic Members contribute at a rate established by statute, which was 7% in fiscal years 2023-24 through 2025-26, while PEPRA Members contribute at an actuarially determined rate, which was 8% in fiscal years 2023-24 through 2025-26. For the Schools Pool Actuarial Valuation as of June 30, 2025 (the "2025 PERS Actuarial Valuation"), the total normal cost did not change by more than 1% relative to the basis currently in effect, therefore the PEPRA Member contribution rate will remain 8% in fiscal year 2026-27. See "—California Public Employees' Pension Reform Act of 2013" herein.

The Lessee's contributions to PERS were $84,819 in fiscal year 2020-21, $91,854 in fiscal year 2021-22, $86,638 in fiscal year 2022-23, $96,391 in fiscal year 2023-24 and $136,254 in fiscal year 2024-25. The Lessee has projected $266,050 for its contribution to PERS for fiscal year 2025-26.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)[1]
Fiscal Years 2013-14 through 2024-25

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2013-14	$231,213	$179,749	$61,807	$158,495	$72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552
2022-23	359,741	299,148	85,571	273,155	86,586
2023-24	380,507	321,910	85,532	291,838	88,669
2024-25	395,525	349,525	75,038	313,533	81,992

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3][4]	Unfunded Liability (AVA)[3][4]
2013-14	$65,600	$56,838	$8,761	--	--
2014-15	73,325	56,814	16,511	--	--
2015-16	77,544	55,785	21,759	--	--
2016-17	84,416	60,865	23,551	--	--
2017-18	92,071	64,846	27,225	--	--
2018-19[5]	99,528	68,177	31,351	--	--
2019-20[6]	104,062	71,400	32,662	--	--
2020-21	110,507	86,519	23,988	--	--
2021-22	116,982	79,386	37,596	--	--
2022-23	124,924	84,292	40,632	--	--
2023-24	133,978	93,187	40,791	--	--
2024-25[7]	141,195	105,452	35,743	--	--

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) For the fiscal year 2020-21 actuarially determined contribution, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

(6) For the fiscal year 2021-22 actuarially required contribution, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

(7) On April 13, 2026, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2026-27 and released certain actuarial information to be incorporated into the 2025 PERS Actuarial Valuation to be released later in 2026.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the "2024 Experience Analysis"), on January 10, 2024, the STRS Board adopted a new set of actuarial assumptions that will be first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023. The payroll growth assumption was decreased to 3.25% from 3.50% due to the projected need for fewer teachers due to projected declining enrollment in the State over the next 20 years, while the following actuarial assumptions remained unchanged since the CalSTRS Experience Analysis (spanning July 1, 2015 through July 1, 2018) (the "2020 Experience Analysis"): long-term investment return (7.0%), (ii) price inflation (2.75%), and (iii) wage growth (3.50%). Certain demographic assumptions were also updated, including changing the assumed life expectancy of STRS retirees to more closely reflect recent trends. The 2025 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2025 (the "2025 STRS Actuarial Valuation") reports that, based on an actuarial value of assets, the unfunded actuarial obligation decreased by approximately $6.7 billion since the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2024 (the "2024 STRS Actuarial Valuation") and the funded ratio increased by 2.6% to 79.3% over such time period. This decrease in unfunded actuarial obligation was primarily due to the investment experience of the last two years, while approximately $665 million of the decrease in the unfunded actuarial obligation was the result of the previous decision of the STRS Board to not reduce the contribution rates for both employers and the State. The funded ratio improved by 2.6% since the 2024 Valuation primarily due to investment returns above the 7.00% long-term investment return assumption for the last two years, as well as contributions made by employers and the State in fiscal year 2024-25 to eliminate their share of the unfunded actuarial obligation by 2046. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was an increase in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from $140 million as of June 30, 2024 to $367 million as of June 30, 2025. The State is currently projected to eliminate its $4.0 billion share of the unfunded actuarial obligation by next year. As noted above, once the State has eliminated its share of the STRS unfunded actuarial obligation, the State supplemental contribution rate will immediately be reduced to zero.

According to the 2025 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2043 of 100.4%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On November 13, 2025, STRS released its 2025 Review of Funding Levels and Risks (the "STRS 2025 Review of Funding Levels and Risks"), which is based on the 2024 STRS Actuarial Valuation. The STRS 2025 Review of Funding Levels and Risks notes that funding projections have improved slightly since the completion of the June 30, 2023 actuarial valuation that was presented to the STRS Board in May 2025 in part due to the

investment return earned by STRS in fiscal year 2024-25. Full funding is now projected to occur in 2043, three years ahead of schedule.

The key results and findings noted in the STRS 2025 Review of Funding Levels and Risks were that (i) current contribution rates for the State and employers are still projected to be sufficient to allow both the State and employers to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2026–27, (ii) the state remains well ahead of schedule to eliminate its share of the STRS unfunded actuarial obligation (currently projected to be eliminated in 2027) and the State's share of the unfunded actuarial obligation could quickly increase if STRS were to experience a year in which the investment return is significantly below the assumed rate of return, (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the STRS Defined Benefit Program continues to mature, which will increase the system's sensitivity to investment experience, (iv) the risk that a negative investment return might impact STRS' ability to reach full funding is expected to increase once the state fully eliminates its share of STRS' unfunded actuarial obligation because of a trigger that will require the state contribution rate to immediately drop to 2.017%, potentially limiting STRS' ability to react to changing conditions because, once this occurs, the STRS Board would only be able to raise the State contribution rate by 0.5% each year, taking 12 years to simply return to the State contribution rate in place in the prior fiscal year, potentially resulting in a situation where the State can no longer eliminate its share of the unfunded liability by 2046, and (v) STRS' ability to reach full funding is dependent on meeting its current actuarial assumptions over the long term and uncertain investment markets and a potential decline in the number of teachers could put pressure on STRS' ability to meet some of its long-term actuarial assumptions and impact its ability to reach full funding.

The STRS 2025 Review of Funding Levels and Risks notes highlighted risks associated with longevity, the size of active membership and investments. STRS performs an in-depth study of mortality every four years as part of the experience analysis. The most recent analysis was completed in January 2024, at which time the STRS Board adopted new mortality assumptions. The STRS 2025 review of Funding Levels and Risks notes that, overall, STRS experienced greater mortality than projected under the previous assumptions. The analysis included data that was impacted by the COVID-19 pandemic, and it remains uncertain whether the COVID-19 virus will continue to impact mortality levels over the long term. The STRS Board adopted mortality rates that were slightly lower than what the data indicated, essentially not fully reflecting the impact of the pandemic. Regardless, the assumptions adopted did result in a slight decrease in life expectancy compared with the previous assumptions. To mitigate longevity risk, STRS uses a technique known as generational mortality. This technique anticipates future improvements in life expectancy in the funding of the system, recognizing potential improvements in mortality ahead of time.

In January 2024, the STRS Board adopted a change to the rate at which the payroll is assumed to increase, from 3.5% per year down to 3.25% per year. With this change, STRS now assumes that the population of active teachers will decline slowly over time. This assumption is key in determining contribution rates and whether the funding plan will successfully eliminate the current unfunded actuarial obligation by 2046 since STRS collects contributions as a percentage of payroll. If the active membership declines faster than anticipated and the payroll fails to grow as assumed, STRS' ability to make progress toward full funding could be at risk. Retirements from active teachers are expected to increase significantly over the next 10 years. Although an increase in retirements does not necessarily impact long-term funding, if schools do not replace the teachers who retire in the future, that could result in a reduction in the overall number of teachers and impact STRS' ability to reach full funding by 2046. With the anticipated decline in the number of children enrolled in K–12 public schools, the risk that the number of teachers may go down in the future is real and was one of the considerations when the STRS Board lowered the payroll growth assumption in January 2024.

After being fairly steady between 2010 and 2020, California experienced a significant decline in enrollment in both K–12 public schools and community colleges starting in 2020–21. Total enrollment in K–12 public schools in California dropped by approximately 310,000, or a 5% reduction, between 2019–20 and 2022–23. At the same time, the number of students enrolled at community colleges dropped by 310,000, or a 20%

reduction, between the fall of 2019 and the fall of 2021. Since then, enrollment rebounded by almost 200,000 from the fall of 2021 to the fall of 2024. Still, enrollment in community colleges was down more than 7%, or about 115,000, since 2019. In November 2025, the State updated its projection of K–12 enrollments. The updated projection assumes the number of children enrolled in K–12 public schools will continue to decline for the next 20 years. The most recent projection anticipates a decline of approximately 10% over the next 10 years and approximately 16% over the next 20 years. If the anticipated reduction in enrollment results in a need for fewer teachers in California, it would impact the number of active teachers who participate in the STRS Defined Benefit Program and ultimately the growth in payroll. The situation could intensify if school districts were to face budget issues and rely either on layoffs or hiring freezes, leaving positions vacant as teachers leave or retire to reduce budget pressure. One countervailing force that could potentially offset some of the factors listed above would be reductions in class sizes.

The STRS 2025 Review of Funding Levels and Risks notes that investment volatility and the risk that STRS may not be able to meet its assumed investment return over the long-term remains the greatest risk facing STRS today. The combination of a maturing system and the decreasing timeframe of the funding plan only serves to increase this risk. STRS 2025 Review of Funding Levels and Risks notes that (i) when investment returns are below expectations, the unfunded actuarial obligation increases, requiring additional contributions to bridge the gap; however, the funding plan provides the STRS Board limited authority to increase contribution rates for both the state and employers through 2046 for this purpose; (ii) the State bears the greatest risk when it comes to investment volatility due to rules set in the funding plan that allocate the largest share of the assets to the State which results in its share of the unfunded actuarial obligation being the most sensitive to investment volatility; (iii) the specific restrictions the funding plan places on contribution rate increases for both the State and employers limit STRS' ability to respond to investment volatility, and (iv) since the funding plan expires in 2046, after which the STRS Board's authority to adjust contribution rates terminates, the time period over which to fund an existing and new unfunded actuarial obligation is declining each year.

On July 30, 2025, STRS reported a net return on investments of 8.5% for fiscal year 2024-25, ending with the total fund value of $367.7 billion as of June 30, 2025. The 2024-25 return keeps STRS on track long term, as the 5-,10-, 20-, and 30-year returns, including the 9.4% 5-year return, all surpass the actuarial assumption of 7.0%, despite inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2024-25 investment return, STRS noted that it is ahead of schedule in reaching full funding by 2046.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points (revised to two percentage points in 2017). On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%. On April 15, 2024, the PERS Board removed the automatic mechanism to reduce

the discount rate and added a provision to the Funding Risk Mitigation Policy to bring an agenda item to the PERS Board for discussion if a funding risk mitigation event occurs.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 18, 2025 (the "2025 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) maintaining the current 6.8% discount rate, (ii) increasing the inflation rate from 2.3% to 2.5% per year, (iii) maintaining the assumed real wage inflation assumption to 0.5%, which results in an increase of total wage inflation of 2.80% to 3.0%, (iv) maintaining the payroll growth rate at 2.8%, and (v) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2025 and first impacted contribution rates for school districts in fiscal year 2026-27. Based on the timing of this study, the member data used for the analysis, which runs through June 30, 2023, does include impacts of COVID-19. Due to the anomalies created by COVID-19, some of the COVID-19 data was excluded.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study which guided the fund's investment portfolio for the subsequent four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation took effect July 1, 2022 and impacted contribution rates for employers and PEPRA employees beginning in fiscal year 2022-23.

In November 2024, PERS released its 2024 Annual Review of Funding Levels and Risk (the "2024 PERS Funding Levels and Risk Report"), which provided a summary of the current funding levels of the system,

the near-term outlook for required contributions and risks faced by the system in the near and long-term. The 2024 PERS Funding Levels and Risk Report notes that over the next several years there is the potential for various factors to either further increase required contributions or add additional financial strain on employers and their ability to make required contributions, including inflation and near-term economic turmoil. The 2024 PERS Funding Levels and Risk Report notes that over the last few years, price inflation has been significantly higher than the PERS long-term assumption of 2.3%, which can affect liability measures and investment returns in several ways and which can be difficult to quantify. The most direct impact of high inflation is that retirees can receive higher than expected cost-of-living adjustments and active employees can receive higher than expected salary increases, which could increase actuarial losses in the future. The 2024 PERS Funding Levels and Risk report concludes that, as of June 30, 2023, the PERS Retirement System had experienced a couple of years of investment returns below the expected return of 6.8%, and actuarial losses primarily due to high inflation which resulted in unexpected cost of living adjustments for retires and higher than expected member pay increases, which resulted in increased employer contributions along with further increases forecasted for the near future. Despite the strong investment return for the fiscal year ending June 30, 2024, the 2024 PERS Funding Levels and Risk Report notes that employer contributions are currently at relatively high levels due to large amounts of unfunded accrued liability and uncertainty within the economy suggests possible economic turmoil in the near future. The 2024 PERS Funding Levels and Risk Report concludes that the ability of employers to continue making required contributions to the system is the area of greatest concern.

On April 13, 2026, the PERS Board established the employer contribution rates for fiscal year 2026-27 and released information from the 2025 PERS Actuarial Valuation, ahead of its release date later in 2026. From June 30, 2024 to June 30, 2025, the funded status of the Schools Pool increased by 5.1% (from 69.6% to 74.7%) and the unfunded accrued liability decreased by approximately $5.0 billion. The primary driver of improvement was investment return greater than expected. Based on final assets as of June 30, 2025, the investment return for 2024-25 was 12.0% after reduction for administrative expenses, generating an actuarial investment gain of $4.9 billion. This gain will be amortized over 20 years with a five-year ramp, decreasing the employer contribution rate in 2026-27 by 0.49% of pay. Due to the five-year ramp, this impact will escalate each year until it reaches an estimated reduction of 2.16% of pay in 2030-31. Non-investment experience during fiscal year 2024-25, which includes both demographic experience and economic experience other than from investments, increased unfunded accrued liability by $0.6 billion, which will be amortized over 20 years, increasing the employer contribution rate by 0.19% in fiscal year 2026-27. Combined with a 0.17% decrease of the employer normal cost rate, the net effect of non-investment experience is an increase of 0.02% in the employer rate. Total payroll in 2024-25 increased by 6.6% over the prior year, compared with 2.8% expected. This served to reduce the employer contribution rate by 0.61% of pay in 2026-27 as the dollar amount of the unfunded liability contribution is divided by a larger payroll.

Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2027-28 is 26.8%, 25.9% in fiscal year 2028-29, 25.1% in fiscal year 2029-30, 24.0% in fiscal year 2030-31, and 23.8% in fiscal year 2031-32. The actual investment return for fiscal year 2025-26 was not known at the time these projections were made. The projections above assume the investment return for that year will be 6.8%. If the actual investment return differs from 6.80%, the actual contribution requirements for the projected years will differ from those shown above.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the

"Implementation Date"). For PEPRA Members, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

Insurance

The Lessee 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 Lessee believes it has adequate insurance coverage for its current operations.

Outstanding Debt

Outstanding Series 2026AB Bonds. In April 2026, the California School Finance Authority issued its $20,545,000 Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026A and $540,000 Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026B (Taxable) (together, the "Series 2026AB Bonds") and loaned the proceeds thereof to Orange Springs Facilities LLC (the "2026AB Borrower"). Proceeds of the Series 2026AB Bonds financed the 2026AB Borrower's acquisition and improvement of an approximately 17,000 square foot charter school facility located at 1821 North Grand Avenue in Santa Ana,

California (the "Series 2026AB Facility"), which is leased to the Lessee pursuant to a lease substantially similar to the Series 2026CD Lease. The Series 2026AB Bonds were issued as term bonds maturing July 1, 2029 through July 1, 2061 and bearing interest at rates from 5.000% to 6.750%, and remain outstanding in the aggregate principal amount of $21,035,000. The Series 2026AB Bonds are on parity with the Bonds.

Facilities Leases

Facilities Leases. The Lessee offers learning center and enrichment classes for certain of its Homeschool programs in a facility called the Odyssey Student Center located at 2121 N. Grand Avenue, Orange, California that is owned by the Santa Ana United Methodist Church and leased to Empire Springs. In May 2021, the Lessee entered into an expanded 60-month sublease agreement with Empire Springs for continuing use of the Odyssey Student Center from July 1, 2021 through June 30, 2026, with annual rent of $272,364 for the first 36 months and rising to $334,980 in the 2024-25 fiscal year and $345,024 in the 2025-26 fiscal year. The lease was extended through June 30, 2027. The Lessee also pays River Springs for shared space at several homeschool resource centers operated by River Springs. As of June 30, 2025, a future minimum lease payment in the amount of $245,024 remains under the current shared space agreements with Empire Springs and River Springs. The Lessee intends to continue leasing and utilizing the Santa Ana Learning Center for independent study resource center classes for the foreseeable future, while the Quest program will operate at the new 2026 Facility. Depending on enrollment demand for the Quest Academy program, some Quest Academy grade levels may temporarily be offered at the Santa Ana Student Center (see "Navigator Sublease" below).

Navigator Sublease. The Lessee has entered into a Sublease Agreement dated April 1, 2026 (the "Navigator Sublease") with Navigator Schools, Inc. ("Navigator") that allows Navigator to use ten of the 17 classrooms in the Series 2026AB Facility for public charter school education for the 2026-27 and 2027-28 school years. The Lessee will have use of the seven remaining classrooms as well as the nearby Santa Ana Student Center during the term of the Navigator Sublease. The term of the Navigator Sublease ends June 30, 2028, but may be extended to a third school year upon mutual agreement of both parties. After the end of the Navigator Sublease, 100% of the Project will be used by the Lessee.

The revenue from the Navigator Sublease is not necessary for the Lessee to comply with the financial covenants set forth in the Lease. See "PROJECTIONS, COVERAGE RATIOS AND LIQUIDITY" herein. The table on the following page presents a summary of the statement of activities and changes in net assets for Navigator for fiscal years 2021-22 through 2024-25.

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TABLE 17
SUMMARY OF STATEMENT OF ACTIVITIES[1]
Navigator Schools
Fiscal Years 2021-22 through 2024-25

	Audited *2021-22*	*Audited* *2022-23*	*Audited* *2023-24*	*Audited* *2024-25*
Total Revenues	$19,187,311[2]	$27,807,402[2]	$32,292,157	$37,748,888
Total Expenses	19,494,167	25,666,649	35,816,896	39,655,226
CHANGE IN NET ASSETS	(306,856)	2,140,753	(3,524,739)	(1,906,338)
Adjustment for Restatement[3]			1,729,435	
CHANGE IN NET ASSETS AFTER RESTATEMENT	(306,856)	2,140,753	(1,795,304)	(1,906,338)
Net Assets, Beginning	6,999,223	6,692,367	8,833,120	7,037,816
Net Assets, Ending	$6,692,367	$8,833,120	$7,037,816	$5,131,478

[1] For fiscal years 2021-22 through 2024-25, based on the consolidated financial statements of Navigator.
[2] Includes donor restrictions revenues.
[3] Restated during fiscal year 2024-25.
Source: The Lessee.

Other Obligations

Payments to Chartering Agencies. The Lessee has executed a memorandum of understanding with OCBE (the "MOU"), pursuant to which the Lessee pays fees to OCBE. Pursuant to the terms of the MOU, the Lessee paid OCBE the following fees for oversight in the fiscal years 2021-22 through 2025-26 and has budgeted it will pay $185,023 for such fees in the fiscal year 2026-27.

TABLE 18
PAYMENTS TO OCBE UNDER THE MOU

School	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27[1]***
CSCS	$38,556	$46,218	$58,594	$60,844	$127,352	$104,164
OSCS	--	--	--	--	9,894	80,859
Total	**$38,556**	**$46,218**	**$58,594**	**$60,844**	**$137,246**	**$185,023**

[1] Budgeted.
Source: The Lessee, Audited Financial Reports of the Lessee.

Related Schools MOU. The Lessee has entered into a Memorandum of Understanding among the Lessee and each of the Related Schools, the costs of certain administrative services and key leadership are shared among the Lessee and the Related Schools (the "Related Schools MOU"). Pursuant to the Related Schools MOU, the Lessee paid $182,033 in the 2021-22 fiscal year, $431,810 in the 2022-23 fiscal year, $228,700 in the 2023-24 fiscal year, $133,543 in the 2024-25 fiscal year, $295,801 in the 2025-26 fiscal year, and is budgeted to pay $368,718 in the 2026-27 fiscal year.

Sole Member MOU. The Lessee is a party to a memorandum of understanding with the Sole Member (as herein defined), pursuant to which the Sole Member provides certain staff development services to the Lessee in return for an annual amount equal to $82 per unit of ADA. Pursuant to this memorandum of understanding, the Lessee paid to the Sole Member $22,753 in the 2020-21 fiscal year, $31,586 in the 2021-22 fiscal year, $32,415 in the 2022-23 fiscal year, $37,531 in the 2023-24 fiscal year, $37,819 in the 2024-25 fiscal year, $83,640 in the 2025-26 fiscal year, and is budgeted to pay $104,258 in the 2026-27 fiscal year.

No Material Litigation

The Lessee is subject to lawsuits and claims in the ordinary course of its operations. There are also internal reviews of two ongoing personnel matters relating to employees of the Lessee. In the opinion of the Lessee, the aggregate amount of the uninsured liabilities attributable to such litigation and personnel matters will not materially affect the finances of the Lessee 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 Lessee or the Borrower, threatened, affecting the validity or restricting of the Bonds or contesting the corporate existence of the Lessee or the Borrower or the Lessee's authority to operate pursuant to its Charters.

PROJECTIONS, COVERAGE RATIOS AND LIQUIDITY

Notwithstanding the Lessee's history of performance, future financial performance of the Lessee 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 Obligated Group Schools or other schools operated by the Lessee may not diminish in the future. The projections of revenue and expenses contained in this Appendix A are based upon the number of students projected to be enrolled at the Lessee and were prepared by the Lessee and have not been independently verified by any party other than the Lessee. See "ENROLLMENT" herein for information regarding current and projected enrollment of the Lessee.

No feasibility studies have been conducted with respect to operations of the Series 2026CD Facility (as defined in the forepart of this Limited Offering Memorandum) or other facilities of the Lessee pertinent to the Bonds. The projections are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter has not independently verified the Lessee'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. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Bonds will be outstanding.

THE LESSEE PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF THE APPLICABLE FACILITIES, 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.

The Lessee expects to increase aggregate enrollment between 2025-26 and 2030-31 by 1,174 students, or approximately 119%.

The Obligated Group Schools' overall cost structure is flexible, and the Lessee has shown the ability to make cost adjustments to meet changing enrollment over its 11 years in operation. While the projected enrollment increases are the best expectations that the Lessee currently has, enrollment increases are not

necessary to meet the required financial covenants. Further, the Lessee is confident in its ability to cut costs if enrollment does not materialize as projected in order to meet the required financial covenants (see "PROJECTIONS, COVERAGE RATIOS AND LIQUIDITY – Sensitivity Analysis").

Projections and Financial Covenants

Table 19 on the following page sets forth the Projected Consolidated Payment Obligations Coverage Ratio and Consolidated Days Cash on Hand of the Obligated Group Schools for the fiscal years ending June 30, 2027 through June 30, 2031, and a summary of projected enrollment.

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TABLE 19
PROJECTED CONSOLIDATED PAYMENT OBLIGATIONS COVERAGE AND CONSOLIDATED DAYS CASH ON HAND
2026-27 through 2030-31
Obligated Group Schools

Orange Springs Obligated Group	2026-27 Projected	2027-28 Projected	2028-29 Projected	2029-30 Projected	2030-31 Projected
Enrollment	***1,270***	***1,591***	***1,742***	***2,006***	***2,160***
ADA	*1,232.08*	*1,546.35*	*1,694.93*	*1,954.71*	*2,106.24*
Revenue					
Local Control Funding	$16,672,479	$21,495,142	$24,270,560	$28,828,921	$32,018,314
Federal Revenue	224,948	274,667	299,395	338,070	366,052
SB740 Facility Grant	89,909	470,586	679,949	1,078,794	1,343,110
Other State Revenue	1,533,819	924,271	1,041,251	1,233,219	1,366,783
Navigator Sublease[1]	774,307	774,761	-	-	-
Other Local Revenue	1,528,998	1,786,515	1,991,350	2,329,493	2,563,335
Total Revenue	**$20,824,459**	**$25,725,942**	**$28,282,505**	**$33,808,497**	**$37,657,594**
Expenditures					
Certificated Salaries	$4,886,785	$6,367,109	$7,226,498	$8,779,787	$9,948,814
Non-Cert Salaries	1,567,017	2,103,603	2,427,945	3,017,340	3,454,839
Employee Benefits	2,300,212	3,001,574	3,409,691	4,147,569	4,702,457
Books & Materials	1,745,699	2,374,323	2,759,955	3,462,069	3,980,675
Santa Ana LC Rent (2121	411,420	421,706	432,249	443,055	507,803
Rent at Saddleback LC[3]	-	-	-	450,000	450,000
Services & Ops (ex Rent)	4,707,437	5,879,910	6,429,386	7,462,949	8,272,230
Depreciation	15,125	15,125	15,125	15,125	15,125
Other Outgo	-	-	-	-	-
LLC Base Rent:					
LLC: 2026AB Bonds	1,405,275	1,406,100	1,405,913	1,407,950	1,405,200
LLC II: 2026CD Bonds	--	711,025	710,025	708,625	706,825
Total Expenses	**$ 17,038,970**	**$ 22,280,475**	**$ 24,816,787**	**$ 29,894,469**	**$ 33,443,968**
Surplus/(Deficit)	**$ 3,785,489**	**$ 3,445,467**	**$ 3,465,718**	**$ 3,914,028**	**$ 4,213,626**
Add Back: Depreciation	15,125	15,125	15,125	15,125	15,125
Add Back: Base Rent (The Bonds)	1,405,275	2,117,125	2,115,938	2,116,575	2,112,025
Net Income Available for Base Rent	**5,205,889**	**5,577,717**	**5,596,781**	**6,045,728**	**6,340,776**
Consolidated Payment Obligations Coverage	**3.70x**	**2.63x**	**2.65x**	**2.86x**	**3.00x**
Cons. Payment Obligations Coverage Ratio (ex. Navigator Sublease)[4]	**3.15x**	**2.27x**	**2.65x**	**2.86x**	**3.00x**
Beginning Cash Balance	6,646,091	10,132,237	13,148,794	16,408,437	19,953,496
Plus: Surplus/(Deficit)	3,785,489	3,445,467	3,465,718	3,914,028	4,213,626
Plus: Depreciation	15,125	15,125	15,125	15,125	15,125
Other Net Cash Flow -	(314,468)	(444,035)	(221,200)	(384,093)	(225,212)
Ending Cash Balance	**10,132,237**	**13,148,794**	**16,408,437**	**19,953,496**	**23,957,035**
Total Expenses	17,038,970	22,280,475	24,816,787	29,894,469	33,443,968
Less: Depreciation	15,125	15,125	15,125	15,125	15,125
Operating Expenses	**17,023,845**	**22,265,350**	**24,801,662**	**29,879,344**	**33,428,843**
Average Daily Expenses	**46,641**	**61,001**	**67,950**	**81,861**	**91,586**
Consolidated Days Cash	**217 days**	**216 days**	**241 days**	**244 days**	**262 days**

(1) The Navigator Sublease revenue is based on a pro-rata portion of 2026AB Base Rent. Sublease revenue is not required to meet 1.10x coverage.
(2) The Odyssey Learning Center served both CSCS and OSCS students in 2025-26. Commencing with the 2026-27 school year, it is now used for OSCS's Homeschool programs.
(3) The Saddleback LC location will be leased from third parties and will house 100% classroom-based programs of OSCS.
(4) Consolidated Payment Obligations Coverage Ratio assuming no projected revenue under the Navigator Sublease.
Source: The Lessee.

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Sensitivity Analysis

Table 20 below presents a sensitivity analysis showing that, even with a 35.6% reduction in projected enrollment at the Obligated Group Schools for the fiscal years ending June 30, 2027 through June 30, 2031, and excluding revenue to be received under the Navigator Sublease, the Consolidated Payment Obligations Coverage Ratio in such fiscal years would not be reduced below 1.10 to 1.00. Assuming the same 35.6% reduction in projected enrollment over the same period and including revenue to be received under the Navigator Sublease, the Consolidated Payment Obligations Coverage Ratio in such fiscal years would not be reduced below 1.28 to 1.00.

TABLE 20
SENSITIVITY ANALYSIS
2026-27 through 2030-31
Obligated Group Schools

	Projected 2026-27	*Projected 2027-28*	*Projected 2028-29*	*Projected 2029-30*	*Projected 2030-31*
Projected Enrollment (before Sensitivity Analysis)	1,270	1,591	1,742	2,006	2,160
Projected Enrollment (Sensitivity Analysis)	818.00	1,025	1,122	1,292	1,391
% Reduction in Enrollment for Sensitivity Analysis	***35.6%***	***35.6%***	***35.6%***	***35.6%***	***35.6%***
Total Revenue	**$13,904,821**	**$16,970,704**	**$18,355,924**	**$21,938,779**	**$24,434,275**
Total Expenses	**$12,741,775**	**$16,009,903**	**$17,754,184**	**$21,390,274**	**$23,846,478**
Surplus/(Deficit)	**$1,163,047**	**$960,801**	**$601,740**	**$548,505**	**$587,797**
Add Back: Depreciation	15,125	15,125	15,125	15,125	15,125
Add Back: Base Rent (2026AB & 2026CD Bonds)	1,858,725	2,011,650	2,010,725	2,016,688	2,012,188
Net Income Available for Base Rent	**$3,036,897**	**$2,987,576**	**$2,627,590**	**$2,580,317**	**$2,615,109**
Consolidated Payment Obligations Coverage Ratio	**1.63x**	**1.49x**	**1.31x**	**1.28x**	**1.30x**
Consolidated Payment Obligations Coverage Ratio (excluding Navigator sublease)	**1.22x**	**1.10x**	**1.31x**	**1.28x**	**1.30x**
Ending Cash Balance	**$7,621,743**	**$8,311,779**	**$8,786,271**	**$9,102,641**	**$9,560,637**
Consolidated Days Cash on Hand	**219 days**	**190 days**	**181 days**	**155 days**	**146 days**

Source: The Lessee.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE LESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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See what's possible.

CITRUS SPRINGS CHARTER SCHOOL INC.

A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING AS A CALIFORNIA CHARTER SCHOOL
CITRUS SPRINGS CHARTER (CHARTER NO. 1831)

AUDIT REPORT

June 30, 2025 AND 2024

858-565-2700
www.cwdl.com

CITRUS SPRINGS CHARTER SCHOOL, INC.
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JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Citrus Springs Charter School, Inc.
Temecula, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of Citrus Springs Charter School, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the 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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 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.



San Diego, California
December 3, 2025

FINANCIAL SECTION

CITRUS SPRINGS CHARTER SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,752,098	$ 3,622,709
Accounts receivable	1,603,043	659,121
Prepaid expenses	98,552	72,360
Total current assets	5,453,693	4,354,190
Non-current assets:		
Capital assets, net	212,450	184,027
Right-of-use asset, net	244,551	498,882
Total non-current assets	457,001	682,909
TOTAL ASSETS	$ 5,910,694	$ 5,037,099
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 322,794	$ 328,718
Deferred revenue	135,329	96,870
Compensated absences	12,788	10,197
Lease liability, current portion	244,551	272,364
Total current liabilities	715,462	708,149
Non-current liabilities:		
Lease liability, non-current portion	-	226,518
Total non-current liabilities	-	226,518
Total liabilities	715,462	934,667
Net assets:		
Without donor restriction	5,195,232	4,102,432
Total net assets	5,195,232	4,102,432
TOTAL LIABILITIES AND NET ASSETS	$ 5,910,694	$ 5,037,099

The notes to financial statements are an integral part of this statement.

CITRUS SPRINGS CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Without Donor Restriction	
	2025	2024
SUPPORT AND REVENUES		
Federal and state support revenues:		
Local control funding formula, state aid	$ 3,904,209	$ 3,905,678
Payments in lieu of property taxes	2,180,176	1,953,711
Federal revenues	244,736	685,426
Other state revenues	483,752	497,920
Total federal and state support and revenues	6,812,873	7,042,735
Local support and revenues:		
Investment income, net	236,137	100,353
Other local revenues	809,695	396,236
Total local support and revenues	1,045,832	496,589
TOTAL SUPPORT AND REVENUES	7,858,705	7,539,324
EXPENSES		
Program services	5,811,726	5,784,510
Management and general	954,179	969,940
TOTAL EXPENSES	6,765,905	6,754,450
CHANGES IN NET ASSETS	1,092,800	784,874
NET ASSETS, BEGINNING	4,102,432	3,317,558
NET ASSETS, ENDING	$ 5,195,232	$ 4,102,432

The notes to financial statements are an integral part of this statement.

CITRUS SPRINGS CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses:			
Certificated salaries	$ 2,288,336	$ 112,321	$ 2,400,657
Classified salaries	263,870	77,347	341,217
Other employee salaries	-	154,294	154,294
Other employee benefits	1,036,506	7,381	1,043,887
Total personnel expenses	3,588,712	351,343	3,940,055
Non-personnel expenses:			
Books and supplies	571,368	26,391	597,759
Insurance	3,377	65,037	68,414
Facilities	144,238	-	144,238
Professional services	799,512	400,457	1,199,969
Communications	80,845	-	80,845
Repairs and maintenance	105,237	-	105,237
Dues and memberships	14,091	-	14,091
Travel and conference	-	94,624	94,624
National School Lunch Program	112,820	-	112,820
Equipment	119,162	-	119,162
Interest on lease liability	18,033	-	18,033
Amortization	254,331	-	254,331
Depreciation	-	16,148	16,148
Other outgo	-	179	179
Total non-personnel expenses	2,223,014	602,836	2,825,850
TOTAL EXPENSES	$ 5,811,726	$ 954,179	$ 6,765,905

The notes to financial statements are an integral part of this statement.

CITRUS SPRINGS CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses:			
Certificated salaries	$ 2,369,736	$ 116,317	$ 2,486,053
Classified salaries	249,928	73,260	323,188
Other employee salaries	-	136,331	136,331
Other employee benefits	977,289	6,960	984,249
Total personnel expenses	3,596,953	332,868	3,929,821
Non-personnel expenses:			
Books and supplies	485,830	22,440	508,270
Insurance	2,972	57,226	60,198
Facilities	131,482	-	131,482
Professional services	916,982	459,295	1,376,277
Communications	72,609	-	72,609
Repairs and maintenance	111,585	-	111,585
Dues and memberships	10,963	-	10,963
Travel and conference	-	85,846	85,846
National School Lunch Program	100,468	-	100,468
Equipment	82,302	-	82,302
Interest on lease liability	30,412	-	30,412
Amortization	241,952	-	241,952
Depreciation	-	12,265	12,265
Total non-personnel expenses	2,187,557	637,072	2,824,629
TOTAL EXPENSES	$ 5,784,510	$ 969,940	$ 6,754,450

The notes to financial statements are an integral part of this statement.

CITRUS SPRINGS CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 1,092,800	$ 784,874
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	16,148	12,265
Interest on lease liability	18,033	30,412
Amortization	254,331	241,952
(Increase)/Decrease in operating assets:		
Accounts receivable	(943,922)	56,004
Prepaid expenses	(26,192)	(48,007)
Increase/(Decrease) in operating liabilities:		
Accounts payable	(5,924)	(254,784)
Deferred revenue	38,459	(120,062)
Compensated absences	2,591	5,359
Net cash provided by/(used in) operating activities	446,324	708,013
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(44,571)	(61,507)
Net cash provided by/(used in) investing activities	(44,571)	(61,507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability	(272,364)	(272,364)
Net cash provided by/(used in) financing activities	(272,364)	(272,364)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	129,389	374,142
CASH AND CASH EQUIVALENTS, BEGINNING	3,622,709	3,248,567
CASH AND CASH EQUIVALENTS, ENDING	$ 3,752,098	$ 3,622,709

The notes to financial statements are an integral part of this statement.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Citrus Springs Charter School, Inc. (the "Organization'') was formed as a nonprofit public benefit corporation on March 9, 2015 for the purpose of operating Citrus Springs Charter School (the "Charter"), a California public school located in Orange County. The Charter was authorized to operate as a charter school through the Orange County Department of Education (the "Authorizing Agency''). In March 2016, the Authorizing Agency approved a charter petition for the Charter after the petition was initially denied by the Santa Ana Unified School District. The Charter was then numbered by the State Board of Education in September 2016 as California Charter No. 1831. Classes began in October 2016. The Charter serves grades TK-12 through two different educational programs: Quest Academy (five-day per week, seat-based program) and Homeschool (parents and students work closely with an Educational Specialist, including Montessori Voyage and Citrus Journey options).

Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public. Springs Charter Schools, Inc., a related nonprofit public benefit corporation, is the sole statutory member of the Organization. Refer to Note 8 for additional information on related entities and transactions occurring during the fiscal year. In November 2020 the Authorizing Agency renewed the Charter, with a current term ending June 30, 2027.

Basis of Accounting

The Organization 's policy is to prepare its 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, 2025 and 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 statements of activities.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Estimates

The preparation of 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.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. 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 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 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.

Payments in Lieu of Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to the Organization. Revenues are recognized by the Organization when earned.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

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's 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 statements 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 statements 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, 2025 and 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

Prepaid Expenses

Prepaid expenses are recorded at the carrying amount(s) as of financial position date. Prepaid expenses are 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.

Right-of-Use Asset and Lease Liability

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 asset 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.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

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 statements of financial position and revenue is recognized.

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.

Income Taxes

The Organization is a 509(a)(l) publicly supported nonprofit organization that is exempt from income taxes under Section 50l(a) and 50l(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation. The Organization is exempt from state franchise or income tax under Section 23701(d) of the *California Revenue and Taxation Code*. As a school, the Organization is not required to register with the California Attorney General as a charity.

The Organization's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

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.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2025 and 2024, consist of the following:

	2025	2024
Cash in county treasury	$ 261,409	$ 645,191
Cash in banks, interest bearing	3,490,689	2,977,518
Total Cash and Cash Equivalents	$ 3,752,098	$ 3,622,709

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 Organization's deposits are fully collateralized in the bank's governmental unit, thus, management believes the Organization is not exposed to any significant custodial credit risk related to cash in banks.

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

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 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 an amortized cost basis and is based on the accounting records maintained by the County Treasurer.

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

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Cash in County Treasury, continued

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. The Organization's investments in the Orange County Investment Pool, which combines the Organization's share of the portfolio, has combined fair value of $259,012 and $641,579 and amortized book value of $261,409 and $645,191 as of June 30, 2025 and 2024, respectively.

Fair Value Measurement
Investments in the Orange County Treasury investment pools are not measured using the fair value input levels noted in Note 1. The investment is considered uncategorized because the Organization'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.

NOTE 3 – 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.

	2025	2024
Financial assets, at year-end:		
Cash and cash equivalents	$ 3,752,098	$ 3,622,709
Accounts receivable	1,603,043	659,121
Financial assets available to meet cash needs for general expenditures within one year	$ 5,355,141	$ 4,281,830

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025 and 2024, consists of the following:

	2025	2024
Federal sources	$ 93,793	$ 187,598
State lottery	9,713	38,492
Other state sources	166,974	66,357
LCFF - State Aid	271,627	-
LCFF - local property taxes	403,454	245,005
Due from affiliates*	137,090	77,786
Other local sources	520,392	43,883
Total Accounts Receivable	$ 1,603,043	$ 659,121

*Refer to Note 8 regarding related party transactions.

NOTE 5 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2025, consists of the following:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Being Depreciated				
Buildings and improvements	$ 196,503	$ 44,571	$ -	$ 241,074
Furniture and equipment	15,240	-	-	15,240
Total Capital Assets Being Depreciated	211,743	44,571	-	256,314
Less: Accumulated Depreciation	(27,716)	(16,148)	-	(43,864)
Capital Assets, Net	$ 184,027	$ 28,423	$ -	$ 212,450

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets Being Depreciated				
Buildings and improvements	$ 134,996	$ 61,507	$ -	$ 196,503
Furniture and equipment	15,240	-	-	15,240
Total Capital Assets Being Depreciated	150,236	61,507	-	211,743
Less: Accumulated Depreciation	(15,451)	(12,265)	-	(27,716)
Capital Assets, Net	$ 134,785	$ 49,242	$ -	$ 184,027

NOTE 6 – LEASES

The Organization leases certain real property for the operation of charter schools with various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through year 2026 and provide renewal options. The Organization 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 Organization to pay insurance and repairs.

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

The Organization 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 leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization has real property short term lease agreements for the years ended June 30, 2025 and 2024.

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

NOTE 6 – LEASES, continued

Total lease costs for the years ended June 30, 2025 and 2024 were as follows:

	2025	2024
Operating lease cost	$ 272,364	$ 272,364

The following table summarizes the supplemental cash flow information for the years ended June 30, 2025 and 2024:

	2025	2024
Operating cash flows from operating leases	$ 272,364	$ 272,364

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

	2025	2024
Weighted-average remaining lease term:		
Operating leases	1 year	2 years

Weighted-average discount rate:	2025	2024
Operating leases	5%	5%

The future minimum lease payments under non-cancelable operating leases with terms greater than one year are listed below as of June 30, 2025 and 2024.

Year Ended June 30, 2025	Operating lease
2026	$ 249,667
Total lease payments	249,667
Less: Interest	(5,116)
Present value of lease liabilities	$ 244,551

Year Ended June 30, 2024	Operating lease
2025	$ 272,364
2026	249,667
Total lease payments	522,031
Less: Interest	(23,149)
Present value of lease liabilities	$ 498,882

NOTE 7 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2025 and 2024, consists of the following:

	2025	2024
Vendor payables	$ 138,933	$ 55,678
Accrued payroll expenses	50,170	44,331
Due to affiliates*	133,691	228,709
Total Accounts Payable	$ 322,794	$ 328,718

*Refer to Note 8 regarding related party transactions.

NOTE 8 – RELATED PARTY TRANSACTIONS

Authorizing Agency

The Organization makes payments to the authorizing agency, Orange County Office of Education, to provide required services for oversight. Fees associated with oversight consisted of one percent of revenue from local control funding formula sources (state aid and in-lieu property taxes). Total fees payable to the authorizing agency for oversight amounted to $29,651 and $58,540 for the years ended June 30, 2025 and 2024, respectively.

Affiliated Organizations

Springs Charter Schools, Inc.
Springs Charter Schools, Inc. ("SCS, Inc.") is a nonprofit public benefit corporation organized for the purpose of advancing charter schools within the Springs network of schools. Per the Organization's bylaws, SCS Inc.'s status as the sole statutory member of the Organization provides the right to elect or appoint members of the Board of Directors. SCS Inc. is also the sole statutory member of Empire Springs Charter School, Inc. and Harbor Springs Charter School, separate nonprofit organizations each operating California public charter schools.

Harbor Springs Charter School
As mentioned, Harbor Springs Charter School is a separate nonprofit organization sharing the same sole statutory member as the Organization.

During the years ended June 30, 2025 and 2024, the Organization had $146 and $853 expenses, respectively, payable to Harbor Springs Charter School for reimbursable items.

Empire Springs Charter School, Inc.
As mentioned, Empire Springs Charter School, Inc. is a separate nonprofit organization sharing the same sole statutory member as the Organization.

Empire Springs Charter School, Inc. sublets the facility in Santa Ana to the Organization. During the years ended June 30, 2025 and 2024, the Organization incurred expenses totaling $12,696 and $31,533, respectively, payable to Empire Springs Charter School, Inc. for rent and other reimbursable items. A receivable in the amount of $446 and $32,587, respectively, were also due from Empire Springs Charter School, Inc. as of June 30, 2025 and 2024.

NOTE 8 – RELATED PARTY TRANSACTIONS, continued

Affiliated Organizations, continued

River Springs Charter School
River Springs Charter School is a separate nonprofit organization that does not hold the same relationship with Springs Charter Schools, Inc. for its corporate structure. River Springs Charter School holds a memorandum of understanding (MOU) with the Organization as well as Empire Springs Charter School, Inc. and Harbor Springs Charter School for senior leadership whereby, the charter schools under Springs Charter Schools, Inc. share senior leadership employees with River Springs Charter School. The Organization directly pays its proportionate share of salaries and benefits to the employees in senior leadership positions. Senior leadership includes Assistant Superintendents for the following departments: Business, Administrative Operations, Personnel, Pupil Services, Education-Academies, Homeschool/Personalized Learning, and IT/Facilities. The MOU also allows for other on-loan employees, as necessary. The Superintendent holds a contract, separate than that of the MOU, that is approved by each charter school's Board of Directors.

During the years ended June 30, 2025 and 2024, the Organization incurred $120,701 and $196,294, respectively, in expenses payable to River Springs Charter School for services or reimbursable items. A receivable in the amount of $136,042 and $42,543, respectively, were also due from River Springs Charter School as of June 30, 2025.

NOTE 9 – DONATED MATERIALS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to the Organization in an effort to advance the Organization's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles.

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code* 47605, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Organization has made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees' Retirement System (CalPERS). The Organization also offers social security as an alternative plan for employees who may not qualify for CalSTRS or CalPERS retirement plans.

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 or www.calstrs.com.

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 2025 and 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:

	Contribution	Percent of Required Contribution
2024-25	$ 414,244	100%
2023-24	$ 422,772	100%
2022-23	$ 318,856	100%
2021-22	$ 236,905	100%
2020-21	$ 166,616	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 which is computed as the proportionate share of total fiscal year 2025 and 2024 State on-behalf contributions are estimated at $211,354 and $158,962 respectively.

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

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 Q Street, Sacramento, California 95811 or www.calpers.ca.gov.

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 8.0% 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 2025 and 2024 was 27.05% and 26.68%, respectively. 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:

	Contribution	Percent of Required Contribution
2024-25	$ 136,254	100%
2023-24	$ 96,391	100%
2022-23	$ 86,638	100%
2021-22	$ 91,854	100%
2020-21	$ 84,819	100%

NOTE 11 – 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, 2025 and 2024, The Organization participated in a joint venture with CharterSafe. CharterSafe arranges for insurance coverage related to property, general liability, automobile, worker's compensation, and other miscellaneous liability coverage specific to operation of a charter school. 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 $2,281,402 and $2,074,212 or a proportionate share of 0.00340% and 0.00272% as of June 30, 2025 and 2024, respectively. Also, as of June 30, 2025 and 2024, CalPERS has estimated the Organization's share of withdrawal liability to be $758,323 and $640,488 or a proportionate share of 0.002122% and 0.001769%, respectively. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 10 for additional information on employee retirement plans.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for the period from June 30, 2025, through December 3, 2025, the date the financial statements were available to be issued. Subsequent to year-end, the Orange County Department of Education approved the opening of Orange Springs charter School, a new charter to be operated by the Organization which is expected to commence operations int eh 2025-26 school year. Other than this matter, no subsequent events have been identified that require disclosure,

SUPPLEMENTARY INFORMATION

CITRUS SPRINGS CHARTER SCHOOL, INC.
CHARTER ORGANIZATIONAL STRUCTURE
JUNE 30, 2025

Citrus Springs Charter School, Inc., (the "Organization") located in Orange County, was formed as a nonprofit public benefit corporation on March 9, 2015 to operate Citrus Springs Charter School (the "Charter") as a public charter school. The Charter was authorized to operate as a charter school through the Orange County Office of Education in 2016, and the Charter was then renewed by through June 30, 2027. During fiscal year 2025, the Charter served approximately 477 students in grades TK to 12. The Charter's charter number is 1831.

GOVERNING BOARD

Name	Office	Term Expiration
Pam Rivas	Chair	June 30, 2026
Eugene Dokes	Vice Chair	June 30, 2025
Michael Solomon	Treasurer	June 30, 2026
Jessica Large	Secretary	June 30, 2025
Cheryl LaCount	Director	June 30, 2026
Charlene Ponzio	Director	June 30, 2025
Kellie Caldwell-Woodson	Director	June 30, 2025

ADMINISTRATION

Dr. Kathleen Hermsmeyer *Superintendent*	Amy Podratz *Assistant Supt., Administrative Operations*	Tanya Rogers *Assistant Supt., Business*
Dr. Vivian Price *Assistant Supt., Education*	Michelle Sapanara *Assistant Supt., Pupil Services*	Virginia Smith *Assistant Supt., Human Resources*

CITRUS SPRINGS CHARTER SCHOOL, INC.
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025

	Second Period Report	Annual Report
	Classroom Based ADA	
Grades TK/K through 3	22.60	22.28
Grades 4 through 6	31.26	32.11
Grades 7 and 8	24.85	26.05
Total Classroom Based ADA	78.71	80.44
	Non-Classroom Based ADA	
Grades TK/K through 3	228.82	231.02
Grades 4 through 6	83.96	83.82
Grades 7 and 8	38.12	38.95
Grades 9 through 12	31.60	32.23
Total Non-Classroom Based ADA	382.50	386.02
	Total ADA	
Grades TK/K through 3	251.42	253.30
Grades 4 through 6	115.22	115.93
Grades 7 and 8	62.97	65.00
Grades 9 through 12	31.60	32.23
Total Average Daily Attendance	461.21	466.46

See accompanying note to supplementary information.

CITRUS SPRINGS CHARTER SCHOOL, INC.
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

Grade Level	Minutes Requirement	2024-25 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	55,895	175	N/A	Complied
Grade 1	50,400	55,895	175	N/A	Complied
Grade 2	50,400	55,895	175	N/A	Complied
Grade 3	50,400	55,895	175	N/A	Complied
Grade 4	54,000	55,895	175	N/A	Complied
Grade 5	54,000	55,895	175	N/A	Complied
Grade 6	54,000	55,895	175	N/A	Complied
Grade 7	54,000	55,895	175	N/A	Complied
Grade 8	54,000	55,895	175	N/A	Complied

See accompanying note to supplementary information.

CITRUS SPRINGS CHARTER SCHOOL, INC.
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

There were no reconciling items to the audited financial statements for the year ended June 30, 2025.

CITRUS SPRINGS CHARTER SCHOOL, INC.
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1- PURPOSE OF SCHEDULES

A. 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.

B. 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.

C. Schedule of Instructional Time

The Organization receives, as part of their local control funding formula sources, incentive funding for maintaining instructional time. This schedule presents information on the number of instructional days offered by the Organization and whether the Organization complied with the provisions of *Education Code Section* 47612.5.

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.

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

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
Citrus Springs Charter School, Inc.
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 financial statements of Citrus Springs Charter School, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, and cash flows for the years then ended and the related notes to financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Controls Over Financial Reporting

In planning and performing our audit of the 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 opinion on the 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 entity's financial statements will not be prevented or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California
December 3, 2025

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAM

To the Board of Directors
Citrus Springs Charter School, Inc.
Temecula, California

Report on State Compliance

Opinion on State Compliance

We have audited Citrus Springs Charter School, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *2024-25 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 year ended June 30, 2025, 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, 2025.

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 *2024-25 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 *2024-25 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 *2024-25 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 2024-25 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 *2024-25 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. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Not applicable
V. Proper Expenditure of Education Protection Account Funds	Yes
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	Not applicable
AZ. Educator Effectiveness	Not applicable
BZ. Expanded Learning Opportunities Grant (ELO-G)	Not applicable
CZ. Career Technical Education Incentive Grant	Not applicable
DZ. Expanded Learning Opportunities Program	Not applicable
EZ. Transitional Kindergarten	Not applicable
FZ. Kindergarten Continuance	Yes

PROGRAM NAME	PROCEDURES PERFORMED
Charter Schools:	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Not applicable
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 Organization 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 3, 2025

FINDINGS AND QUESTIONED COSTS SECTION

CITRUS SPRINGS CHARTER SCHOOL, INC.
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025

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

This Organization did not expend more that $750,000 in federal awards; therefore, a Federal Single Audit under OMB Uniform Grant Guidance is not applicable.

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

CITRUS SPRINGS CHARTER SCHOOL, INC.
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control

There were no audit findings related to the financial statements during 2024-25.

CITRUS SPRINGS CHARTER SCHOOL, INC.
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no audit findings and questioned costs related to state awards during 2024-25.

CITRUS SPRINGS CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

There were no audit findings or questioned costs during 2023-24.

APPENDIX C

SUMMARY OF PRINCIPAL BOND DOCUMENTS

The following are summaries of certain provisions of the Master Indenture, the Supplemental Master Indenture, the Bond Indenture, and the Loan Agreement. These summaries do not purport to be complete or definitive and are qualified in their entireties by reference to the full terms of such documents. All capitalized terms used in this Summary of Principal Documents and not defined herein have the same meanings as in the Master Indenture and the Bond Indenture.

Definitions

The following are summaries of definitions of certain terms used in the Summary of Principal Documents.

"Accountant" means any firm of independent certified public accountants selected by the Obligated Group Representative.

"Act" means the California School Finance Authority Act, constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

"Additional Indebtedness" means any Indebtedness (including all Obligations) incurred subsequent to the execution and delivery of the Master Indenture, other than Obligation No. 2.

"Additional Payments" means the payments so designated and required to be made by the Borrower pursuant to the Loan Agreement meaning:

(a) All taxes and assessments of any type or character charged to the Authority or to the Bond Trustee affecting the amount available to the Authority or the Bond Trustee from payments to be received thereunder or in any way arising due to the transactions contemplated by the Loan Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Borrower will have the right to protest any such taxes or assessments and to require the Authority or the Bond Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower will 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 Bond Trustee;

(b) All reasonable fees, charges and expenses of the Bond Trustee for services rendered under the Bond Indenture and all amounts referred to in the Bond Indenture, as and when the same become due and payable;

(c) All reasonable fees, charges and expenses of the Master Trustee for services rendered under the Master Indenture and all amounts referred to in the Master Indenture, as and when the same become due and payable;

(d) The fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Loan Agreement, the other Borrower Documents or the Bond Indenture;

(e) All fees and expenses of the Rating Agency and the Rebate Analyst, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Bond Indenture, the amount of such deposit, which will be deposited in the Rebate Fund not later than the tenth day of the calendar month immediately following the date on which such calculation was made pursuant to the Bond Indenture;

(f) All amounts necessary for deposit into the Repair and Replacement Fund pursuant to the Bond Indenture;

(g) The annual fee of the Authority and the fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving the Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture or any of the other documents contemplated thereby, or in connection with the supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Loan Agreement and the other Borrower Documents; and

(h) The amount necessary to replenish any fund established under the Bond Indenture, but only to the extent then required the Bond Indenture.

"Additional Payments Account" means the account by that name established within the Gross Revenue Fund pursuant to the Master Indenture.

"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 Bond Trustee in connection with the Bonds, including Additional Payments.

"Affiliate" means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof, directly controlled by or under common control with a Member or any other Affiliate. For purposes of this definition, "control" means the power to direct the management and policies of a Person through the ownership of at least a majority of its voting securities, or the right to designate or elect at least a majority of the members of its board of directors by contract or otherwise.

"Authority" means the California School Finance Authority, a public instrumentality of the State established by the Act, and its successors and assigns.

"Authorized Borrower Representative" means the Superintendent, [Acting Assistant Superintendent, Business], or Assistant Superintendent, Administrative Operations of the Lessee (as the sole member of the Borrower), or any other person who at the time and from time to time may be designated by written certificate furnished to the Authority and the Trustee, as a person authorized to act on behalf of the Borrower. Such certificate will contain the specimen signature of such person, will be signed on behalf of the Borrower by any officer of the Borrower and may designate an alternate or alternates.

"Authorized Denominations" means $100,000 and any integral multiple of $5,000 in excess thereof (or the aggregate principal amount of any maturity of the Bonds Outstanding, if lower, in integral multiples of $5,000), subject to the provisions of the Bond Indenture; provided, however, that a Bond held by a Beneficial Owner that has become held in a denomination of less than $100,000 as a result of a partial redemption of such Bond may be transferred or exchanged by such Beneficial Owner or subsequent Beneficial Owner but only to transferees permitted under the Bond Indenture; and provided further that upon and after receipt by the Bond Trustee from the Borrower of a rating letter by Fitch, S&P or Moody's indicating that the Bonds are rated

BBB- or Baa3, as applicable, or better, Authorized Denominations shall mean $25,000 and any integral multiple of $5,000 in excess thereof, subject to the Bond Indenture;

"Authorized Signatory" means the Authority's Chairperson (or any Deputy), Executive Director, or any other person or persons designated as an authorized representative of the Authority by a Certificate of the Authority signed by its Chairperson (or any Deputy), or Executive Director. Such authorization shall remain in effect until the Trustee has received written notice to the contrary accompanied by a new designation.

"Balloon Indebtedness" means Long-Term Indebtedness 25% or more of the principal of which becomes due (either by maturity or mandatory redemption) during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date.

"Base Rent" means an amount not less than the greater of (a) debt service due and payable with respect to the related Facility plus any Ground Rent on such related Facility or (b) the amounts provided in the rent schedule attached to the applicable Lease plus (if not included therein) any Ground Rent on the related Facility.

"Beneficial Owner" means, (i) when used with reference to the book entry only system, the person who is considered the beneficial owner of the Bonds and, with respect to the Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository and, (ii) for purposes of the Bond Indenture, any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds and, with respect to the Bonds (including persons holding such through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds and, with respect to the Bonds for federal income tax purposes.

"Bondholder" or "Holder" means, with respect to any Bond, the person in whose name such Bond is registered.

"Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Obligated Group Representative and approved by the Governmental Issuer.

"Bond Indenture" means that certain Indenture, dated as of October 1, 2026, by and between the Authority and the Bond Trustee.

"Bond Purchase Agreement" means and refers to that certain Bond Purchase Agreement, dated the date of sale of the Bonds, among the Authority, the Underwriter and the State Treasurer, as agent for sale on behalf of the Authority, and approved by the Borrower and the Lessee.

"Bond Trustee" means U.S. Bank Trust Company, National Association, or any successor as Bond Trustee as provided in the Bond Indenture.

"Bond Year" means the period beginning on the Closing Date and ending on the first anniversary of the Closing Date and each succeeding one-year period (with the last Bond Year ending on the first date that none of the Bonds remain Outstanding).

"Bonds" means the Tax-Exempt Bonds and the Taxable Bonds.

"Book Value" means, when used in connection with Property, Plant and Equipment or other Property of any Member, 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, and when used in connection with Property, Plant and Equipment or other Property of the Obligated Group, means the aggregate of the

values so determined with respect to such property of each Member determined in such a way that no portion of such value of property of any Member is included more than once.

"Borrower" means Orange Springs Facilities II LLC, a California limited liability company, and its successors and assigns.

"Borrower Documents" means the Master Indenture of Trust, the Supplemental MTI for Obligation No. 2, the Loan Agreement, the Bond Purchase Agreement, the Tax Certificate and the Borrower Resolution.

"Borrower Resolution" means the resolution or other authorizing action adopted by the governing board of the Borrower authorizing the Loan and the execution and delivery of the Borrower Documents.

"Business" means (i) leasing or sub-leasing, either directly or indirectly through its wholly-owned subsidiaries, real property on which charter schools, including the Schools, operate, and (ii) acquiring and maintaining, directly or indirectly through its wholly-owned subsidiaries, the real property on which charter schools, including the Schools, operate, and (iii) providing working capital loans to charter schools, including the Schools.

"Business Day" means, for purposes of the Bond Indenture, any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in the city in which the Principal Corporate Trust Office is located are authorized or obligated by law or executive order to be closed and, for purposes of the Master Indenture, any day other than a Saturday, a Sunday, or a day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed.

"Capitalized Interest Subaccount" means the subaccount by that name in the Interest Account in the Revenue Fund established pursuant to the Bond Indenture.

"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" means, in respect of any Bonds, the date of original issuance and delivery of such Bonds.

"Code" means the Internal Revenue Code of 1986, or any successor code or law, and any regulations in effect or promulgated thereunder.

"Company" means Orange Springs Facilities II LLC, a California limited liability company.

"Completion Certificate" means a Completion Certificate in a form substantially similar to EXHIBIT B of the Loan Agreement.

"Consolidated Net Operating School Revenue" means the sum of all Net Operating School Revenue (as such term is defined in the related Lease or School Loan Agreement) related to all Leases and School Loan Agreements for all Lessees of all Facilities and proposed Facilities as that computation would be applied to the operations of an existing or proposed school Lessee of an existing or proposed school Facility financed with Related Bonds or to be financed with Additional Indebtedness, and excluding therefrom the payment obligations associated with any loan or other indebtedness to be refinanced or retired from proceeds of the Long-Term Indebtedness then to be incurred.

"Continuing Disclosure Agreement" means, for purposes of the Bond Indenture, the Continuing Disclosure Agreement, dated as of October 1, 2026, among the Lessee, the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof

and, for purposes of the Master Indenture, "Continuing Disclosure Agreement" means the Continuing Disclosure Agreement executed by the Lessee and the Dissemination Agent appointed thereto dated the date of issuance and delivery of the Related Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Controller" means the Controller of the State or any other official of the State charged with the disbursement of State funds to State public schools.

"Costs of Issuance" means and includes 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 Bonds, including but not limited to costs of preparation and reproduction of documents, fees and expenses of the Authority, the State Treasurer's Office, the Bond Trustee, the Master Trustee, legal fees and charges of bond counsel, special counsel, disclosure counsel, underwriter's counsel and Bond Trustee's counsel, underwriters' discount, rating agency fees and any other costs, charges or fees in connection with the original delivery of the Bonds.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Bond Indenture.

"Debt Service" means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Bonds, (b) that portion of the principal amount of all Outstanding Bonds maturing on each principal payment date during such period, and (c) that portion of the principal amount of all Outstanding Bonds which are Term Bonds required to be redeemed or paid from Sinking Fund Installments during such period (together with the redemption premiums, if any, thereon).

"Debt Service Coverage Ratio" means for any Fiscal Year the ratio determined by dividing the Income Available For Debt Service for such Fiscal Year by the Debt Service Requirement for such Fiscal Year.

"Debt Service Requirement" means, for any Fiscal Year for which such determination is made, the aggregate of the scheduled payments to be made with respect to principal (or mandatory sinking fund or installment purchase price or lease rental or similar payments) and interest on Outstanding Long-Term Indebtedness of the Members during such period, taking into account, at the option of the Obligated Group Representative, the following:

(a) With respect to Indebtedness represented by a Guaranty of obligations of a Person, as long as any such Guaranty is a contingent liability under generally accepted accounting principles, the principal and interest deemed payable with respect to such Guaranty will be deemed to be the lowest percentage of debt service requirements set forth immediately following this paragraph (determined after giving effect to any other paragraph of this definition at the election of the Obligated Group Representative), if the debt service coverage ratio (determined in a manner as nearly as practicable to the determination of the Debt Service Requirement thereunder) of the Person primarily obligated on the obligations effectively guaranteed by such Guaranty for the immediately preceding Fiscal Year, or any other 12-month period ending within 180 days prior to the date of calculation, will be greater than the amount specified opposite such percentage below:

Debt Service Coverage Ratio of Accommodated Person	***Percentage of Debt Service Requirements***
1.35	25%
1.1	50%
Less than 1.1	100%

If any such Guaranty becomes a noncontingent liability but thereafter becomes a contingent liability, during the period such Guaranty is a noncontingent liability and for two years after such Guaranty becomes a

contingent liability, 100% of the annual debt service on the indebtedness being guaranteed will be added to the computation of the Debt Service Requirement.

(b) With respect to Balloon Indebtedness, the amount of principal and interest deemed payable during such period will be determined as if such Balloon Indebtedness were being repaid in substantially equal annual installments of principal and interest over a term over which the Members could reasonably be expected to borrow, not to exceed thirty-eight (38) years from the date of incurrence of such Balloon Indebtedness, and bearing interest at an interest rate (determined as of the date of calculation of the Debt Service Requirement) equal to the rate at which the Members could reasonably be expected to borrow for such term, by issuing Indebtedness, all as set forth in an Officer's Certificate accompanied by a letter of a banking or investment banking institution knowledgeable in matters of charter school facility finance, confirming that the borrowing term and interest rate assumptions set forth in such statement comply with the requirements of this subsection.

(c) With respect to Variable Rate Indebtedness, if the actual interest rate on such Variable Rate Indebtedness cannot be determined for the period for which the Debt Service Requirement is being calculated, the amount of interest deemed payable during such period on such Variable Rate Indebtedness will be assumed to be equal to the average interest rate per annum which was in effect for any twelve (12) consecutive calendar months specified in an Officer's Certificate during the eighteen (18) calendar months immediately preceding the date of calculation of the Debt Service Requirement (or, if such Variable Rate Indebtedness was not Outstanding during such eighteen month period, the average interest rate per annum which would have been in effect).

(d) With respect to Indebtedness payable from an Irrevocable Deposit, the amount of principal or interest taken into account during such period will be assumed to equal only the principal or interest not payable from such Irrevocable Deposit and the investment income from such funds.

(e) With respect to Long-Term Indebtedness incurred to finance or refinance the construction of capital improvements, principal and interest with respect to such Long-Term Indebtedness will be excluded from the determination of the Debt Service Requirement but only in proportion to the amount of principal and interest on such Long-Term Indebtedness which is payable in the then current Fiscal Year from the proceeds of such Long-Term Indebtedness.

(f) With respect to Long-Term Indebtedness with respect to which a Financial Products Agreement has been entered into by a Member, interest on such Long-Term Indebtedness will be included in the determination of the Debt Service Requirement by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments payable in such Fiscal Year minus any Financial Products Receipts receivable in such Fiscal Year; provided that in no event will any calculation made pursuant to this clause result in an amount less than zero being included in the determination of the Debt Service Requirement and provided, further, if the actual interest rate on such Long-Term Indebtedness or the actual amount of Financial Product Payments or Financial Products Receipts cannot be determined for the period for which the Debt Service Requirement is being calculated, the amount of interest deemed payable during such period on such Long-Term Indebtedness will be determined by applying the average interest rate per annum which was in effect or the average Financial Product Payments which would have been paid, or the average Financial Products Receipts which would have been received, as the case may be, for any twelve (12) consecutive calendar months specified in an Officer's Certificate during the eighteen (18) calendar months immediately preceding the date of calculation of the Debt Service Requirement (or, if such Long-Term Indebtedness was not Outstanding during such eighteen month period, the average rate which would have been in effect).

"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.

"Dissemination Agent" means the entity appointed as dissemination agent under the Continuing Disclosure Agreement.

"Depository" means The Depository Trust Company and its successors and assigns, or any other depository selected as set forth in the Bond Indenture which agrees to follow the procedures required to be followed by such depository in connection with the Bonds.

"Education Code" means the Education Code of the State of California or any replacement thereof.

"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 under the Act for moneys held under the Bond Indenture and then proposed to be invested therein (provided that the Bond Trustee will be entitled to rely upon a Request of the Borrower as conclusive evidence that the investments described therein are so authorized under the laws of the State) and will be the sole investments in which amounts on deposit in any fund or account created under the Bond Indenture or the Loan Agreement will 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 fully and 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 will 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 will 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 (including an affiliate of the Bond Trustee), 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 30 days, (b) the Bond Trustee or third party acting solely as agent for the Bond 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 Bond 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 Bond 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 will have been delivered to the Bond 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 Bond Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Bond Trustee or an affiliate of the Bond Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Bond Trustee or an affiliate of the Bond Trustee receives fees from funds for services rendered, (ii) the Bond Trustee collects fees for services rendered pursuant to the Bond Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Bond Indenture may at times duplicate those provided to such funds by the Bond Trustee or an affiliate of the Bond 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 Bond Trustee on behalf of the Bondholders has a perfected first security interest;

(9) certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully 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.

"EMMA" means and refers to the Electronic Municipal Market Access system of the Municipal Rulemaking Securities Board, or any successor which comports with the applicable rules of the United States Securities and Exchange Commission.

"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 such events specified in the Loan Agreement, the Bond Indenture or the Master Indenture as the context requires.

"Facility" or "Facilities" means all the real property described in Exhibit A of each Lease, together with the improvements thereon (including improvements constructed with proceeds of an Obligation).

"Fair Market Value," when used in connection with Property, means the fair market value of such Property as determined by either:

(1) an appraisal of the portion of such Property which is real property made within five years of the date of determination by a "Member of the Appraisal Institute" and by an appraisal of the portion of such Property which is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal will be performed by a Person which (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Member or Affiliate and (c) is not connected with any Member or Affiliate as an officer, employee, promoter, trustee, partner, director or Person performing similar functions, adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Master Trustee; or

(2) a bona fide offer for the purchase of such Property made on an arm's-length basis within six months of the date of determination, as established by an Officer's Certificate.

"Financial Products Agreement" means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, identified to the Master Trustee in an Officer's Certificate as having been entered into by a Member with a Qualified Provider not for investment purposes but with respect to Indebtedness (which Indebtedness will be specifically identified in the Officer's Certificate) for the purpose of (1) reducing or otherwise managing the Member's risk of interest rate changes or (2) effectively converting the Member's interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

"Financial Products Payments" means payments periodically required to be paid to a counterparty by a Member pursuant to a Financial Products Agreement.

"Financial Products Receipts" means amounts periodically required to be paid to a Member by a counterparty pursuant to a Financial Products Agreement.

"Fiscal Year" means, for purposes of the Bond Indenture, 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 Bond Trustee, and for purposes of the Master Indenture, that period adopted by the Obligated Group Representative as the annual accounting period for the Members. The Fiscal Year is initially the 12-month period commencing on July 1 and ending on June 30 in each year.

"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 will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower.

"Governing Body" means, when used with respect to any Person, its board of directors, board of trustees, or other board or group of individuals in which all of the powers of such Person are vested except for those powers reserved to the corporate membership thereof by the articles of incorporation or bylaws of such Person, or, with respect to a limited liability company, the Governing Body of the manager(s) or managing member(s) of such limited liability company.

"Government Obligations" means, for purposes of the Master Indenture and the Bond Indenture, 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).

"Governmental Issuer" means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations constitute Related Bonds.

"Grant-Funded Reserve Eligible Securities" means:

(1) obligations issued or guaranteed by the United States government;

(2) obligations of agencies or instrumentalities of the United States, including government-sponsored enterprises;

(3) obligations issued by or guaranteed by any state, provided such obligations are rated in the two highest rating categories of Moody's, S&P or Fitch;

(4) commercial paper, repurchase agreements, guaranteed investment contracts or other similar instruments issued by corporations that are organized and operating within the United States having assets in excess of $500 million and having a short-term rating in the highest rating category of Moody's, S&P or Fitch, and a long-term rating in one of the two highest rating categories;

(5) money market funds that invest solely in United States government securities or obligations of agencies or instrumentalities of the United States, including such funds for which the Bond Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Bond Trustee or an affiliate of the Bond Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or sub-custodian, notwithstanding that (i) the Bond Trustee or an affiliate of the Bond Trustee receives fees from funds for services rendered, (ii) the Bond Trustee collects fees for services rendered pursuant to the Bond Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Bond Indenture may at times duplicate those provided to such funds by the Bond Trustee or an affiliate of the Bond Trustee;

(6) money market fund deposits or certificates of deposit made in federally insured, regulated credit unions or banks, to the extent fully insured or collateralized with investments under categories (1) through (5), including such funds for which the Bond Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Bond Trustee or an affiliate of the Bond Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or sub-custodian, notwithstanding that (i) the Bond Trustee or an affiliate of the Bond Trustee receives fees from funds for services rendered, (ii) the Bond Trustee collects fees for services rendered pursuant to the Bond Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Bond Indenture may at times duplicate those provided to such funds by the Bond Trustee or an affiliate of the Bond Trustee; and

(7) such other investment securities as the Secretary may determine are prudent investments that comply with applicable law and regulations.

"Grant-Funded Reserve Subaccount" means the Grant-Funded Reserve Subaccount of the Reserve Account established by the Bond Trustee pursuant to the Bond Indenture.

"Gross Revenue Fund" means the fund by that name established pursuant to the Master Indenture.

"Gross Revenues" has the meaning set forth in the forepart of this Limited Offering Memorandum.

"Ground Lease" means any lease between any Member, as lessee, and a third party landlord, as lessor, for use and occupancy of any Facilities by such Member.

"Ground Rent" means any aggregate rental payment obligation of the Members for use and occupancy of any Facilities pursuant to one or more Ground Leases.

"Guaranty" means all loan commitments and all obligations of any Member guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person that would, if such other Person were a Member, constitute Indebtedness.

"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 Series 2026CD Project or to persons on or about the Series 2026CD Project or (ii) cause the Series 2026CD Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 5101 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 Carpenter-Presley-Tanner 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, Cal. Health & Safety Code §§ 25249.5 et. seq.; and Title 22 of the California Code of Regulations, Division 4.5; (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 Series 2026CD Project or the owners and/or occupants of property adjacent to or surrounding the Series 2026CD Project, or any other person coming upon the Series 2026CD Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

"Income Available For Debt Service" means, unless the context provides otherwise, with respect to the Members as to any period of time, the Gross Revenues less expenses of the Members relating to the operation and management of the Facilities, and less rent paid pursuant to any Ground Leases; provided, that no determination thereof will take into account:

(a) any gain or loss resulting from either the early extinguishment or refinancing of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business;

(b) gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Required Payments;

(c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;

(d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles;

(e) unrealized gains or losses that do not result in the receipt or expenditure of cash, including the extinguishment of debt; and

(f) nonrecurring items which do not involve the receipt, expenditure or transfer of assets.

"Indebtedness" means all obligations for borrowed money, installment sales and capitalized lease obligations, incurred or assumed by a Member (other than Indebtedness of one Member to another Member or the Guaranty by any Member of Indebtedness of any other Member), including Guaranties, Long-Term Indebtedness, Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed, provided, however, that if more than one Member will have incurred or assumed a Guaranty of a Person other than a Member, or if more than one Member will be obligated to pay any obligation, for purposes of any computations or calculations under the Master Indenture such Guaranty or obligation will be included only one time.

"Independent Consultant" means, for purposes of the Bond Indenture, a firm (but not an individual) which (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in the Borrower or any affiliate thereof and (3) is not connected with the Borrower or any affiliate thereof as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions, and designated by the 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, and "Independent Consultant" means, for purposes of the Master Indenture, a Person that (1) does not have any direct financial interest or any material indirect financial interest in any Member or any Affiliate and (2) is not connected with any Member or any Affiliate as an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and designated by the Obligated Group Representative, qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the Members and having a favorable reputation for skill and experience in the financial affairs of such facilities.

"Initial Member" means, as of the date of original execution of the Master Indenture, Orange Springs Facilities LLC, a California limited liability company, or any limited liability company, corporation or other entity which is the surviving, resulting or transferee in any merger, consolidation or transfer of assets permitted under the Master Indenture.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established pursuant to the Master Indenture.

"Insurance Consultant" means a Person (which may be an insurance broker or agent of a Member) which (1) does not have any direct financial interest or any material indirect financial interest in any Member or any Affiliate and (2) is not connected with any Member or any Affiliate as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions, and designated by the Obligated Group Representative, qualified to survey risks and to recommend insurance coverage for educational facilities and organizations engaged in such operations.

"Intercept" means the apportionment from the State Controller, pursuant to Section 17199.4 of the Education Code (or any successor provision) and the Intercept Notice, of amounts specified in the Intercept Notice and payable directly to the Bond Trustee, if applicable.

"Intercept Notice" means any notice from the Lessee on behalf of any School located in the State of California and operated by Lessee to the Controller of the State of California, pursuant to Section 17199.4 of the California Education Code (or any successor provision), specifying a transfer schedule for the payment directly to the Related Bond Trustee of one or more of the following: (x) principal of the Related Bonds of the California School Finance Authority, (y) interest on the Related Bonds of the California School Finance Authority and (z) other costs necessary or incidental to financing pursuant to the Act relating to the Related Bonds of the California School Finance Authority, including Additional Payments (as defined in the Related Bond Indenture), in substantially the form set forth in the applicable Lease or School Loan Agreement, as the same may be amended, supplemented or restated from time to time.

"Interest Account" means the account by that name in the Revenue Fund established pursuant to the Bond Indenture.

"Interest Payment Date" means each January 1 and July 1, commencing January 1, 2027.

"Irrevocable Deposit" means the irrevocable deposit in trust 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 becomes due, any indebtedness of the Borrower which would otherwise be considered Outstanding. The Bond Trustee with whom such deposit is made may be any trustee or escrow agent authorized to act in such capacity.

"Landlord" and "Lessor" means Orange Springs Facilities LLC, and its permitted successors and assigns.

"Lease" means, individually and "Leases" means, collectively, as the context will require, each lease agreement pursuant to which Lessee leases a facility, at which a school is located, from a Member of the Obligated Group.

"Lender" means the lender under any School Loan Agreement.

"Lessee" means Citrus Springs Charter School, Inc., as operator of the School subject to the Charter School Law, any lessee under a Lease, and any borrower under a School Loan Agreement.

"Lessee Payment Obligations" means (a) that portion of the total lease payment obligation under any Lease by Lessee of any Facility or proposed Facility, or portion of such Facility, characterized therein as "Base Rent" plus (b) the repayment obligations for a Lessee under any School Loan Agreement for the financing of such Lessee's improvement or equipping of any Facility or proposed Facility, or portion of such Facility, characterized therein as "School Loan Repayments."

"Lien" means, for purposes of the Bond Indenture, any mortgage or pledge of, security interest in or lien or encumbrance on the Series 2026CD Facility or the Gross Revenues, and "Lien" means, for purposes of the Master Indenture, any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property, excluding Liens applicable to Property in which any Member has only a leasehold interest unless the Lien is with respect to such leasehold interest.

"Loan" means the loan of Bond proceeds from the Authority to the Borrower pursuant to the Loan Agreement.

"Loan Agreement" means that certain loan agreement, dated as of October 1, 2026, between the Authority and the Borrower, and as acknowledged by the Landlord, 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 Bond Indenture.

"Loan Repayments" means, for the purposes of the Bond Indenture, all of the payments so designated and required to be made by the Borrower pursuant to the Loan Agreement and "Loan Repayments," for the purposes of the Master Indenture, has the meaning given to such term in the Related Loan Agreement.

"Long-Term Indebtedness" means Indebtedness having an original maturity greater than one year or renewable at the option of a Member for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least 20 consecutive days during each calendar year.

"Mandatory Sinking Account Payment" means each amount so designated which is established pursuant to the Bond Indenture.

"Master Indenture" means that certain Master Indenture of Trust, dated as of April 1, 2026, among the Orange Springs Facilities LLC, as representative of the Obligated Group and as the Initial Member of the Obligated Group, and the Master Trustee named therein, as originally executed, and as the same may amended from time to time.

"Master Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America and, subject to the limitations contained in Master Indenture, any other corporation or association which may be co-trustee with U.S. Bank Trust Company, National Association and any successor or successors to said trustee or co-trustee in the trusts created under the Master Indenture.

"Maximum Annual Debt Service" means the highest Debt Service Requirement for the current or any succeeding Fiscal Year.

"Member" means each signatory to the Master Indenture (excluding the Master Trustee and the Obligated Group Representative) and, together with each other Person which is obligated under the Master Indenture to the extent and in accordance with the provisions of the Master Indenture, from and after the date upon which such Person joins the Obligated Group, but excluding any Member which withdraws from the Obligated Group to the extent and in accordance with the provisions of the Master Indenture, from and after the date of such withdrawal.

"Member Document" means any loan agreement that any Member is a party to, including the Leases, the School Loan Agreements and the Mortgages.

"Members of the Obligated Group" means, as applicable, each "Member" as identified in the Master Indenture.

"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 will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower (for the purposes of the Bond Indenture) or designated by the Obligated Group Representative (for the purposes of the Master Indenture).

"Mortgages" means (1) each mortgage, including leasehold deed of trust, deed of trust, security agreement, assignment of rents and leases, and/or financing statement identified in the Master Indenture and (2) any mortgage, including leasehold deed of trust, deed of trust security agreement assignment of rents and leases and/or financing statement encumbering Property, Plant and Equipment for the benefit of Holders executed and delivered in accordance with the Master Indenture.

"Net Operating School Revenue" has the meaning given thereto in the related Lease or School Loan Agreement, which meaning will be substantially in the form set forth in Appendix B of the Master Indenture of Trust.

"Non-recourse Indebtedness" means any Indebtedness secured by a Lien on Property of a Member, liability for which is effectively limited to the Property subject to the Lien with no recourse, directly or indirectly (whether through credit enhancement of such Indebtedness or otherwise), to any other Property of the Members.

"Obligated Group" means all of the Members, which does not include the Obligated Group Representative.

"Obligated Group Financial Statements" has the meaning set forth in this summary under the caption "THE MASTER INDENTURE – Preparation and Filing of Financial Statements, Reports and Other Information."

"Obligated Group Representative" means the Borrower or such other Member (or Members acting jointly) or other Person as may have been designated to act as Obligated Group Representative under the Master Indenture pursuant to written notice to the Master Trustee executed by all of the Members.

"Obligation" means any obligation of the Obligated Group issued under the Master Indenture, which is to be in the form set forth in a Related Supplement, including, but not limited to, bonds, obligations, debentures, reimbursement agreements, Financial Products Agreements, loan agreements or leases. Reference to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement, unless otherwise specified in the Related Supplement.

"Obligation No. 2" means the Obligation issued pursuant to the Supplemental MTI for Obligation No. 2.

"Officer's Certificate" means a Certificate signed by the Authorized Representative of the Obligated Group Representative.

"Operating Expenses" has the meaning ascribed thereto in the applicable Lease or School Loan Agreement, which meaning will be substantially in the form set forth in Appendix B of the Master Indenture of Trust.

"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, for purposes of the Bond Indenture, a written opinion of counsel (which may be counsel for the Authority,) selected by the Authority. If and to the extent required by the provisions of the Bond Indenture, each Opinion of Counsel will include the statements provided for in the Bond Indenture, and "Opinion of Counsel" means, for purposes of the Master Indenture, a written opinion signed by an attorney or firm of attorneys who may be counsel for the Obligated Group Representative.

"Optional Redemption Account" means the account by that name in the Redemption Fund established pursuant to the Bond Indenture.

"Outstanding," when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness or Obligations theretofore issued or incurred and not paid and discharged other than (a) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (b) Obligations in lieu of which other Obligations have been authenticated and delivered or have

been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, (c) any Obligation held by any Member and (d) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when an Obligation secures an issue of Related Bonds and another Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of the various financial covenants contained in the Master Indenture, but only for such purposes, only one of such Obligations will be deemed Outstanding and the Obligation so deemed to be Outstanding will be that Obligation which produces the greater amount of Annual Debt Service to be included in the calculation of such covenants.

"Outstanding," means, for purposes of the Bond Indenture, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Bond Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under the Bond Indenture except (a) Bonds theretofore canceled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority will have been discharged in accordance with the Bond Indenture; and (c) Bonds for the transfer or exchange of which, or in lieu of or in substitution for which, other Bonds will have been authenticated and delivered by the Bond Trustee pursuant to the Bond Indenture.

"Payments" means (i) all moneys (except any money received to be used for the payment of Administrative Fees and Expenses) received by the Bond Trustee with respect to the Intercept, (ii) all moneys, if any, received by the Bond Trustee directly from, or on behalf 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 Bond Indenture) or Obligation No. 2, and (iii) all income derived from the investment of any money in any fund or account established pursuant to the Bond Indenture.

"Permitted Liens" means and includes:

(a) Any judgment lien or notice of pending action against any Member so long as such judgment or pending action is being contested in good faith and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (ii) any liens on any Property for taxes, assessment, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or which are subject to an installment payment obligation with a tax collection authority and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due for less than 60 days; (iii) covenants, conditions and restriction agreements, easements, rights-of-way, water rights, servitudes, waivers, reservations of abutter's rights, restrictions, governmental requirements and other defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; (iv) condominium declarations, condominium plans, condominium maps, tract maps, lot splits or lot line adjustment maps affecting the property; and (v) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the value thereof;

(c) Any Lien described in the final title policy which summarized certain liens existing on the date of execution of the Master Indenture provided that no such Lien (or the amount of Indebtedness secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Member not subject to such Lien on such date, unless (1) such Lien as so extended, renewed or modified otherwise qualifies as a

Permitted Lien or (2) the maturity date of the Indebtedness secured by such Lien is not extended and either the total principal and interest requirements or the maximum annual principal and interest requirements (calculated in a manner consistent with the calculation of the Debt Service Requirement) on such Indebtedness is not increased as a result of the refinancing of such Indebtedness;

(d) Any Lien in favor of the Master Trustee securing all Obligations other than Non-recourse Indebtedness on a parity basis, including without limitation the Lien of the Mortgages and the Lien on Gross Revenues;

(e) Any Lien on Gross School Revenues of any School to the extent expressly permitted by the terms of a Related Lease or a Related Loan Agreement, which Lien may be on parity with the Lien granted to the Lessor pursuant to the Related Lease or the Lender pursuant to the Related Loan Agreement;

(f) Liens arising by reason of good faith deposits with any Member in connection with leases of real estate, bids or contracts (other than contract for the payment of money), deposits by any Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(g) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements, and any Lien in the nature of a banker's lien or right of setoff with respect to deposits which any Member is not required to maintain with the bank in question;

(h) Any Lien arising by reason of any escrow established to pay debt service with respect to Indebtedness, including Irrevocable Deposits;

(i) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(j) Liens on Property received by any Member through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon, up to the Fair Market Value of such Property;

(k) Liens securing Non-recourse Indebtedness incurred pursuant to the Master Indenture so long as the Property purchased, acquired, constructed, or equipped with the proceeds of such Non-recourse Indebtedness does not replace any Property of the Members which generated more than 10% of the Total Revenues of the Members for the most recent Fiscal Year for which Obligated Group Financial Statements are available;

(l) Liens securing leases of Property;

(m) the lease or license of the use of all or a part of any portion of the Property in connection with the proper and economical use of such Property in accordance with customary and prudent business practice;

(n) purchase money security interests and security interests existing on any Property prior to the time of its acquisition through purchase, merger, consolidation or otherwise, or placed upon Property to secure a portion of the purchase price thereof, or placed upon instruments evidencing Indebtedness to secure the

purchase price thereof, or lessee's interests in leases required to be capitalized in accordance with generally accepted accounting principles; and

(o) any other Lien, provided that either (i) the aggregate Book Value of Property subject to Liens created or permitted to exist pursuant to this clause (o) will not exceed 5% of the aggregate Book Value of all Property of the Obligated Group or (ii) the aggregate Fair Market Value of Property subject to Liens created or permitted to exist pursuant to this clause (o) will not exceed 5% of the aggregate Fair Market Value of all Property of the Obligated Group.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Amount" means, when used with respect to Obligations, the principal amount of such Obligation, or, in the case of a Financial Products Agreement, the notional amount, or, in the case of any other Obligation which does not represent or secure Indebtedness, the aggregate amount payable by the Obligated Group pursuant to such Obligation.

"Principal Account" means the account by that name in the Revenue Fund established pursuant to the Bond Indenture.

"Principal Corporate Trust Office" means, for the Bond Trustee originally appointed under the Bond Indenture, the corporate trust office of U.S. Bank Trust Company, National Association, provided however, that for purposes of presentation of Bonds for payment redemption, exchange, transfer, surrender, and cancellation of Bonds, such term shall mean the corporate trust office of the Bond Trustee or for registration of transfer and exchange such term means the office or agency of the Bond Trustee in St. Paul, Minnesota, or such other office or offices as the Master Trustee shall specify in writing to the Authority and for the Master Trustee originally appointed under the Master Indenture, the corporate trust office of U.S. Bank Trust Company, National Association, which at the date of execution of the Master Indenture is U.S. Bank Trust Company, National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, provided however, that for purposes of presentation of Bonds for payment or for registration of transfer and exchange such term will mean the corporate trust office of the Master Trustee in St. Paul, Minnesota, or such other office or offices as the Master Trustee shall specify in writing to the Obligated Group Representative.

"Principal Payment Date" means the principal and Mandatory Sinking Account Payment dates for the Bonds, which dates occur on July 1 of each year commencing January 1, 2027.

"Project" has the meaning given to such term in the related Loan Agreement.

"Project Fund" means the fund by that name established pursuant to the Bond Indenture.

"Property" means any and all rights, titles and interests in and to any and all property of the Obligated Group whether real or personal, tangible or intangible and wherever situated.

"Property, Plant and Equipment" means all Property of the Obligated Group that is considered property, plant and equipment of such Persons under generally accepted accounting principles other than the respective Members' interests in the real property, fixtures and equipment identified in the Master Indenture.

"Qualified Accredited Investor" shall have the meaning given to an "accredited investor" in Section 501(a) of Regulation D falling under the following paragraphs of such definition: (1), (2), (3), (7), (8), (9), or (12).

"Qualified Institutional Buyer" will have the meaning given to a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933.

"Qualified Provider" means any financial institution or insurance company which is a party to a Financial Products Agreement if the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary guarantees the performance of such financial institution or insurance company under such Financial Products Agreement), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), are rated in one of the three highest Rating Categories of a national rating agency at the time of the execution and delivery of the Financial Products Agreement.

"Rating Agency" means at any time any nationally recognized rating agency including Fitch, Moody's or S&P, then rating the Bonds at the request of the Authority or the Borrower (for the purposes of the Bond Indenture) or the Obligated Group Representative (for the purposes of the Master Indenture).

"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 Analyst" means the Person engaged by the Borrower to calculate any rebate liability under the Code.

"Rebate Fund" means the fund by that name established pursuant to the Bond Indenture.

"Record Date" means, with respect to the Interest Payment Date for the Bonds, the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established pursuant to the Bond Indenture.

"Related Bond Indenture" means any indenture, trust agreement, bond resolution or other comparable instrument pursuant to which a series of Related Bonds are issued.

"Related Bond Issuer" means the Governmental Issuer of any issue of Related Bonds.

"Related Bond Trustee" means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

"Related Bonds" means the revenue bonds or other obligations issued by any Governmental Issuer, pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to a Member or Members in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Governmental Issuer.

"Related Bonds Account" means the account by that name established within the Gross Revenue Fund of the Master Indenture.

"Related Loan Agreement" means any loan agreement, financing agreement or other comparable instrument pursuant to which proceeds of Related Bonds are lent to the parties thereto.

"Related Project" means any project or loan financed by Indebtedness that remains Outstanding.

"Related School" means any School operating at a Related Project or financed thereby.

"Related Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of the Master Indenture.

"Rental Payments" means the amounts payable pursuant to any Lease by the Lessee to a Member of the Obligated Group for the use and occupancy of the Series 2026CD Facility, excluding Expenses (as defined in the applicable Lease).

"Repair and Replacement Fund" means the fund by such name established pursuant to the Bond Indenture.

"Repair and Replacement Fund Requirement" means [$100,000]; provided, however, that the Repair and Replacement Fund Requirement shall initially be $0 as of the date of delivery of the Bonds and will increase by [$1,666.67] on the first Business Day of each month commencing November 1, 2026, until the Repair and Replacement Requirement equals [$100,000]; and provided further that an Independent Consultant will review the Repair and Replacement Fund Requirement from time to time (but not less frequently than once every five years) commencing April 1, 2031. If such review indicates that the Repair and Replacement Fund Requirement should be changed, the Borrower will review the recommendations of the Independent Consultant with the governing body of the Lessee, and will implement such recommendations to the fullest extent feasible; and provided further that the Repair and Replacement Fund Requirement will not be less than $100,000.

"Required Payment" means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Member under the Master Indenture, any Related Supplement or any Obligation.

"Reserve Account" means the account by that name in the Revenue Fund established pursuant to the Bond Indenture.

"Reserve Account Requirement" means as of any date of calculation, an amount which will be equal to the least of (a) ten percent (10%) of the proceeds of the Bonds; (b) maximum annual Debt Service with respect to the Bonds Outstanding; (c) one hundred twenty-five percent (125%) of average annual Debt Service with respect to the Bonds, or (d) for the last Bond Year only, the total Debt Service with respect to the Bonds Outstanding. Maximum annual Debt Service and average annual Debt Service, for purposes of this definition, will be calculated on the basis of 12-month periods ending on July 1 of any year in which Bonds are Outstanding.

"Responsible Officer" with respect to the Bond Trustee, means any person who at the time and from time to time may be designated, by written certificate, as a person authorized to act on behalf of the Bond Trustee. Such certificate will contain the specimen signature of such person(s) and will be signed on behalf of the Bond Trustee by any officer of the Bond Trustee and may designate an alternate or alternates, and "Responsible Officer", with respect to the Master Trustee, means any person who at the time and from time to time may be designated, by written certificate, as a person authorized to act on behalf of the Master Trustee. Such certificate will contain the specimen signature of such person(s) and will be signed on behalf of the Master Trustee by any officer of the Master Trustee and may designate an alternate or alternates.

"Retained Rights" means the Authority's right to payment of the Administrative Fees and Expenses, any Additional Payments, any right to be indemnified, held harmless or defended, any right to receive information, reports, certifications or other documents and any right to notice, consent, approval or inspection thereunder or under the Loan Agreement and the obligation of the Borrower to make deposits pursuant to the Tax Certificate.

"Revenue Fund" means the fund by that name established pursuant the Bond Indenture.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and assigns, or, if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower for the purposes of the Bond Indenture) or the Obligated Group Representative (for the purposes of the Master Indenture).

"School" or "Obligated Group School," for the purposes of the Master Indenture, means individually, and "Schools" or "Obligated Group Schools" means collectively, each public charter school operated by Lessee and located at one or more Facilities from and after the date upon which the Member that is the lessor under such Lease or lender under a School Loan Agreement, as applicable, joins the Obligated Group, but excluding any public charter school operated by Lessees at premises that are not owned or leased by a Member that is part of the Obligated Group or is owned or leased by a Member that withdraws from the Obligated Group to the extent and in accordance with the Master Indenture, from and after the date of such withdrawal. As of the date of issuance of Obligation No 1, the only Obligated Group Schools are Orange Springs Charter School and Citrus Springs Charter School. For the purposes of the Bond Indenture, "Schools" means each of Orange Springs Charter School (CDS Code 30-10306-0165225) and Citrus Springs Charter School (CDS Code 30-10306-0134940), operated by the Lessee, and any other public charter school operated by the Lessee at the Series 2026CD Facility.

"School Loan Agreement" means any loan agreement pursuant to which a Lessee borrows money from a Member of the Obligated Group for the benefit of a Facility at which a School is located or for working capital purposes.

"School Loan Repayments" has the meaning given thereto in the School Loan Agreement.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 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 Bond Trustee in writing.

"Series" means, when used with reference to the Bonds, all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Bond Indenture as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Bond Indenture, regardless of variations in maturity, interest rate, sinking fund installments or other provisions.

"Series 2026C Bonds" means the California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group), Series 2026C, authorized and issued pursuant to Article II of the Bond Indenture and any bonds issued in exchange or replacement thereof in accordance with the Bond Indenture.

"Series 2026D Bonds" means the California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group), Series 2026D (Taxable), authorized and issued pursuant to Article II of the Bond Indenture and any bonds issued in exchange or replacement thereof in accordance with the Bond Indenture.

"Series 2026CD Facility" means the real property located at 3401 N. Harbor Blvd., Fullerton, California 92835, together with the improvements thereon.

"Series 2026CD Lease" means that certain Lease Agreement, dated September 1, 2026, by and between the Borrower and the Lessee, relating to the Series 2026CD Facility.

"Series 2026CD Project" has the meaning given to such term in Exhibit A of the Loan Agreement.

"Short-Term Indebtedness" means all Indebtedness having an original maturity less than or equal to one year and not renewable at the option of a Member for a term greater than one year from the date of original incurrence or issuance, provided however, that any Short-Term Indebtedness that has been issued as revenue anticipation notes ("RANs") will not be included or counted as Short-Term Indebtedness to the extent that the RANs are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANs.

"Sinking Fund Installment" means, with respect to any Term Bonds, each amount so designated for such Term Bonds requiring payments by the Borrower from the Payments to be applied to the retirement of such Bonds on and prior to the stated maturity date thereof.

"Sole Member" means Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation, its successors and assigns as the sole member of the Borrower, which successors and assigns shall be a California nonprofit public benefit corporation "Special Record Date" means the date established by the Bond Trustee pursuant to the Bond Indenture as a record date for the payment of defaulted interest on Bonds.

"Special Redemption Account" means the account by that name in the Redemption Fund established pursuant to the Bond Indenture.

"State" means the State of California.

"State Controller" means the Controller of the State.

"State Treasurer" means the Treasurer of the State.

"Subordinated Indebtedness" means Indebtedness that is subordinate to then-existing Obligations with respect to right of payment and security, and which (a) is not issued as an Obligation and (b) provides that no payment may be made to the holder of such Subordinated Indebtedness while any event of default has occurred and is continuing with respect to the Obligations.

"Supplemental Indenture" or "Indenture supplemental hereto" means any indenture hereafter duly authorized and entered into between the Authority and the Bond Trustee in accordance with the provisions of the Bond Indenture.

"Supplemental MTI for Obligation No. 2" means that certain Supplemental Master Indenture for Obligation No. 2, dated as of October 1, 2026, between the Obligated Group Members and the Master Trustee named therein, as originally executed and as the same may be amended and supplemented from time to time in accordance with its terms.

"Surveillance Fee" means the per annum fee assessed by a Rating Agency during the period the Bonds carry a rating therefrom, if any.

"Taxable Bonds" means, with respect to the Bond Indenture, the Series 2026D Bonds.

"Tax Certificate and Agreement" means, for purposes of the Bond Indenture, the Tax Certificate and Agreement of the Authority and the Borrower dated the date of issuance of the Bonds, as the same may be amended or supplemented in accordance with its terms and, "Tax Certificate," for purposes of the Master Indenture, means the Tax Certificate and Agreement which may be delivered by the Governmental Issuer and the Borrower at the time of the issuance and delivery of any Related Bonds, as the same may be amended or supplemented in accordance with its terms, and any other tax certificate and agreement delivered in connection with the issuance of any Related Bonds.

"Tax-Exempt Bonds" means, for purposes of the Bond Indenture , the Series 2026C Bonds, and "Tax-Exempt Bonds" means, for purposes of the Master Indenture, any Related Bonds interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Total Revenues of the Members" means the combined operating and non-operating revenues of the Members for any Fiscal Year, all as determined in accordance with generally accepted accounting principles.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated, its successors and assigns.

"Variable Rate Indebtedness" means Indebtedness the interest on which is payable pursuant to a variable interest rate formula or other determination method rather than at a fixed rate of interest per annum to maturity.

THE MASTER INDENTURE

General

The Master Indenture authorizes the issuance of Obligations by the Obligated Group Representative. An Obligation is stated in the Master Indenture to be any obligation of the Obligated Group.

The following are summaries of certain provisions of the Master Indenture. Other provisions are summarized in this Limited Offering Memorandum under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture." These summaries do not purport to be complete or definitive and are qualified in their entireties by reference to the full terms of the Master Indenture.

Authorization, Issuance and Form of Obligations

Authorization of Obligations.

Each Member authorizes to be issued from time to time Obligations or Series of Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established in the Master Indenture and in any Related Supplement.

Authorization for Issuance of Obligations in Series.

From time to time when authorized by the Master Indenture and subject to the terms, conditions and limitations established in the Master Indenture, the Obligated Group Representative may authorize the issuance of an Obligation or a Series of Obligations by entering into a Related Supplement. The Obligation or the Obligations of any such Series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions thereof and of any Related Supplement.

Each Related Supplement authorizing the issuance of an Obligation or a Series of Obligations will specify and determine the Principal Amount of such Obligation or Series of Obligations, the purposes for which such Obligation or Series of Obligations are being issued, the form, title, designation, and the manner of numbering or denominations, if applicable, of such Obligations, the date or dates of maturity or other final expiration of the term of such Obligations, the date of issuance of such Obligations, and any other provisions deemed advisable or necessary by the Obligated Group Representative.

Appointment of Obligated Group Representative.

Each Member, by becoming a Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative full power to execute Related Supplements authorizing the issuance of Obligations or Series of Obligations, and containing covenants and other provisions related thereto, and to execute and deliver Obligations and documents related thereto.

Conditions to the Issuance of Obligations.

The issuance, authentication and delivery of any Obligation or Series of Obligations will be subject to the following specific conditions:

(a) The Obligated Group Representative and the Master Trustee will have entered into a Related Supplement providing for the terms and conditions of such Obligation and the repayment thereof.

(b) The Master Trustee will have received an Officer's Certificate to the effect that each Member will be in full compliance with all warranties, covenants and agreements set forth in the Master Indenture and in any Related Supplement.

(c) The Master Trustee will have received an Officer's Certificate to the effect that neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is then outstanding or would occur upon issuance of such Obligation or is continuing under the Master Indenture or any Related Supplement.

(d) The Master Trustee will have received an Officer's Certificate to the effect that all requirements and conditions to the issuance of such Obligations, if any, set forth in the Related Supplement will have been complied with and satisfied.

(e) The Master Trustee will have received an Opinion of Counsel to the effect that: (1) such Obligation and Related Supplement have been duly authorized, executed and delivered by the Obligated Group Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and (2) such Obligation is not subject to registration under the Securities Act of 1933, as, amended, and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required has occurred);

(f) If such Obligation constitutes Indebtedness, the requirements of the section of the Master Indenture relating to the incurrence of Additional Indebtedness will have been satisfied.

Particular Covenants of Each Member and the Company

Payment of Required Payments.

Each Member jointly and severally covenants and agrees (a) to pay or cause to be paid promptly all Required Payments at the place, on the dates and in the manner provided in the Master Indenture, in any Related Supplement and in said Obligations and (b) to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, any Related Supplement and any Obligation. Each Member acknowledges and agrees that the time of such payment and performance is of the essence of the obligations under the Master Indenture.

The obligation of each Member with respect to Required Payments will not be abrogated, prejudiced or affected by:

(a) the granting of any extension, waiver or other concession given to any Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by the Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation;

(b) the liability of any Member under the Master Indenture ceasing for any cause whatsoever, including the release of any Member pursuant to the provisions of the Master Indenture or any Related Supplement from membership in the Obligated Group; or

(c) any Member's becoming incompetent or otherwise failing to become liable as, or losing eligibility to become, a Member with respect to an Obligation.

Subject to the provisions of the Master Indenture permitting withdrawal from the Obligated Group, the obligation of each Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid in full in accordance with the Master Indenture. All moneys from time to time received by the Obligated Group Representative or the Master Trustee to reduce liability on Obligations, whether from or on account of the Members or otherwise, will be regarded as payments in gross without any right on the part of any one or more of the Members to claim the benefit of any moneys so received until the whole of the amounts owing on Obligations has been paid or satisfied and so that in the event of any such Member's filing bankruptcy, the Obligated Group Representative or the Master Trustee will be entitled to prove up the total indebtedness or other liability on Obligations Outstanding as to which the liability of such Member has become fixed.

Each such Obligation will be a primary obligation and will not be treated as ancillary to or collateral with any other obligation and will be independent of any other security so that the covenants and agreements of each Member under the Master Indenture will be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Obligated Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement, and to enforce the making of Required Payments. Each Member authorizes the Obligated Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant and agreement of the Members under the Master Indenture and to make any arrangement or compromise with any particular Member or Members as the Obligated Group Representative or the Master Trustee may deem appropriate, consistent with the Master Indenture and any Related Supplement. Each Member waives in favor of the Obligated Group Representative and the Master Trustee all rights against the Obligated Group Representative, the Master Trustee and any other Member, insofar as is necessary to give effect to any of the provisions of the Master Indenture.

The Master Trustee hereby covenants that it will not take recourse against the Borrower, the Obligated Group Representative or any of the Members with respect to the failure by the Borrower, the Obligated Group Representative or any of the Members to make any Required Payment under the Master Indenture and any Related Supplement except recourse to the Gross Revenues and the amounts held in the funds and accounts created under the Related Bond Indenture (except the Rebate Fund) or thereunder, or to such other security as may from time to time be given for the payment of obligations arising out of the Master Indenture, any Related Supplement or any other agreement securing the obligations of the Borrower or any of the Members with respect to the Related Bonds.

Covenants as to Maintenance of Property, Plant and Equipment.

Each Member covenants and agrees to:

(a) pay and discharge, or cause to be paid pursuant to the Master Indenture, any Ground Rent when and as the same becomes due and payable;

(b) maintain its Property, Plant and Equipment in accordance with all valid and applicable governmental laws, ordinances, approvals and regulations including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon it; provided, however, that no Member will be required to comply with any law, ordinance, approval or regulation as long as it will in good faith contest the validity thereof;

(c) maintain and operate its Property, Plant and Equipment in good repair, working order and condition, and from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements so that the operations of the Members will not be materially impaired;

(d) pay and discharge all applicable taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become liens upon the Property, Plant and Equipment, and make such payments or cause such payments to be made in due time to prevent any delinquency thereon or any forfeiture or sale of the Property, Plant and Equipment or any part thereof, and, upon request, furnish to the Master Trustee receipts for all such payments, or other evidences satisfactory to the Master Trustee; provided, however, that no Member will be required to pay any tax, assessment, rate or charge as provided in the Master Indenture as long as it will in good faith contest the validity thereof or applied for property tax exemption and will have set aside reserves with respect thereto that, in the opinion of the Obligated Group Representative, are adequate or will have entered into an agreement with the applicable taxing authority for the payment of such taxes in installments and any such Member remains in compliance with such agreement;

(e) at all times comply with all terms, covenants and provisions of any Liens at such time existing upon its Properties or any part thereof or securing any of its Indebtedness noncompliance with which would have a material adverse effect on the operations of the Members or their Properties;

(f) use its best efforts (as long as it is in its best interests and will not materially adversely affect the interests of the Holders) to maintain all permits, licenses and other governmental approvals necessary for the operation of its Properties; and

(g) use reasonable efforts to maintain any available exemption from ad valorem taxation available for any real estate owned by it.

Nothing in the Master Indenture will be construed to require a Member to maintain any permit, license or other governmental approval, or to continue to operate or maintain any Property, Plant or Equipment, if, in the reasonable good faith judgment of the Member, such permit, license, governmental approval or Property, Plant or Equipment is, or within the next succeeding 24 calendar months is reasonably expected to become, inadequate, obsolete, unsuitable, undesirable or unnecessary for the business of the Members and failure to maintain or operate such permit, license, governmental approval, Property, Plant or Equipment will not materially adversely impair the operation of the Members.

Insurance.

Each Member covenants and agrees that it will keep (or cause to be kept) insurance (including builder's all-risk insurance during any period of construction at a Facility) against loss or damage to any structure constituting any part of the Facilities by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. All insurance provided pursuant to the Master Indenture will be in an amount equal to the lesser of (i) one hundred percent (100%) of the replacement cost (without deduction for depreciation) of all buildings, structures and fixtures constituting any part of the Facilities owned by such Member, or (ii) the principal amount of the Related Bonds then outstanding under any Related Bond Indenture, and will be subject to a deductible not to exceed $100,000 per occurrence.

Each Member covenants and agrees to procure and maintain (or cause to be procured or maintained), throughout the term of any Related Bond Indenture, business interruption insurance to cover loss, total or partial, of the use of any structures constituting any part of the Facilities as the result of any of the hazards covered by the insurance described above, in an amount sufficient to pay the Required Payments for a period of at least 12 months. Proceeds of such insurance in the amount of at least 12 months of Required Payments will be deposited into the "Insurance and Condemnation Proceeds Fund" described under this heading and applied to the payment of the Required Payments, in installments as the proceeds are paid to each Member.

Each Member covenants and agrees that it will maintain (or cause to be maintained) (i) general liability insurance of not less than $1,000,000 per occurrence and $2,000,000 aggregate and (ii) worker's compensation insurance as required by the laws of the State.

An Insurance Consultant will review the insurance requirements of each Member with respect to the Facilities from time to time (but not less frequently than once every five years) commencing July 1, 2028. If such review indicates that any Member should increase any of the coverages described under this heading, each Member will review such recommendation with the governing body of each Member and will increase such coverage; provided, however, that such coverage is available from reputable insurance companies at a reasonable cost on the open market.

Each Member covenants that it will use its best efforts to apply for any grants, loans or other relief available from each state government, as applicable, or the federal government to obtain amounts necessary to rebuild any portion of the Facilities destroyed or damaged in connection with an uninsured or underinsured calamity causing destruction or damage; provided, however, that each Member will not be required to accept such amounts if doing so would jeopardize the integrity of each Member's programs.

The insurance policies described under the Master Indenture will be carried by insurance companies which are financially responsible and capable of fulfilling the requirements of such policies. All such policies (except worker's compensation insurance policies) will name each applicable Member and the Master Trustee as loss payees or additional insureds as their interest may appear, as applicable. Each policy will be in such form and contain such provisions as are generally considered standard for the type of insurance involved and will contain a provision to the effect that the insurer will not cancel or substantially modify the policy provisions without first giving at least 30 days written notice thereof to the Obligated Group Representative, the Governmental Issuer, the Related Bond Trustee and the Master Trustee. If such obligation cannot be obtained from any Member's insurance carrier(s), each Member covenants and agrees to notify Obligated Group Representative, the Governmental Issuer, the Related Bond Trustee and the Master Trustee in writing at least ten (10) days prior to cancellation or modification of such insurance. In lieu of separate policies, the Members may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverages required under this heading are met.

All proceeds of the insurance carried pursuant to the Master Indenture (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to any individual Facility, in each case, in excess of 10% of the Book Value of such Facility will be paid immediately upon receipt by the Members or other named insured parties to the Master Trustee for deposit in the Insurance and Condemnation Proceeds Fund. In the event that the proceeds of any loss or damage to or condemnation of the Facilities will be less than 10% of the Book Value of the Facilities, each Member may retain such proceeds without any formality whatsoever. In the event any of the Members elects to repair or replace the Facilities damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund will be disbursed by the Master Trustee after deducting therefrom the reasonable charges and expenses of the Master Trustee in connection with the collection and disbursement of such moneys, for the purpose of repairing or replacing the Facilities damaged, destroyed or taken in the manner and subject to the conditions set forth under this heading with respect to disbursements from the Insurance and Condemnation Proceeds Fund; provided, that unless the Master Trustee receives written notice that after repair and replacement the Facilities will continue to be used for the purposes for which they were constructed or acquired by the Member, no such disbursement will be made prior to receipt by the Master Trustee of the written consent of the Governmental Issuer.

If any of the Members will elect not to, or cannot, repair or replace the Facilities damaged, destroyed or taken, as provided in the paragraph above, subject to the paragraph below, the Master Trustee will transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Related Bond Trustee for deposit in the applicable redemption account under the Related Bond Indenture.

If all of the amounts deposited in the Insurance and Condemnation Proceeds Fund as described above exceed 10% of the Book Value of the applicable Facility, but are not sufficient to retire all Related Bonds, or an allocable portion thereof, then outstanding with respect to each Facility, the Master Trustee will not transfer said amounts to the applicable redemption account under the Related Bond Indenture unless the Obligated Group Representative will file with the Master Trustee a report of an Independent Consultant showing that Gross Revenues are projected to be at least equal to the Debt Service Requirement on all Related Bonds and Ground Rent obligations of the Members, for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Related Bonds (or allocable portion thereof) in accordance with the terms of the Related Bond Indenture. In the event such report of an Independent Consultant shows that projected Gross Revenues will not be sufficient to pay the Debt Service Requirement on all such Related Bonds and any Ground Rent obligations of the Members for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Related Bonds (or allocable portion thereof), the Members will apply all amounts in the Insurance and Condemnation Proceeds Fund to the repair or replacement of the Facilities damaged, destroyed or taken, as described above, unless the Obligated Group Representative will file a further report of an Independent Consultant showing that even after making such repair and replacement, Gross Revenues are not projected to be at least equal to 1.10 times the Debt Service Requirement on all Related Bonds and Ground Rent obligations of the Members, for each of the full three Fiscal Years immediately following the completion of such repair and replacement, in which event the Master Trustee will transfer all moneys in the Insurance and Condemnation Proceeds Fund as described under this heading.

The Master Trustee will establish, maintain and hold in trust a separate fund designated as the "Insurance and Condemnation Proceeds Fund," and administer said fund as described in the Master Indenture.

Before any payment from the Insurance and Condemnation Proceeds Fund will be made, the Obligated Group Representative will file or cause to be filed with the Master Trustee a Request of the Obligated Group Representative stating: (1) the item number of such payment; (2) the name of the Person to whom each such payment is due, which may be the Obligated Group Representative in the case of reimbursement for costs of such repair or replacement theretofore paid by the Obligated Group Representative; (3) the respective amounts to be paid; (4) the purpose by general classification for which each obligation to be paid was incurred; (5) that obligations in the stated amounts have been incurred by the Obligated Group

Representative and are presently due and payable and that each item thereof is a proper charge against the Insurance and Condemnation Proceeds Fund and has not been previously paid from the Insurance and Condemnation Proceeds Fund; and (6) that there has not been filed with or served upon the Obligated Group Representative any notice of claim of lien, or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Request, for which adequate security for the payment of such obligation has been posted, or which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Within 5 Business Days of receipt of a Request, the Master Trustee will pay the amount set forth in such Request as directed by the terms thereof out of the Insurance and Condemnation Proceeds Fund. The Master Trustee may conclusively rely upon such Request and will have no responsibility or duty to investigate any of the matters set forth therein. The Master Trustee will not make any such payment if it has received any written notice of claim of lien, attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, that has not been released or will not be released simultaneously with such payment, unless adequate security for the payment of such obligation has been posted.

When the repair or replacement of damaged, destroyed or taken property will have been completed, the Obligated Group Representative will deliver to the Master Trustee a Certificate of the Obligated Group Representative stating the fact and date of such completion and stating that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the Insurance and Condemnation Proceeds Fund is to be maintained in the full amount of such claims until such dispute is resolved).

Mortgages; Against Encumbrances.

To secure the payment of Required Payments and the performance of the other obligations of the Members under the Master Indenture, each Member grants to the Master Trustee, for the benefit of the Holders of the Obligations, a security interest in the Property, Plant and Equipment of such Member. Each Member covenants and agrees to execute and cause to be filed Uniform Commercial Code financing statements, and to execute and deliver such other documents as the Master Trustee may reasonably require in order to perfect or maintain as perfected such security interest, or give public notice thereof. In furtherance of the foregoing requirement, the Master Trustee covenants and agrees to cause to be filed appropriate continuation statements during the period 90 days preceding each fifth anniversary of the initial delivery of the Master Indenture unless the Obligated Group Representative provides to the Master Trustee, no later than the fifth day next preceding each such fifth anniversary, an Opinion of Counsel to the effect that no continuation statements need be filed in order to maintain the perfection of such security interest until the next succeeding fifth anniversary of the initial delivery of the Master Indenture.

Unless project funds allocated to the financing of such facility are escrowed until the filing of a Mortgage, each Member will enter into a mortgage, deed of trust, security agreement, assignment of rents and leases and/or financing statement described in clause (1) of the definition of "Mortgages" contained in the Master Indenture for each Facility to secure the obligations of the Members under the Master Indenture. Each Member, respectively, agrees to supplement such deed of trust or mortgage or to execute and deliver such other deeds of trust or mortgages as may be necessary from time to time to grant to the Master Trustee a first priority Lien on any Property, Plant and Equipment of the Member.

Except as provided in the immediately preceding paragraph, each Member, respectively, covenants and agrees that it will not create, assume or suffer to exist any Lien upon the Property of the Obligated Group; provided that the following Liens are permitted: (i) a Lien that is subordinate to the Obligations or (ii) a Permitted Lien. Notwithstanding the foregoing, each Member, respectively, further covenants and agrees that if such a Lien is created or assumed by any Member, it will make or cause to be made effective a provision whereby all Obligations will be secured prior to any such Indebtedness or other obligation secured by such

Lien; provided, however, that notwithstanding the provisions of the Master Indenture, each Member may create, assume or suffer to exist Permitted Liens.

Each Member agrees to obtain, or to cause to be obtained, at its own cost and expense, ALTA policies of lender's title insurance on its respective Facilities, in an aggregate amount not less than the aggregate principal amount of the Related Bonds, less the amount of proceeds of the Related Bonds held in the Project Fund established with respect thereto under the Related Bond Indenture until such funds are released from such Project Fund naming and payable to the Master Trustee, insuring the leasehold or fee title interests, as applicable, of the respective Members to the Facilities, subject only to Permitted Liens, issued by a title insurance company qualified to do business in the State.

Upon written request of the Obligated Group Representative, the Master Trustee will execute and deliver such releases, subordinations, requests for reconveyance or other instruments as may be reasonably requested by the Obligated Group Representative in connection with (1) the disposition of Property, Plant and Equipment in accordance with the provisions of the Master Indenture, (2) the withdrawal of a Member pursuant to the Master Indenture, (3) the granting by a Member of any Lien which constitutes a Permitted Lien thereunder, or (4) payment or redemption of Related Bonds.

Limitations on Indebtedness.

Each Member further covenants and agrees that it will not incur any Additional Indebtedness except as permitted by the Master Indenture as described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Limitations on Additional Indebtedness."

Amendment of Leases or School Loan Agreements.

There will be no amendment, modification or termination of any of the Leases or School Loan Agreements except as permitted by the Master Indenture as described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Amendment of Leases or School Loan Agreements."

Rates and Charges; Debt Coverage; Required Covenants; Selection of Independent Consultant Under a Lease.

Each Member covenants and agrees to fix, charge and collect, or cause to be fixed, charged and collected, rental rates, fees and charges for the use of its Facilities and for the services or loans furnished or to be furnished by the Members so that the Debt Service Coverage Ratio of the Obligated Group as a whole at the end of each Fiscal Year is not less than 1.00:1.00. If the Debt Service Coverage Ratio of the Obligated Group falls below 1.00:1.00, it will constitute an Event of Default under the Master Indenture.

Each Member further covenants and agrees that each related Lease and School Loan Agreement will contain such provisions as described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Additional Leases Governed by the Master Indenture."

The Master Trustee shall be provided with a copy of each related Lease.

The Master Trustee shall, as soon as practicable but in no case longer than five Business Days after receipt of notice of the selection of an Independent Consultant under a Lease, notify the Holders of all Obligations of such selection. Each Member covenants to direct the Obligated Group Representative to notify each Related Bond Trustee of such selection and to direct such Related Bond Trustee to promptly notify the holders of any Related Bonds of such selection. Each indenture in respect of Related Bonds shall provide that notice of the selection of an Independent Consultant from the Related Bond Trustee to holders of such Related Bonds shall be sent by generally acceptable electronic means and shall state that the holder of the outstanding Related Bonds will be deemed to have consented to the selection of the Independent Consultant named in such

notice unless such holder submits an objection in writing (in a manner acceptable to the Related Bond Trustee) to the Related Bond Trustee within 15 days of the date that the notice is sent to the holder. No later than two Business Days after the end of the 15-day objection period, each Related Bond Trustee shall notify the Master Trustee and the Obligated Group Representative of the number of objections. If holders of 66.6% or more in aggregate principal amount of the outstanding Related Bonds have been deemed to have consented to the selection of the Independent Consultant, the applicable Member, as lessor, shall cause Lessee to engage the Independent Consultant within three Business Days. If holders of more than 33.4% in aggregate principal amount of the outstanding Related Bonds have objected in writing to the Independent Consultant selected in the manner and within the time set forth above, Lessee shall select another Independent Consultant under the related Lease, and such selection shall be immediate and final. The applicable Member, as lessor under the related Lease, shall cause a notice of selection of Independent Consultant by Lessee to be filed with EMMA.

Upon the occurrence of an event of default under any Lease, any Member party to such related Lease shall not exercise the remedy of termination of such Lease without the consent of the Holders of a majority in aggregate principal amount of Obligations outstanding hereunder.

Sale, Lease or Other Disposition of Property.

Each Member covenants and agrees that it will not, in any Fiscal Year, sell, lease (but only a lease that results in the disposition of the Property) or otherwise dispose of any Property, the Book Value of which would cause the aggregate Book Value of Property so transferred in such year to exceed 5% of the Book Value of the Property of the Members (excluding any asset restricted as to use for a particular purpose inconsistent with its use for the payment of principal of, prepayment premium, and interest on Indebtedness or the payment of operating expenses), except for dispositions of assets:

(a) In the ordinary course of Business;

(b) Any lease (including the Leases) that does not result in the disposition of the Property;

(c) In connection with a true sale and leaseback under the Code;

(d) If prior to the sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate stating that such Property has, or within the next succeeding 24 calendar months is reasonably expected to become, inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the operations of the Members;

(e) To any Person provided that such Property is transferred for fair market value and the net proceeds of such sale or other disposition are applied either (1) to the purchase of replacement Property of substantially similar function and substantially equivalent value (provided that such replacement Property is made part of the security for the Obligations issued under the Master Indenture) or (2) to the payment of redemption price of Related Bonds in a principal amount set forth in the Related Bond Indenture. Before any transfer of Property described in this subsection, the Obligated Group Representative will furnish to the Master Trustee (i) an Officer's Certificate stating that no Event of Default has occurred and is continuing and stating the amount of the net proceeds, if any, of such sale or other disposition, and (accompanied by the report of an Independent Consultant or an Accountant or an Officer's Certificate as appropriate) to the effect that (taking into account the disposition of the Property released) the requirements described above under "Limitations on Additional Indebtedness" will be satisfied with respect to the incurrence of one dollar ($1) of additional Long-Term Indebtedness, and (ii) an independent appraisal (which will be conducted by an independent appraiser) of the Property so sold or disposed of, showing such Property is to be sold or disposed of at a price equal to its fair market value; or

(f) to another Member.

In addition to the foregoing limitations, the Members may not sell, lease or otherwise dispose of any Property subject to the Mortgages (the "Mortgaged Property") unless the Master Trustee will be furnished with an Officer's Certificate to the effect that (i) the security of the Mortgage and the ability of the trustee thereunder to foreclose upon the remaining adjoining Mortgaged Property will not be impaired as a result of the disposition of such Property, and (ii) the appropriate Member will have conveyed to the trustee under such Mortgage such rights-of-way, easements and other rights in land as are required for ingress to and egress from the remaining Mortgaged Property, for the utilization of the facilities located thereon and for utilities required to serve such facilities.

Consolidation, Merger, Sale or Conveyance.

Each Member covenants and agrees that it will not merge or consolidate with any other corporation, entity, or limited liability company not a Member or sell or convey all or substantially all of its assets to any Person not a Member unless:

(a) After giving effect to the merger, consolidation, sale or conveyance, the successor or surviving corporation or limited liability company (hereinafter, the "Surviving Corporation") will be the Member, or, if not, the Surviving Corporation will be a corporation or limited liability company organized and existing under the laws of the United States of America or a State thereof and such Surviving Corporation will become a Member pursuant to the Master Indenture and will expressly assume in writing the due and punctual payment of all Required Payments of the disappearing corporation or limited liability company under the Master Indenture, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Master Indenture and all Obligations issued under the Master Indenture by the execution of a Related Supplement, delivered to the Master Trustee by such Surviving Corporation;

(b) The Master Trustee will have received (i) an Independent Consultant's report that the forecasted debt service coverage ratios of the Surviving Corporation, calculated in the same manner as the Debt Service Coverage Ratio, for the two Fiscal Years immediately succeeding the proposed date of such merger, consolidation, sale or conveyance is expected to be not less than the forecasted Debt Service Coverage Ratio for such periods had the consolidation or merger not occurred; or (ii) an Independent Consultant's or Accountant's report, or an Officer's Certificate, as appropriate, to the effect that the condition described in the Limitations on Long-Term Indebtedness section of the Master Indenture would be met for the incurrence of one dollar of additional Long-Term Indebtedness;

(c) The Master Trustee will have received a report of an Accountant to the effect that the combined net assets of the Members, including the net assets of such Surviving Corporation, calculated as of the end of the most recent Fiscal Year for which Obligated Group Financial Statements are available, will not be less than 90% of the combined net assets of the Members at the end of the most recent Fiscal Year for which Obligated Group Financial Statements are available;

(d) The Master Trustee will have received an Opinion of Bond Counsel to the effect that, such merger, consolidation, sale or other transfer will not in and of itself result in interest on any Related Bond that purports to be a Tax-Exempt Bond becoming includable in gross income for purposes of federal income taxation;

(e) The Master Trustee will have received a duly executed and delivered Mortgage encumbering the Property, Plant and Equipment of the Surviving Corporation, for the benefit of the Master Trustee, subject only to Permitted Liens; and

(f) Nothing in the Master Indenture will prohibit a change of corporate membership of any Member.

Preparation and Filing of Financial Statements, Reports and Other Information.

Each Member covenants and agrees that it will keep adequate records and books of accounts in which complete and correct entries will be made (said books will be subject to the inspection of the Master Trustee during regular business hours after reasonable notice).

The Obligated Group Representative covenants and agrees that it will furnish to the Master Trustee and any Related Bond Issuer that will request the same in writing:

As soon as practicable, but in no event more than six months after the last day of each Fiscal Year, one or more financial statements which, in the aggregate, will include all of the Members. Such financial statements:

(a) may consist of (i) consolidated or combined financial results including one or more subsidiaries or affiliates of such Members required to be consolidated or combined with such Member(s) under generally accepted accounting principles or (ii) special purpose financial statements including only Members;

(b) will be audited by a firm of independent certified public accountants approved by the Obligated Group Representative as having been prepared in accordance with generally accepted accounting principles (except, if applicable, for required consolidations);

(c) will include a combined balance sheet, statement of operations and changes in net assets; and

(d) if more than one financial statement is delivered to the Master Trustee pursuant to this clause, each such financial statement will contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the Members may be derived.

Unless a single financial statement (including a single special purpose financial statement) is delivered pursuant to the paragraph above for the entire Obligated Group, as soon as practicable, but in no event more than six months after the last day of each Fiscal Year, an unaudited balance sheet, statement of operations and changes in net assets for such Fiscal Year for the Members (such balance sheet, statement of operations and changes in net assets being referred to in the Master Indenture as the "Obligated Group Financial Statements"), prepared by the Obligated Group Representative based on the accompanying unaudited combining or consolidating schedules delivered with the audited financial statement described in the paragraph above.

At the time of the delivery of the Obligated Group Financial Statements, a certificate of the chief financial officer of the Obligated Group Representative, stating that the Obligated Group Representative has made a review of the activities of the Members during the preceding Fiscal Year for the purpose of determining whether or not the Members have complied with all of the terms, provisions and conditions of the Master Indenture and that each Member has kept, observed, performed and fulfilled each and every covenant, provision and condition of the Master Indenture on its part to be performed and none of such Members is in default in the performance or observance of any of the terms, covenants, provisions or conditions, or if any Member will be in default, such certificate will specify all such defaults, and the nature thereof. The Master Trustee has no duty regarding such information other than to retain any such information that it receives.

Membership in Obligated Group.

Additional Members may be added to the Obligated Group from time to time as more particularly described "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Membership in Obligated Group" in the forepart of this Limited Offering Memorandum.

Withdrawal from Obligated Group.

Any Member may withdraw from the Obligated Group, and be released from further liability or obligation under the provisions of the Master Indenture, as more particularly described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Withdrawal From Obligated Group" in the forepart of this Limited Offering Memorandum.

Gross Revenue Fund.

Unless otherwise provided in a Related Supplement or if such Related Bonds are payable in full from funds that are subject to the Intercept, each Member covenants and agrees that, so long as any of the Obligations remain Outstanding, all of the Gross Revenues of the Obligated Group will be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund" which the Members will establish and maintain, subject to the provisions of the following paragraph, in one or more accounts at such banking institution or institutions as the Members shall from time to time designate in writing to the Master Trustee for such purpose (the "Depository Bank(s)"). The Gross Revenue Fund shall contain the Charter School Rent Payment Account, the Ground Rent Account, the Related Bonds Account, the Additional Payments Account and such other accounts or subaccounts as the Master Trustee finds necessary or desirable

Amounts in the Gross Revenue Fund may be used and withdrawn by any Member at any time for any lawful purpose, except as hereinafter provided. In the event that any Member is delinquent for more than one Business Day in the payment of any Required Payment with respect to any Obligation issued pursuant to a Related Supplement, the Master Trustee, upon notice from the Obligated Group Representative or actual knowledge of such delinquency, shall notify the Obligated Group Representative and the Depository Bank(s) of such delinquency, and, unless such Required Payment is paid, or provision for payment is duly made, in a manner satisfactory to the Master Trustee, within five days after receipt of such notice, the Obligated Group Representative or the appropriate Member shall cause the Depository Bank(s) to enter into a control agreement to transfer the Gross Revenue Fund to the name and credit of the Master Trustee. The Gross Revenue Fund will continue to be held in the name and to the credit of the Master Trustee until six months after the amounts on deposit in said fund are sufficient to pay in full, or have been used to pay in full, all Required Payments in default and all other Events of Default known to the Master Trustee shall have been made good or cured to the satisfaction of the Master Trustee or provision deemed by the Master Trustee to be adequate will have been made therefor, whereupon the Gross Revenue Fund (except for the Gross Revenues required to make such payments or cure such defaults) will be returned to the name and credit of the appropriate Members. During any period that the Gross Revenue Fund is held in the name and to the credit of the Master Trustee, the Master Trustee will use and withdraw amounts in said Fund from time to time (1) first, to pay Ground Rent directly to each respective lessor under each Ground Lease when and as due in the amount designated in a written request of the lessor(s), (2) second, to make Required Payments as such payments become due (whether by maturity, redemption, acceleration or otherwise), and, if such amounts will not be sufficient to pay in full all such payments due on any date, then to the payment of Required Payments ratably without any discrimination or preference, and (3) third, to such other payments in the order which the Master Trustee, in its discretion, will determine to be in the best interests of the Holders of Obligations without discrimination or preference. During any period that the Gross Revenue Fund is held in the name and to the credit of the Master Trustee, the Members will not be entitled to use or withdraw any of the Gross Revenues of the Obligated Group unless and to the extent that the Master Trustee at its sole discretion so directs for the payment of current or past due operating expenses of the Members; provided, however, that the Members will be entitled to use or withdraw any amounts in the Gross Revenue Fund which do not constitute Gross Revenues of the Obligated Group. Each Member agrees to execute and deliver all instruments as may be required to implement this provision. Each Member further agrees that a failure to comply with the terms of this provision will cause irreparable harm to the Holders and shall entitle the Master Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the Members as provided herein.

Immediately upon receipt of Gross Revenues pursuant to a Lease or School Loan Agreement, the Master Trustee shall pay or deposit from the amounts on deposit in the Gross Revenue Fund from amounts received pursuant to such Lease or School Loan Agreement the following amounts in the order indicated:

(a) The amount representing Rent of each of the Obligated Group Schools (in accordance with the Rent schedule attached to the related Supplemental Master Indenture executed in connection with the Related Bonds) shall be transferred into the Charter School Rent Payment Account within the Gross Revenue Fund, and the Master Trustee shall then immediately withdraw and pay, deposit or transfer the following amounts in the order indicated from such account:

(1) *First:* To the Ground Rent Account, if applicable, the aggregate amount of Ground Rent, if any, becoming due and payable during the next succeeding payment period in respect of all Ground Leases as designated on the Ground Lease payment schedule furnished to the Master Trustee (each such schedule shall be attached to the applicable Related Supplement), until the balance in said account is at least equal to such aggregate amount.

(2) *Second:* To the Related Bonds Account, the amount necessary to pay all Required Payments on the next date upon which such payments become due; provided, however, that such amounts shall exclude any Required Payments received directly by a Related Bond Trustee pursuant to an Intercept.

(3) *Third*: To the Additional Payments Account, the amount necessary to pay all Additional Payments pursuant to any Related Loan Agreement on the next date upon which such payments become due; provided, however, that such amounts shall exclude any Required Payments received directly by a Related Bond Trustee pursuant to an Intercept.

(4) *Fourth:* Any money remaining following such transfers shall be transferred and released to the Member that is the Landlord or Lender under the related Lease or School Loan Agreement, as applicable, to which such remaining money is allocable.

(b) The balance of Gross Revenues received by the Master Trustee pursuant to a Lease or School Loan Agreement and not transferred into the Charter School Rent Payment Account pursuant to paragraphs (a) above shall immediately, and in any event not later than one Business Day following receipt thereof, be transferred to or upon the order of the Lessee.

The Master Trustee shall apply the monies deposited in the foregoing accounts of the Gross Revenue Fund as follows:

(a) Amounts deposited to the Ground Rent Account shall be paid directly to each respective lessor under each Ground Lease to pay Ground Rent when and as due in the amount designated in a written request of the Lessor(s).

(b) Amounts deposited in the Related Bonds Account shall be paid directly to each Related Bond Trustee to pay amounts due and payable under each Related Bonds Indenture.

(c) Amounts deposited in the Additional Payments Account shall be paid directly to the respective payees of Additional Payments pursuant to (and as defined in) each Related Loan Agreement.

Inspection of Books.

The Governmental Issuer, the Master Trustee, and the Related Bond Trustee will have the right, but not obligation, upon reasonable notice, during business hours, to examine and audit any and all of the

Member's records or accounts pertaining to the Obligation, the Required Payment, the Gross Revenues, the Related Bond Indenture, the Related Supplement and the Master Indenture.

Upon written notice to the Obligated Group Representative delivered at least five Business Days in advance of an inquiry, the Members will make its management personnel available for periodic inquiries from the Governmental Issuer; provided that the Members will 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 Governmental Issuer, the Master Trustee, the Related Bond Trustee, their agents, employees or attorneys, the Members will furnish to the Governmental Issuer, the Master Trustee and the Related Bond Trustee, such information as may be reasonably requested in writing from time to time relative to compliance by the Members with the provisions of the Master Indenture, including, without limitation, financial statements.

Notice.

Upon obtaining knowledge of an event of default under any Member Document, the Obligated Group Representative agrees to provide to the Governmental Issuer, the Master Trustee and the Related Bond Trustee 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).

Tax Covenants.

It is the intention of the Governmental Issuer and each Member that interest on any Tax-Exempt Bonds will be and remain excluded from the gross income of the owners thereof for federal income tax purposes, and to that end the covenants and agreements of the Members in the Master Indenture and in the Tax Certificate are for the benefit of the Related Bond Trustee on behalf of and for each and every owner of Tax-Exempt Bonds.

Each Member covenants and agrees that it will not use or permit the use of any of the funds provided by the Governmental Issuer under the loan agreement relating to the Tax-Exempt Bonds or any other funds of the Members, directly or indirectly, or direct the Related Bond Trustee to invest any funds held by it under the Related Bond Indenture, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Tax-Exempt Bonds that would, or take or omit to take any other action that would cause any Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.

In the event that at any time the Obligated Group Representative is of the opinion or becomes otherwise aware that for purposes of the Master Indenture it is necessary to restrict or to limit the yield on the investment of any moneys held by the Related Bond Trustee under the Related Bond Indenture, the Obligated Group Representative will determine the limitations and so instruct the Related Bond Trustee in writing and cause the Related Bond Trustee to comply with those limitations under the Related Bond Indenture. The Obligated Group Representative will take such action or actions as may be reasonably necessary in the opinion of Bond Counsel, or of which it otherwise becomes aware, to comply fully with Section 148 of the Code.

The Members will not, pursuant to an arrangement, formal or informal, purchase Related Bonds in an amount related to the amount of the related loan, except as otherwise permitted under the Related Bond Indenture.

In order to maintain the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal income purposes, the Obligated Group Representative agrees that it will, concurrently with or before the execution and delivery of any Tax-Exempt Bonds, execute and deliver the Tax Certificate, and will comply with every term of the Tax Certificate. The Obligated Group Representative covenants with the Governmental Issuer, for and on behalf of the Owners of any Tax-Exempt Bonds from time to time outstanding, that so long as any Tax-Exempt Bonds remain outstanding under the Related Bond Indenture, moneys on deposit in any fund, or account in connection with the Tax-Exempt Bonds, whether or not such moneys were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other sources, and moneys pledged directly or indirectly to the payment or for the securing of the Tax-Exempt Bonds, will not be used by or for the Obligated Group Representative in a manner that will cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Obligated Group Representative expressly recognizes that, to the extent required by Section 148 of the Code, "proceeds" of the Tax-Exempt Bonds (including investment proceeds and "replacement" proceeds) may be required to be invested at a yield not exceeding the yield on the Tax-Exempt Bonds in order to comply with the Master Indenture. In furtherance of the covenant in the Master Indenture, the Obligated Group Representative agrees that it will not direct any investments or reinvestments that would contravene either the investment representations made by the Governmental Issuer in the Tax Certificate or any investment directions provided by the Governmental Issuer and deemed reasonably necessary in the opinion of Bond Counsel to preserve the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes.

Continuing Disclosure.

The Obligated Group Representative covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement related to the Obligated Group Representative. Notwithstanding any other provision of the Master Indenture or the Related Indenture, failure of the Obligated Group Representative or the Dissemination Agent to comply with the Continuing Disclosure Agreement related to the Obligated Group Representative will not be considered an Event of Default under the Master Indenture or under the Related Indenture.

Additional Covenants.

Each Member of the Obligated Group hereby covenants with respect to their combined operations:

(a) To maintain books and records separate from any other unrelated person or entity;

(b) To maintain its accounts separate from any other unrelated person or entity;

(c) Not to commingle assets with those of any other unrelated entity;

(d) To conduct its own business in its own name;

(e) To pay its own liabilities out of its own funds;

(f) To observe all corporate formalities;

(g) To maintain an arm's-length relationship with its Affiliates;

(h) To pay the salaries of its own employees and maintain a sufficient number of employees in light of its contemplated business operations;

(i) Not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others, except to the extent permitted under the Master Indenture;

(j) Not to acquire obligations or securities of its partners, members, or shareholders;

(k) To allocate fairly and reasonably any overhead for shared office space;

(l) To use separate stationery, invoices, and checks;

(m) Except as otherwise expressly permitted under the Master Indenture, not to pledge its assets for the benefit of any other entity or make any loans or advances to any entity;

(n) To hold itself out as a separate entity;

(o) To correct any known misunderstanding regarding its separate identity; and

(p) To maintain adequate capital in light of its contemplated business operations.

Covenant of the Obligated Group Representative.

The Obligated Group Representative covenants and agrees that it will not create, assume or suffer to exist any Lien upon (i) any membership interest of the Obligated Group Representative in any Member, or (ii) any rents, money, property or account of any Member, except to the extent permitted under the Master Indenture; provided that, notwithstanding any other provision of the Master Indenture, the Obligated Group Representative may transfer the sole membership of any Member to a nonprofit corporation that is an organization described in Section 501(c)(3) of the Code if, prior to such transfer, the Master Trustee shall have received (x) an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not, in and of itself, result in interest on any Related Bond that purports to be a Tax-Exempt Bond becoming includable in gross income for purposes of federal income taxation, and (y) a Certificate of such Member representing and warranting that such transfer shall not adversely affect any of its obligations under the Master Indenture, and that the Member remains bound by all of the terms and restrictions of the Master Indenture and the Obligations.

Approval of Consultants.

If at any time the Members of the Obligated Group are required to engage an Independent Consultant under the Master Indenture, such Independent Consultant shall be engaged in the manner set forth herein.

Upon selecting an Independent Consultant as required under the provisions of the Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee will, as soon as practicable but in no case longer than five Business Days after receipt of notice, notify the Holders of all Obligations Outstanding under the Master Indenture of such selection. Such notice (which will be provided by the Obligated Group Representative) will (i) include the name of the Independent Consultant and a brief description of the Independent Consultant, (ii) state the reason that the Independent Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Independent Consultant to be engaged, and (iii) state that the Holder of the Obligation will be deemed to have consented to the selection of the Independent Consultant named in such notice unless such Holder submits an objection to the selected Independent Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two Business Days after the end of the 15-day objection period, the Master Trustee will notify the Obligated Group of the number of objections. If 66.6% or more in aggregate principal amount of the Holders of the Outstanding Obligations have been deemed to have consented to the selection of the Independent Consultant or have not responded to the request for consent, the Obligated Group Representative will engage the Independent Consultant within three Business Days. If 33.4% or more in aggregate principal amount of the Holders of the Obligations Outstanding have objected to the Independent Consultant selected, the Obligated Group Representative will select another Independent Consultant which may be engaged upon compliance with the procedures herein.

When the Master Trustee notifies the Holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee to send a notice containing the information required by the paragraph above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee will, as the owner of an Obligation securing such Related Bonds, consent or object to the selection of the Independent Consultant in accordance with the response of the owners of such Related Bonds. If 66.6% or more in aggregate principal amount of the owners of the Related Bonds have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative will engage the Independent Consultant within three Business Days. If 33.4% or more in aggregate principal amount of the owners of the Related Bonds outstanding have objected to the Independent Consultant selected, the Obligated Group Representative will select another Independent Consultant which may be engaged upon compliance with the procedures herein.

The 15-day notice period described above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee.

Defaults

Events of Default.

Any of the following events constitute an "Event of Default" under the Master Indenture:

(a) Failure on the part of the Obligated Group to make due and punctual payment of any Required Payment on an Obligation.

(b) Failure on the part of the Obligated Group to observe and perform any covenant or agreement under the Master Indenture including covenants or agreements contained in any Related Supplement or Obligation (other than failure by the Obligated Group to pay Required Payment on an Obligation, as referred to in (a) above) for a period of 60 days after the date on which written notice of such failure specifying such default and requiring the same to be remedied, will have been given to the Obligated Group Representative by the Master Trustee or to the Obligated Group Representative and the Master Trustee by the Holders of at least half in aggregate Principal Amount of Outstanding Obligations except that, in each case, if such failure can be remedied but not within such 60 day period, such failure will not become an Event of Default for so long as the Obligated Group Representative will diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Master Trustee.

(c) Any Member will default in the payment of Indebtedness for borrowed moneys (other than Non-recourse Indebtedness or an Obligation) with an aggregate principal amount exceeding 5% of the Total Revenues of the Members, whether such Indebtedness now exists or will hereafter be created, and such default will have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to such Member, except that, in each case, (i) if such failure can be remedied but not within such 60-day period, such failure will not become an Event of Default for so long as such Member will diligently proceed to remedy the same in accordance and subject to any directions or limitations of time established by the Master Trustee and (ii) if any member in good faith commences proceedings to contest the existence or payment of such Indebtedness, such default will not become an Event of Default.

(d) (i) A court having jurisdiction will enter a decree or order for relief in respect of any Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Member or for any substantial part of the property of any Member, or ordering the winding up or liquidation of its affairs, and such decree or order will remain unstayed and in effect for a period of 60 consecutive days and (ii) such Member does not withdraw from the Obligated Group in accordance with the

provisions specified above under the caption "*Withdrawal from Obligated Group*" within 90 days of the original decree or order for relief.

(e) (i) Any Member will commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or will consent to the entry of an order for relief in an involuntary case under any such law, or will consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Member or for any substantial part of its property, or will make any general assignment for the benefit of creditors, or will fail generally to pay its debts as they become due or will take any corporate action in furtherance of the foregoing and (ii) such Member does not withdraw from the Obligated Group in accordance with the provisions specified above under the caption "*Withdrawal from Obligated Group*" within 90 days of the commencement of such case.

(f) An Event of Default (as defined in any Related Bond Indenture) will exist under any Related Bond Indenture and any applicable notice and/or cure period will have expired.

(g) An Event of Default (as defined in any Related Bond Indenture) will occur under any security instrument provided to the Master Trustee from, on behalf, or for the benefit, of any Member of the Obligated Group (including, if applicable, the expiration of any grace period provided therein).

Acceleration; Annulment of Acceleration.

Upon the occurrence and during the continuation of an Event of Default under the Master Indenture, the Master Trustee may and, upon (i) the written request of the Holders of at least half in aggregate Principal Amount of Outstanding Obligations or of any Holder if an Event of Default regarding failure to make punctual payments has occurred or (ii) the acceleration of any Obligation pursuant to the terms of the Related Supplement under which such Obligation was issued, will, by notice to the Members, declare all Outstanding Obligations immediately due and payable, whereupon such Obligations will become and be immediately due and payable, anything in the Obligations or in the Master Indenture to the contrary notwithstanding; provided, however, that if the terms of any Related Supplement give a person the right to consent to acceleration of the Obligations issued pursuant to such Related Supplement, the Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In such event, there will be due and payable on the Obligations an amount equal to the aggregate Principal Amount of all such Obligations, plus all interest accrued thereon.

At any time after the principal of the Obligations will have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices and other payments then due (other than the principal or other payments then due only because of such declaration) on all Outstanding Obligations, (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Master Trustee and any paying agents, (iii) all other amounts then payable by the Obligated Group under the Master Indenture will have been paid or a sum sufficient to pay the same will have been deposited with the Master Trustee, and (iv) every Event of Default (other than a default in the payment of the principal or other payments of such Obligations then due only because of such declaration) will have been remedied, then the Master Trustee may annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by their terms. No such annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Additional Remedies and Enforcement of Remedies.

Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the request of (i) the Holders of at least half in aggregate Principal Amount of the Obligations Outstanding, (ii) any Holder which, pursuant to a Related Supplement, is given the right to require the Master Trustee to institute actions pursuant to the Master Indenture, or (iii) any Holder if an Event of Default for failure to make due and punctual payments has occurred, will upon the indemnification of the Master Trustee to its satisfaction therefor, proceed forthwith to protect and enforce its rights and the rights of the Holders under the Master Indenture by such suits, actions or proceedings as the Master Trustee, being advised by counsel, will deem expedient, including but not limited to: (i) enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations; (ii) suit upon all or any part of the Obligations; (iii) civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders of Obligations; (iv) civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of Obligations; (v) exercise any and all remedies under the Mortgage; and (vi) enforcement of any other right or remedy of the Holders conferred by law or by the Master Indenture.

Regardless of the occurrence of an Event of Default, the Master Trustee, if requested in writing by the Holders of at least half in aggregate Principal Amount of the Obligations then Outstanding, will, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient (i) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions of the Master Indenture and, in the sole judgment of the Master Trustee, not unduly prejudicial to the interest of the Holders of Obligations not making such request, it being understood that, subject to the Master Indenture, the Master Trustee will have no duty or obligation to determine whether or not such action or forbearance may be unduly prejudicial to such Holders.

Application of Revenues and Other Moneys After Default.

During the continuance of an Event of Default all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of the Master Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Master Trustee with respect thereto, including fees, expenses and advances of its attorneys, agents and advisors and after payment of all other amounts owed to the Master Trustee under the Master Indenture, will be applied as follows:

(a) Unless the principal of all Outstanding Obligations will have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest or the interest portion related to payments then due on the Obligations in the order of the maturity of such installments, and, if the amount available will not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto of the unpaid principal installments or the principal portion related to payments of any Obligations which will have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available will not be sufficient to pay in full all the Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the Persons entitled thereto, without any discrimination or preference;

(b) If the principal of all Outstanding Obligations will have become or have been declared due and payable, to the payment of the principal and interest and payments then due and unpaid upon the Obligations without preference or priority, or of any installment over any other installment, or of any Obligation over any other Obligation, ratably, according to the amounts due, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal of all Outstanding Obligations will have been declared due and payable, and if such declaration will thereafter be rescinded and annulled under the provisions of the Master Indenture, then, subject to the provisions of the preceding paragraph in the event that the principal of all Outstanding Obligations will later become due or be declared due and payable, the moneys will be applied in accordance with the provisions of the second paragraph of this section.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of the Master Indenture, such moneys will be applied by it at such times, and from time to time, as the Master Trustee will determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee will apply such moneys, it will fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates will cease to accrue. The Master Trustee will give such notices as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and will not be required to make payment to the Holder of any unpaid Obligation until such Obligation and all unmatured coupons, if any, appertaining to such Obligation will be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of the Master Indenture and all expenses and charges of the Master Trustee have been paid, any balance remaining will be paid to the Person entitled to receive the same; if no other Person will be entitled thereto, then the balance will be paid to the Members, their successors, or as a court of competent jurisdiction may direct.

Remedies Not Exclusive.

Subject to the limitations in the Master Indenture, no remedy by the terms thereof conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Master Indenture or existing at law or in equity or by statute on or after the date thereof.

Remedies Vested in the Master Trustee.

All rights of action (including the right to file proof of claims) under the Master Indenture or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Obligations. Subject to the provisions of the Master Indenture, any recovery or judgment will be for the equal benefit of the Holders of the Outstanding Obligations.

Master Trustee to Represent Holders.

The Master Trustee is irrevocably appointed (and the successive respective Holders of the Obligations, by taking and holding the same, will be conclusively deemed to have so appointed the Master Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Obligations for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Obligations, the Master Indenture, and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Master

Trustee to represent the Holders, the Master Trustee in its discretion may, and upon the written direction of the Holders of at least half in aggregate Principal Amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, will, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it will deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Master Indenture, or in aid of the execution of any power granted in the Master Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Master Trustee or in such Holders under the Master Indenture, or any other law; and upon instituting such proceeding, the Master Trustee will be entitled, as a matter of right, to the appointment of a receiver of the assets pledged under the Master Indenture, pending such proceedings. All rights of action under the Master Indenture or the Obligations or otherwise may be prosecuted and enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Master Trustee will be brought in the name of the Master Trustee for the benefit and protection of all the Holders of such Obligations, subject to the provisions of the Master Indenture.

Holders' Control of Proceedings.

If an Event of Default will have occurred and be continuing, notwithstanding anything in the Master Indenture to the contrary, the Holders of at least a majority in aggregate Principal Amount of Obligations then Outstanding will have the right, at any time, by any instrument in writing executed and delivered to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Master Indenture or for the appointment of a receiver or any other proceedings under the Master Indenture, provided that such direction is not in conflict with any applicable law or the provisions of this paragraph (including indemnity to the Master Trustee as provided in the Master Indenture) and, in the sole judgment of the Master Trustee, is not unduly prejudicial to the interest of Holders not joining in such direction (it being understood that (subject to the Master Indenture) the Master Trustee will have no duty or obligation to determine whether or not such action or forbearance may be unduly prejudicial to such Holders) and provided further that nothing in this section will impair the right of the Master Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by Holders.

Termination of Proceedings.

In case any proceeding taken by the Master Trustee on account of an Event of Default will have been discontinued or abandoned for any reason or will have been determined adversely to the Master Trustee or to the Holders, then the Members, the Master Trustee and the Holders will be restored to their former positions and rights under the Master Indenture, and all rights, remedies and powers of the Master Trustee and the Holders will continue as if no such proceeding had been taken.

Waiver of Event of Default.

No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given under the Master Indenture to the Master Trustee and the Holders of the Obligations, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

The Master Trustee may waive any Event of Default which in its opinion will have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions thereof, or before the completion of the enforcement of any other remedy under the Master Indenture.

Notwithstanding anything contained in the Master Indenture to the contrary, the Master Trustee, upon the written request of the Holders of at least a majority of the aggregate Principal Amount of Obligations then Outstanding, will waive any Event of Default under the Master Indenture and its consequences; provided, however, that, except under the circumstances set forth in the Master Indenture, a default in the payment of the principal of, premium, if any, or interest on or other payment with respect to any Obligation, when the same will become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Obligations at the time Outstanding.

In case of any waiver by the Master Trustee of an Event of Default under the Master Indenture, the Members, the Master Trustee and the Holders will be restored to their former positions and rights under the Master Indenture, respectively, but no such waiver will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Appointment of Receiver.

Upon the occurrence of any Event of Default unless the same will have been waived as provided in the Master Indenture, the Master Trustee will be entitled as a matter of right if it will so elect, (a) forthwith and without declaring the Obligations to be due and payable, (b) after declaring the same to be due and payable, or (c) upon the commencement of an action to enforce the specific performance thereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Members with such powers as the court making such appointment will confer. Each Member, respectively, consents and agrees, and will if requested by the Master Trustee, consent and agree at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds therefrom, with like effect as the Member could do so, and to borrow money and issue evidences of indebtedness as such receiver.

Remedies Subject to Provisions of Law.

All rights, remedies and powers provided by the Master Indenture may be exercised only to the extent that the exercise thereof does not violate any applicable provision of a law, and all the provisions of the Master Indenture are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render the Master Indenture invalid or unenforceable under the provisions of any applicable law.

Notice of Default.

The Master Trustee will, within 10 days after the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, mail to all Holders (as the names and addresses of such Holders appear upon the books of the Master Trustee), notice of such Event of Default known to the Master Trustee, unless such Event of Default will have been cured before the giving of such notice (the term "Event of Default" for the purposes of this section being defined to be the events specified in the Master Indenture, not including any periods of grace provided for in certain subsections of the Master Indenture, and irrespective of the giving of written notice specified in the Master Indenture); and provided that, except in the case of default in the payment of the principal of or premium, if any, or interest or other payments on any of the Obligations and the Events of Default specified in the Master Indenture, the Master Trustee will be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trustee committee of directors or Responsible Officers of the Master Trustee in good faith determine that the withholding of such notice is in the interests of the Holders of Obligations.

Supplements and Amendments

Supplements Not Requiring Consent of Holders.

The Obligated Group Representative, acting for itself and as agent for each Member, and the Master Trustee may, without the consent of any of the Holders, enter into one or more Related Supplements for one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Master Indenture; (b) to correct or supplement any provision in the Master Indenture which may be inconsistent with any other provision in the Master Indenture, or to make any other provisions with respect to matters or questions arising under the Master Indenture and which will not materially and adversely affect the interests of the Holders; (c) to grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Members; (d) to qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect; (e) to create and provide for the issuance of an Obligation or Series of Obligations as provided in the Master Indenture; (f) to obligate a successor to any Member as provided in the Master Indenture; (g) to add a new Member as provided in the Master Indenture; (h) or to remove a new Member as provided in the Master Indenture.

Supplements Requiring Consent of Holders.

Other than Related Supplements referred to in the Master Indenture, the Obligated Group Representative, acting for itself and as agent for each Member, and the Master Trustee may, with the consent of the Holders of not less than a majority in aggregate Principal Amount of the Obligations then Outstanding and anything contained in the Master Indenture to the contrary notwithstanding, enter into one or more Related Supplements as the Obligated Group Representative will deem necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture; provided, however, that nothing in this section will permit or be construed as permitting a Related Supplement which would:

(a) Extend the stated maturity of or time for paying interest on any Obligation or reduce the Principal Amount of or the redemption premium or rate of interest or method of calculating interest payable on any Obligation without the consent of the Holder of such Obligation;

(b) Modify, alter, amend, add to or rescind any of the terms or provisions contained in the Master Indenture so as to affect the right of the Holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of all Obligations then Outstanding; or

(c) Reduce the aggregate Principal Amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Obligations then Outstanding.

If at any time the Obligated Group Representative will request the Master Trustee to enter into a Related Supplement pursuant to this section, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary or if it has no secretary, its comparable officer, and the proposed Related Supplement and if the Master Trustee will receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate Principal Amount or number of Obligations specified in the preceding paragraph for the Related Supplement in question which instrument or instruments will refer to the proposed Related Supplement and will specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such Related Supplement in substantially such form, without liability or responsibility to any Holder of any Obligation, whether or not such Holder will have consented thereto.

Any such consent will be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required Principal Amount or number of Obligations will have filed their consents to the Related Supplement, the Master Trustee will make and file with the Obligated Group Representative a written statement to that effect. Such written statement will be conclusive that such consents have been so filed.

If the Holders of the required Principal Amount or number of the Outstanding Obligations will have consented to and approved the execution of such Related Supplement as provided in the Master Indenture, no Holder of any Obligation will have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the Obligated Group Representative from executing the same or from taking any action pursuant to the provisions thereof.

Execution and Effect of Supplements.

In executing any Related Supplement permitted by the Master Indenture, the Master Trustee will be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted by the Master Indenture. The Master Trustee may but will not be obligated to enter into any such Related Supplement which materially and adversely affects the Master Trustee's own rights, duties or immunities.

Upon the execution and delivery of any Related Supplement in accordance with the Master Indenture, the provisions thereof will be modified in accordance therewith and such Supplement will form a part thereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered under the Master Indenture will be bound thereby.

Any Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with the Master Indenture may, and, if required by the Obligated Group Representative or the Master Trustee will, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Obligated Group Representative or the Master Trustee will so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of the Obligated Group Representative to any such Related Supplement may be prepared and executed by the Obligated Group Representative and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

The Master Trustee will give notice, by first class mail, to the Holders of all Obligations then Outstanding of the execution and delivery of any Related Supplement (other than a Related Supplement entered into for the purposes described in clause (e) of the section above relating to supplements not requiring the consent of Holders), setting forth the effective date of such Related Supplement and a summary of the terms thereof (or, in lieu of such a summary, by attaching the form of such Related Supplement to such notice).

Amendment of Related Supplements.

Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, amendment of such Related Supplement will be governed by the provisions of the Master Indenture relating to supplements not requiring the consent of Holders and to supplements requiring the consent of Holders.

Satisfaction and Discharge of Master Indenture

Satisfaction and Discharge of Indenture.

If (i) the Members will deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which will have been mutilated, destroyed, lost or stolen and which will have been replaced or paid as provided in any Related Supplement) and not theretofore cancelled, or (ii) upon payment of all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation, or (iii) (unless otherwise provided for an Obligation in the Related Supplement pursuant to which such Obligation was issued) the Members or any thereof will deposit with the Master Trustee as trust funds cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation, including without limitation principal and interest due or to become due to such date of maturity or redemption date, as the case may be, and if in any case the Members or any thereof will also pay or cause to be paid all other sums payable under the Master Indenture by the Members or any thereof, then the Master Indenture will cease to be of further effect, and the Master Trustee, on demand of the Members or any thereof and at the cost and expense of the Members or any thereof, will execute proper instruments acknowledging satisfaction of and discharging the Master Indenture. The Members will cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction, upon which report the Master Trustee may rely. Each Member, respectively, agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with the Master Indenture or such Obligations.

Payment of Obligations After Discharge of Lien.

Notwithstanding the discharge of the lien thereof as provided in the Master Indenture, the Master Trustee will nevertheless retain such rights, powers and duties under the Master Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided in any Related Supplement. Nevertheless, any moneys held by the Master Trustee or any paying agent for the payment of the principal of, premium, if any or interest on any Obligation remaining unclaimed for two years after the principal of all Obligations has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided in the Master Indenture, will then be paid to the Members and the Holders of any Obligations or coupons not theretofore presented for payment will thereafter be entitled to look only to the members of the Obligated Group for payment thereof as unsecured creditors and all liability of the Master Trustee or any paying agent with respect to such moneys will thereupon cease.

SUPPLEMENTAL MASTER INDENTURE

General

The Supplemental Master Indenture for Obligation No. 2 (the "Supplement No. 2") provides for the issuance of Obligation No. 2 pursuant to the Master Indenture, and provides the terms and form thereof.

The following are summaries of certain provisions of the Supplement No. 2 and Obligation No. 2 issued thereunder. These summaries do not purport to be complete or definitive and are qualified in their entireties by reference to the full terms of the Supplement No. 2.

Payments on Obligation No. 2; Credits

(a) Principal of and interest and any applicable redemption premium on Obligation No. 2 are payable in any coin or currency of the United States of America that on the payment date is legal tender for the payment of public and private debts. Except as provided in Supplement No. 2 with respect to credits, and as

described below under the caption "Prepayment of the Obligation" regarding prepayment, payments on the principal of and premium, if any, and interest on Obligation No. 2 will be made at the times and in the amounts specified in Obligation No. 2 by the Members (i) depositing the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments will become due or payable (or the next succeeding business day if such date is a Saturday, Sunday or bank holiday in the city in which the principal corporate trust office of the Bond Trustee is located), and (ii) giving notice to the Master Trustee and the Bond Trustee of each payment of principal, interest or premium on Obligation No. 2, specifying the amount paid and identifying such payment as a payment on Obligation No. 2.

(b) The Members will receive credit for payment on Obligation No. 2, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(i) On installments of interest on Obligation No. 2 in an amount equal to moneys deposited in the Interest Account created under the Bond Indenture which amounts are available to pay interest on the Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 2;

(ii) On installments of principal of Obligation No. 2 in an amount equal to moneys deposited in the Principal Account created under the Bond Indenture which amounts are available to pay principal of the Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 2;

(iii) On installments of principal and interest, respectively, on Obligation No. 2 in an amount equal to the principal amount of Bonds for the redemption or payment of which sufficient amounts (as determined by the Bond Indenture) in cash or securities are on deposit as provided in the Bond Indenture, to the extent such amounts have not previously been credited against such payments on Obligation No. 2, and the interest on such Bonds from and after the date fixed for payment at maturity or redemption thereof. Such credits will be made against the installments of principal and interest on Obligation No. 2 that would have been used, but for such call for payment or redemption, to pay principal of and interest on such Bonds when due;

(iv) On installments of principal and interest, respectively, on Obligation No. 2 in an amount equal to the principal amount of Bonds acquired by any Member and surrendered to the Bond Trustee for cancellation or purchased by the Bond Trustee and canceled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits will be made against the installments of principal of and interest on Obligation No. 2 that would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due; and

(v) On amounts deposited with the Bond Trustee to satisfy any other payment obligations under the Loan Agreement but not transferred by the Bond Trustee to the Borrower pursuant to the Bond Indenture.

Prepayment of the Obligation

So long as all amounts that have become due under Obligation No. 2 have been paid or credits for such payments have occurred, the Members will have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 2. Prepayments may be made by payments of cash or surrender of the Bonds, as contemplated by the preceding section. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of the Bonds) will be deposited and applied in the manner and subject to the terms and conditions set forth in the Bond Indenture. Notwithstanding any such redemption or surrender of the Bonds, as long as any Bonds remain Outstanding (as defined in the Bond Indenture) or any additional payments required to be made under Supplement No. 2 remain unpaid, the Members will not be relieved of their obligations under the Supplement No. 2.

Prepayments made in accordance with the paragraph described above will be credited against amounts to become due on Obligation No. 2 as provided in Supplement No. 2.

The Members may also prepay all of their indebtedness under Obligation No. 2 by providing for the payment of Bonds in accordance with the Bond Indenture.

Partial Prepayment of Obligation

Upon the selection and call for prepayment and the surrender of Obligation No. 2 for prepayment in part only, the Obligated Group Representative will cause to be executed and the Master Trustee will authenticate and deliver to, upon the written order of, the Holder thereof, at the expense of the Members, a new Obligation No. 2 in principal amount equal to the unredeemed portion of Obligation No. 2, which new Obligation No. 2 will be a fully registered Obligation without coupons.

The Obligated Group Representative may agree with the Holder of Obligation No. 2 that such Holder may, in lieu of surrendering the Obligation for a new fully registered Obligation without coupons, endorse on the Obligation a notice of such partial prepayment, which notice will set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial prepayment will be valid upon payment of the amount thereof to the registered owner of Obligation No. 2 and the Members and the Master Trustee will be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement will or will not have been made upon the reverse of Obligation No. 2 by the Holder thereof and irrespective of any error or omission in such endorsement.

Effect of Prepayment

On the date cash or securities (as and to the extent permitted by the Bond Indenture), or both, are deposited with the Bond Trustee (for a corresponding amount of Bonds with respect to the Bonds to be redeemed on the date fixed for redemption all as provided in the Bond Indenture), Obligation No. 2 will be deemed paid (in an amount corresponding to the Bonds to be redeemed on the date fixed for redemption) and such corresponding amount of Obligation No. 2 will be deemed not to be outstanding, as defined in the Master Indenture, and will no longer be entitled to the benefits of the Master Indenture.

Event of Default

The Borrower covenants to exercise any and all remedies available under any Lease and the Master Trustee will foreclose on the related Mortgage upon an Event of Default, at the direction of the Bond Trustee, provided that the Master Trustee will only exercise remedies under the Mortgages described in clause (1) of the definition thereof, set forth in the Master Indenture for the benefit of Obligation No. 2.

Miscellaneous

No covenant or agreement contained in Obligation No. 2 or the Master Indenture will be deemed to be a covenant or agreement of any officer, agent or employee of any Member or of the Master Trustee in an individual capacity, and no incorporator, member, officer or member of the governing board of any Member will be liable personally on Obligation No. 2 or be subject to any personal liability or accountability by reason of the issuance of Obligation No. 2.

The Master Trustee acknowledges and agrees that the Series 2026CD Lease executed in connection with the Bonds provides for payment of rental directly to the Bond Trustee for deposit in the Revenue Fund established in the Bond Indenture and that such deposits constitute credits for purposes of the Supplement No. 2.

The Master Trustee further acknowledges that the Members may approve amendments to the Leases subject to the limitations of the Master Indenture.

THE BOND INDENTURE

General

The Bond Indenture sets forth the terms of the Bonds, the terms for the issuance of Additional Bonds, the application of the Bond proceeds, the nature and extent of the security for the Bonds, various rights of the bondholders, rights, duties and immunities of the Bond Trustee and the rights and obligations of the Authority.

The following is a summary of certain provisions of the Bond Indenture. Other provisions are summarized in the Limited Offering Memorandum under the caption "THE BONDS," and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." This summary does not purport to be complete or definitive and reference is made to the Bond Indenture for the complete terms thereof.

Pledge and Assignment; Establishment and Application of Funds and Accounts

Pledge and Assignment.

(a) Subject only to the provisions of the Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Indenture, there are pursuant to the Bond Indenture pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Bond Indenture, all of the Payments (except Payments described in clause (i) of the definition thereof) and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account (other than the Rebate Fund) established pursuant to the Bond 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 Bonds, without any physical delivery thereof or further act.

(b) The Authority pursuant to the Bond Indenture assigns to the Bond Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Payments (except Payments described in clause (i) of this definition thereof) and other amounts pledged in the Bond Indenture and all of the right, title and interest of the Authority in, to and under the Loan Agreement (except for the Retained Rights). The Bond Trustee will be entitled to and will receive all of such assigned 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 Bond Trustee and will forthwith be paid by the Authority to the Bond Trustee. The Bond Trustee also will be entitled to and will (subject to the provisions of the Bond Indenture, including its rights and protections thereunder) 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 a majority of the Holders) to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Bond Trustee and all of the obligations of the Borrower under the Loan Agreement.

(c) The Borrower will take all actions necessary for the Bond Trustee to collect directly from the State Controller the amounts set forth in the Intercept Notice on the dates set forth in the Intercept Notice. The Payments described in clause (i) of the definition thereof are assigned to the Bond Trustee, for the benefit of the Holders of the Bonds, by virtue of the filing of the Intercept Notice with the State Controller. The Bond Trustee will be entitled to and will receive all of such assigned Payments.

(d) All Payments will be promptly deposited by the Bond Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Bond Trustee is pursuant to the Bond Indenture directed to establish, maintain and hold in trust. All Payments will be held in trust for the benefit of the Holders from time to time of the Bonds but will nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Bond Indenture.

(e) The Bonds are not and will not be deemed to constitute a debt or liability of the State, or any political subdivision thereof, and are not and will 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 will be obligated to pay the Bonds solely from the Payments and funds in the Bond Indenture provided therefor. The issuance of the Bonds will not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever for the Bonds or to make any appropriation for their payment. Nothing in the Bond 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 Intercept Notice or to funds available to the Lessee in any amount or at any time.

Establishment and Application of Redemption Fund.

The Bond Trustee will establish and maintain a fund separate from any other fund established and maintained under the Bond Indenture designated as the Redemption Fund, and within the Redemption Fund, a separate Optional Redemption Account and a separate Special Redemption Account. The Bond Trustee will accept all moneys deposited for redemption and will 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 will be accepted and used and withdrawn by the Bond Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in the Bond 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 Bond Trustee will, upon written direction of the Borrower, apply such amounts to the purchase of Bonds 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 Bonds (or, if such Bonds are not then subject to redemption, the par value of such Bonds); 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.

Rebate Fund.

(a) The Bond Trustee will establish and maintain, when required, a fund separate from any other fund established and maintained under the Bond Indenture designated as the Rebate Fund. Within the Rebate Fund, the Bond Trustee will maintain such accounts as will 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 will be held by the Bond 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, the Borrower nor the Holder of any Bonds will have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund will be governed pursuant to the Bond Indenture and by the Tax Certificate (which is incorporated in the Bond Indenture by reference). The Bond Trustee will 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, which the Bond Trustee will be directed by the Borrower to supply, and will 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 Bond Indenture. The Bond Trustee will not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Bond Trustee will have no independent duty to review such calculations or enforce the compliance by the Borrower with such rebate requirements. The Bond Trustee will have no duty or obligation to determine the applicability of the Code and will only be obligated to act in accordance with written instructions provided by the Borrower.

(b) Upon the Borrower's written direction, an amount will be deposited to the Rebate Fund by the Bond Trustee from deposits by the Borrower, if and to the extent required, so that the balance in the Rebate Fund will equal the Rebate Requirement. Computations of the Rebate Requirement will be furnished by or on behalf of the Borrower in accordance with the Tax Certificate. Upon written request by the Borrower or the Authority, the Bond Trustee will supply to the Borrower and/or the Authority all necessary information in the manner provided in the Tax Certificate and specified in such written direction to the extent such information is reasonably available to the Bond Trustee.

(c) The Bond Trustee will have no obligation to rebate any amounts required to be rebated pursuant to the Bond Indenture, other than from moneys held in the funds and accounts created under the Bond Indenture or from other moneys provided to it by the Borrower.

(d) At the written direction of the Borrower, which direction will comply with the requirements of the Tax Certificate, the Bond Trustee will invest all amounts held in the Rebate Fund in Eligible Securities. Moneys will not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Bond Trustee will not be liable for any consequences arising from such investment.

(e) Upon receipt of the Borrower's written directions, the Bond Trustee will 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 Bond 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, 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 5 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 Bond Trustee, will be withdrawn and remitted to the Borrower.

(f) Notwithstanding any other provision of the Bond Indenture, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements the Bond Indenture and the Tax Certificate will survive the defeasance or payment in full of the Bonds.

Establishment and Application of Project Fund.

The Bond Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund." The moneys in the Project Fund shall be disbursed pursuant to Requisitions of the Borrower, which shall be substantially in the form of Exhibit B to the Bond Indenture. Each such Requisition of the Borrower shall be sufficient evidence to the Bond Trustee of the facts stated therein and the Bond Trustee shall have no duty to confirm the accuracy of such facts. No moneys in the Project Fund shall be used to pay Costs of Issuance. From time to time, the Borrower may transfer, or cause to be transferred, funds for deposit in the Project Fund prior to the completion of the Series 2026CD Project.

Upon completion of the Series 2026CD Project, the Borrower will deliver a Completion Certificate to the Bond Trustee and make the final requisition of funds from the Project Fund. Any amounts thereafter remaining in such Project Fund will be transferred by the Bond Trustee, at the direction of the Borrower (i) to the Redemption Fund for the redemption of Bonds pursuant to the Bond Indenture, or, (ii) upon delivery to the Bond Trustee of (A) the Completion Certificate, (B) a written request of the Borrower and (C) delivery of an Opinion of Bond Counsel substantially to the effect that such transfer would not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, (1) to the Interest Account for payment of interest on the Bonds, or (2) to the Borrower. Upon such transfer, the Project Fund will be closed.

Establishment and Application of Costs of Issuance Fund; Insurance and Condemnation Proceeds Fund.

The Bond Trustee will establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." Moneys deposited in said fund will be used and withdrawn by the Bond Trustee to pay the Costs of Issuance of the Bonds upon Requisition of the 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 180th day following the initial issuance of the Bonds, or upon the earlier Request of the Borrower, amounts, if any, remaining in the Costs of Issuance Fund will be transferred to the Project Fund. As and when needed, the Master Trustee will establish, maintain and hold in trust a separate fund designated as the "Insurance and Condemnation Proceeds Fund," and administer said fund as set forth in the Master Indenture.

Establishment and Application of the Repair and Replacement Fund.

The Bond Trustee will establish, maintain and hold in trust a separate fund designated as the "Repair and Replacement Fund," which will be used solely for the purposes set forth in the Bond Indenture. The Bond Trustee will withdraw funds from the Repair and Replacement Fund to pay for capital items not budgeted as ordinary maintenance and repair costs related to the Series 2026CD Facility. Moneys in the Repair and Replacement Fund will be disbursed upon receipt of a Requisition of the Borrower for payment, and the Bond Trustee will issue its checks for each such disbursement upon receipt of such a requisition. Amounts on deposit in the Repair and Replacement Fund will be valued by the Bond Trustee at their fair market value each January 1 and July 1, beginning January 1, 2027, and the Bond Trustee will notify the Borrower of the results of such valuation in the form of its regular periodic statement. If the amount on deposit in the Repair and Replacement Fund on the first (1st) Business Day following such valuation is less than one hundred percent (100%) of the Repair and Replacement Fund Requirement, the Borrower has agreed in the Loan Agreement to make the deposits in the Repair and Replacement Fund required by the Bond Indenture. If the amount on deposit in the Repair and Replacement Fund on the first (1st) Business Day following such valuation is greater than the Repair and Replacement Fund Requirement, then any additional excess will be withdrawn from the Repair and Replacement Fund and transferred to the Revenue Fund. When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Revenue Fund, the balance of the Redemption Fund and the balance of the Repair and Replacement Fund, and (ii) all other amounts owed under the Loan Agreement and the Bond Indenture will have been paid, moneys held in the Repair and Replacement Fund may be deposited into the Revenue Fund and credited against payments of Loan Repayments required under the Loan Agreement.

Establishment and Application of Administration Fund.

The Bond Trustee will establish, maintain and hold in trust a separate fund designated as the "Administration Fund." The Bond Trustee will deposit in the Administration Fund such amounts required to be deposited in the Administration Fund under the Bond Indenture or under the Loan Agreement. The Bond Trustee will disburse amounts in the Administration Fund necessary for payment of Administrative Fees and Expenses when due.

Investment of Moneys in Funds and Accounts.

All moneys in any of the funds and accounts or subaccounts thereof established pursuant to the Bond Indenture, other than the Grant-Reserve Subaccount of the Reserve Account, will be invested by the Bond 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 Bond Trustee, the Bond Trustee will invest to the extent practicable in investments described in clause (7) of the definition of the term "Eligible Securities;" provided, however, that any such investment will be made by the Bond Trustee only if, prior to the date on which such investment is to be made, the Bond Trustee will 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 Bond Trustee will hold such moneys uninvested.

All moneys in the Grant-Funded Reserve Subaccount of the Reserve Account will be invested by the Bond Trustee solely in such Grant-Funded Reserve 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 Bond Trustee, the Bond Trustee will invest to the extent practicable in investments described in clause five (5) of the definition of the term "Grant-Funded Reserve Eligible Securities;" provided, however, that any such investment will be made by the Bond Trustee only if, prior to the date on which such investment is to be made, the Bond Trustee has received a Request of the Borrower specifying a specific money market fund and, if no such Request of the Borrower is so received, the Bond Trustee will hold such moneys uninvested.

All interest, profits and other income received from the investment of moneys in the other funds and accounts in the Bond Indenture will be deposited in the Revenue Fund; provided, however, all interest, profits and other income received from the investment of moneys in the Bond Reserve Subaccount and the Repair and Replacement Fund will remain in such account or fund and be transferred to the Revenue Fund only in accordance with the Bond Indenture.

Investments in any and all funds and accounts established pursuant to the Bond Indenture may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Bond Indenture for transfer to or holding in a particular fund amounts received or held by the Bond Trustee under the Bond Indenture, provided that the Bond Trustee will 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 Bond Indenture. The Bond Trustee may act as principal or agent in the making or disposing of any investment. To the extent Eligible Securities are registrable, such investments will be registered in the name of the Bond Trustee. The Bond Trustee may sell or present for redemption, any securities so purchased whenever it will 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 Bond Trustee will not be liable or responsible for any loss resulting from any such investment. The Bond Trustee will have no investment discretion. The Bond Trustee is pursuant to the Bond Indenture authorized, in making or disposing of any investment permitted pursuant to the Bond 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 Bond 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 and the Authority acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Borrower or the Authority, as applicable, the right to receive brokerage confirmations of security transactions as they occur, the Borrower and the Authority specifically waive receipt of such confirmations to the extent permitted by law. The Bond Trustee will furnish the Borrower periodic cash transaction statements which include detail for all investment transactions made by the Bond Trustee under the Bond Indenture.

Amounts Remaining in Funds and Accounts.

Any amounts remaining in the Revenue Fund or any other fund or account established under the Bond Indenture after payments in full of the Bonds (or after provision for payment thereof as provided in the Bond Indenture) and payment of the fees, charges and expenses of the Bond Trustee and the Authority, will belong and be paid to the Borrower by the Bond Trustee.

Covenants

Punctual Payment.

The Authority will punctually pay, but only out of Payments and pledged funds as in the Bond Indenture provided, the principal and interest to become due in respect of every Bond issued under the Bond Indenture at the times and places and in the manner provided in the Bond Indenture and in the Bonds, according to the true intent and meaning thereof.

Extension of Payment of Bonds.

The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement except with the written consent of the Bondholders and, if the maturity of any of the Bonds or the time of payment of any such claims for interest will be extended without the written consent of the Bondholders, such Bonds or claims for interest will not be entitled, in case of any default under the Bond Indenture, to the benefits of the Bond Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which will not have been so extended. Nothing in the Bond Indenture will be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of Bonds.

Encumbrance Upon Payments.

The Authority will 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 Bond Indenture while any of the Bonds are Outstanding, except the pledge and assignment created pursuant to the Bond 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 Bonds and Make Pledge and Assignment.

The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Bond Indenture and to pledge and assign the Payments and other assets purported to be pledged and assigned, respectively, under the Bond Indenture in the manner and to the extent provided in the Bond Indenture. The Bonds and the provisions of the Bond Indenture are and will be the valid and binding limited obligations of the Authority, and the Authority and Bond Trustee shall at all times, to the extent permitted by law and subject to the provisions of the Bond Indenture, defend, preserve and protect said pledge and assignment of Payments and other assets and all the rights of the Bondholders under the Bond Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements.

The Bond Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Bond 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 Bonds, the Payments, the Loan Agreement and all funds and accounts established pursuant to the Bond Indenture. Such books of record and account shall be available for inspection by the Authority, the Borrower and any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours, upon reasonable prior notice and under reasonable circumstances.

Other Covenants; Amendment of the Loan Agreement.

Subject to the provisions of the Bond Indenture, the Bond Trustee will promptly collect all amounts due pursuant to the Loan Agreement and subject to its rights and protections thereunder, diligently 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 Bond Indenture.

The Authority will 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 Bond Trustee. The Bond Trustee will 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 Bonds; provided that, if an Event of Default described in the Bond Indenture has occurred and is continuing, the Bond Trustee rather than the Borrower will make a determination that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (provided that, in making such determination, the Bond 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 Bonds then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination will 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 Bonds then Outstanding.

The Bond Trustee will promptly collect all amounts due from the Borrower pursuant to the Loan Agreement and Obligation No. 2, will perform all duties imposed upon it pursuant to the Loan Agreement will diligently 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 and Obligation No. 2.

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 will have no liability to the Holders of the Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12. The Bond Trustee pursuant to the Bond Indenture covenants and agrees that, subject to the provisions of the Bond Indenture, 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 Bond Indenture, failure of the Borrower or the Bond Trustee to comply with the Continuing Disclosure Agreement will not be considered an Event of Default; however, the Bond 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 Bonds, will (but only to the extent the Bond 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 Bond Trustee) or any Bondholder 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 obligations under the Loan Agreement or, as to any Bondholder or Beneficial Owner, to cause the Bond Trustee to comply with its obligations under the Bond Indenture. For purposes of the Bond Indenture, "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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (2) is treated as the owner of any Bonds for federal income tax purposes.

Tax Covenants.

The Authority covenants that it will not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Tax-Exempt Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate, which is incorporated in the Bond Indenture as if fully set forth in the Bond Indenture. The covenant will survive the payment in full or the defeasance of the Tax-Exempt Bonds.

In the event that at any time the Authority is of the opinion that for purposes of the Bond Indenture it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Bond Trustee under the Bond Indenture, and provided that such action will not conflict with the requirements of the Tax Certificate, the Authority will so instruct the Bond Trustee in a Request of the Authority (which may be accompanied by a supporting Opinion of Bond Counsel), and the Bond Trustee will take such action as may be directed in accordance with such instructions.

Notwithstanding any provisions of the Bond Indenture, if the Authority will provide to the Bond Trustee an Opinion of Bond Counsel to the effect that any specified action required under the Bond Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Tax-Exempt Bonds, the Bond Trustee may conclusively rely on such opinion in complying with the requirements of the Bond Indenture and the Tax Certificate, and the covenants under the Bond Indenture will be deemed to be modified to that extent.

Intercept Covenants.

The Bond Trustee will, on each Interest Payment Date, each Principal Payment Date, or on any date which a transfer from the Controller to the Bond Trustee is scheduled pursuant to any Intercept Notice, notify the Authority and the Borrower of any shortfall in amounts received by the Bond Trustee from the Controller compared to the amounts set forth in any Intercept Notice for such date. If, subsequent to any shortfall for which the Bond Trustee has sent notice pursuant to the preceding sentence, the Bond Trustee will receive payment of amounts sufficient to cure such shortfall, the Bond Trustee will, within 10 Business Days thereof, notify the Authority and the Borrower of the receipt of such payment. The Bond Trustee will not be required to take any action in connection with the foregoing except as specifically set forth above.

Events of Default; Remedies on Default Under the Bond Indenture

Events of Default; Waiver of Default.

If one or more of the following events ("Events of Default") happens, that is to say–

(a) if default is made by the Authority in the due and punctual payment of the principal of any Bond as the same becomes due and payable (whether at maturity, by declaration or otherwise);

(b) if default is made by the Authority in the due and punctual payment of interest on any Bond when and as such interest will become due and payable;

(c) if any occurrence and continuance of an "Event of Default" under the Loan Agreement; or

(d) if default is made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in the Bond Indenture or in the Bonds contained, and such default will have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the Authority by the Bond Trustee, or to the Authority, the Borrower and the Bond Trustee by the Holders of not less than a majority in aggregate principal

amount of the Bonds at the time Outstanding, except that, in each case, if such failure can be remedied but not within such 60-day period, such failure will not become an Event of Default for so long as the Authority will diligently proceed to remedy the same In accordance and subject to any directions or limitations of time established by the Master Trustee;

then and in each and every such case during the continuance of such Event of Default, the provisions of the Bond Indenture will apply.

Institution of Legal Proceedings by Bond Trustee.

(a) If one or more of the Events of Default will occur, the Bond Trustee in its discretion may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Bond Trustee will proceed to protect or enforce its rights or the rights of the holders of Bonds under the Bond Indenture, the Loan Agreement, the Lease and Obligation No. 2, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Bond Indenture or therein, or in aid of the execution of any power in the Bond Indenture or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bond Trustee will determine in support of any of its rights or duties under the Bond Indenture, provided that any such request from the Bondholders will not be in conflict with any rule of law or with the Bond Indenture, expose the Bond Trustee to personal liability or be unduly prejudicial to Bondholders not joining therein.

(b) Notwithstanding anything to the contrary in the Bond Indenture, the Authority will have no obligation to, and instead the Bond 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 the Retained Rights) under the Bond 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.

(c) Nothing will be deemed to authorize the Bond Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Bondholder thereof, or to authorize the Bond Trustee to vote in respect of the claim of any Bondholder in any such proceeding without the approval of the Bondholders so affected.

(d) Anything in the Bond Indenture or Loan Agreement to the contrary notwithstanding, the Bond Trustee will not be required to enter, take possession of, or take any other action whatsoever with respect to the failure to initiate foreclosure proceedings with respect to the Series 2026CD Project unless the Bond Trustee is satisfied that the Bond Trustee will not be subject to any liability under any Environmental Regulations of any kind whatsoever or from any circumstances present at the Series 2026CD Project relating to the presence, use, management, disposal or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

Application of Moneys Collected by Bond Trustee.

Any moneys collected by the Bond Trustee pursuant to the preceding paragraph and any other amounts then held by the Bond Trustee under the Bond Indenture, will be applied in the following order, at the date or dates fixed by the Bond Trustee and, in the case of distribution of such moneys on account of principal upon presentation of the Bonds, 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 Bond 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 Bond yield plus 2 percent, made pursuant to the provisions of the Bond Indenture.

Second: In case the principal of any of the Bonds will 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 Bonds 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 provision of the Bond Indenture, such moneys will be applied at such times, and from time to time, as the Bond Trustee will 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 Bond Trustee will apply such funds, it will fix the date (which will be the Interest Payment Date unless the Bond Trustee will 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 will cease to accrue.

Whenever all principal of and interest on all Bonds have been paid under the provisions of the Bond Indenture and all fees, expenses and charges of the Bond Trustee (including without limitation those of its attorneys) have been paid, any balance remaining in the funds and accounts under the Bond Indenture will be paid to the Borrower.

Effect of Delay or Omission to Pursue Remedy.

No delay or omission of the Bond Trustee or of any Holder of Bonds to exercise any right or power arising from any default will impair any such right or power or will be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given pursuant to the Bond Indenture to the Bond Trustee or to the Holders of Bonds may be exercised from time to time, and as often as will be deemed expedient. In case the Bond Trustee will have proceeded to enforce any right under the Bond Indenture, and such proceedings will have been discontinued or abandoned because of waiver or for any other reason, or will have been determined adversely to the Bond Trustee, then and in every such case the Authority and the Bond Trustee, and the Holders of the Bonds, severally and respectively, will be restored to their former positions and rights under the Bond Indenture in respect to the trust estate; and all remedies, rights and powers of the Authority, the Bond Trustee and the Holders of the Bonds will continue as though no such proceedings had been taken.

Remedies Cumulative.

No remedy in the Bond Indenture conferred upon or reserved to the Bond Trustee or to any Holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Bond Indenture or now or after the Bond Indenture existing at law or in equity.

Covenant to Pay Bonds 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 Bond Trustee, upon demand, for the benefit of the Holders of the Bonds, 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 Bond Indenture or secured pursuant to the Bond Indenture, including reasonable compensation to the Bond Trustee and its agents and counsel and any expenses or liabilities incurred by the Bond Trustee under the Bond Indenture and, its agents and counsel. In case the Authority will fail to pay the same forthwith upon such demand, the Bond Trustee, in its own name and as trustee of an express trust, will 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 and expenses, subject, however, to the condition that such judgment, if any, will be limited to, and payable solely out of, Payments as in the Bond Indenture provided and not otherwise. The Bond Trustee will be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the Bond Indenture, and the right of the Bond Trustee to recover such judgment will not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Bond Indenture.

Bond Trustee Appointed Agent for Bondholders.

The Bond Trustee is pursuant to the Bond Indenture appointed the agent and attorney-in-fact of the Holders of all Bonds Outstanding under the Bond Indenture for the purpose of filing any claims relating to the Bonds.

Power of Bond Trustee to Control Proceedings.

Subject to the Bond Indenture, in the event that the Bond Trustee, upon the happening of an Event of Default, will have taken some action, by judicial proceedings or otherwise, pursuant to its duties under the Bond Indenture, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Bond Trustee will not, unless there no longer continues an Event of Default under the Bond 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 Bonds Outstanding under the Bond Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Bondholders' Right to Sue.

Notwithstanding any other provision of the Bond Indenture, no Holder of any Bond issued under the Bond Indenture will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Bond Indenture, the Loan Agreement or Obligation No. 2, unless (a) such Holder will have previously given to the Bond Trustee written notice of the occurrence of an Event of Default under the Bond Indenture; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding will have made written request upon the Bond Trustee to exercise the powers granted in the Bond Indenture or to institute such action, suit or proceeding in its own name; (c) said Holders will have tendered to the Bond Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Bond Trustee will have refused or omitted to comply with such request for a period of 60 days after such written request will have been received by, and said tender of indemnity will have been made to, the Bond Trustee.

Such notification, request, tender of indemnity and refusal or omission are pursuant to the Bond Indenture declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Bond Indenture; it being understood and intended that no one or more Holders of Bonds will have any right in any manner whatever by his or their action to enforce any right under the Bond Indenture, except in the manner provided in the Bond Indenture, and that all proceedings at law or in equity to enforce any provision of the Bond Indenture will be instituted, had and maintained in the manner provided in the Bond Indenture and for the equal benefit of all Holders of the Outstanding Bonds.

The right of any Holder of any Bond to receive payment of the principal of and interest on such Bond out of Payments and the funds pledged in the Bond Indenture, as in the Bond Indenture provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment

on or after such respective dates, will not be impaired or affected without the consent of such Holder, notwithstanding the foregoing provisions the Bond Indenture.

The Bond Trustee

Duties, Immunities and Liabilities of Bond Trustee.

The Authority appoints U.S. Bank Trust Company, National Association as Bond Trustee. The Bond Trustee shall perform such duties and only such duties as are specifically and expressly set forth in the Bond Indenture, and no implied covenants or obligations shall be read into the Bond Indenture against the Bond Trustee. The Bond Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Bond Indenture, and, except to the extent required by law, no implied covenants or obligations shall be read into the Bond Indenture against the Bond Trustee. The Bond Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Bond 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 such person's own affairs. So long as the Bond Trustee is acting in good faith and in accordance with the Bond Indenture, in no event shall the Bond Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Bond Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Authority may remove the Bond Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Bond 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 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Bond Trustee shall cease to be eligible in accordance with paragraph (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Bond Trustee or its property shall be appointed, or any public officer shall take control or charge of the Bond 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 Bond Trustee, and thereupon shall appoint, with the written consent of the Borrower, a successor Trustee by an instrument in writing.

The Bond Trustee may at any time resign and be discharged from its duties and obligations under the Bond Indenture by giving written notice of such resignation to the Authority and the Borrower, and by giving the Bondholders notice of such resignation by posting an electronic notice of such resignation through the Depository. Upon receiving such notice of resignation, the Authority shall promptly 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), a successor Bond Trustee by an instrument in writing.

The Bond Trustee shall not be relieved of its duties under the Bond Indenture until its successor Bond Trustee has accepted its appointment and assumed the duties of Bond Trustee under the Bond Indenture. Any removal or resignation of the Bond Trustee and appointment of a successor Bond Trustee shall become effective upon acceptance of appointment by the successor Bond Trustee. If no successor Bond Trustee shall have been appointed and have accepted appointment within 30 days of giving notice of removal or notice of resignation as aforesaid, the resigning Bond Trustee (at the sole cost and expense of the Borrower, including with respect to reasonable attorneys' fees and expenses), or any Bondholder (on behalf of himself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee and for other appropriate relief, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Bond Trustee, and any such resulting appointment or relief shall be binding upon all of the parties in interest hereto. Any successor Bond Trustee appointed under the Bond Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its

predecessor Bond Trustee a written acceptance thereof, and thereupon such successor Bond 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 Bond Trustee, with like effect as if originally named Bond Trustee herein; but, nevertheless at the request of the successor Trustee, such predecessor Bond 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 confirming to such successor Bond Trustee all the right, title and interest of such predecessor Bond Trustee in and to any property held by it under the Bond Indenture and shall pay over, transfer, assign and deliver to the successor Bond Trustee any money or other property subject to the trusts and conditions therein set forth. Upon request of the successor Bond 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 Bond Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Bond Trustee as provided in this clause, such successor Bond Trustee shall mail a notice of the succession of such Bond Trustee to the trusts under the Bond Indenture to the Bondholders at the addresses shown on the registration books maintained by the Bond Trustee.

Any successor Bond Trustee shall be a trust company or bank having the powers of a trust company having (or, in the case of a trust company or bank included in a bank holding company system, with a bank holding company having) a combined capital and surplus of at least $50,000,000.00 and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Bond Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Bond Trustee shall resign immediately in the manner and with the effect specified above.

Merger or Consolidation.

Any company into which the Bond 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 Bond Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible as set forth in the paragraph above, shall be the successor to such Bond Trustee without the execution or filing of any paper or any further act, anything in the Bond Indenture to the contrary notwithstanding.

Liability of Bond Trustee.

The recitals of facts in the Bond Indenture and in the Bonds contained shall be taken as statements of the Authority, and the Bond Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the legality, validity or sufficiency of the Bond Indenture, the Loan Agreement, or any other document related thereto, or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it except for any recital or representation specifically relating to the Bond Trustee or its powers. The Bond Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Bond Trustee shall not be liable in connection with the performance of its duties under the Bond Indenture, except for its own negligence or willful misconduct; provided, that this shall not be construed to limit the effect of the Borrower's obligations set forth below. The Bond Trustee may become the owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

The Bond Trustee shall not be liable for any action taken, or error of judgment made, in good faith by it or any of its officers, employees or agents, unless it shall be proved that the Bond Trustee was negligent. The Bond Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under the Bond Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics or pandemics; quarantine restrictions; riots; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

The Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Holders of not less than a majority in aggregate principal amount (or such lesser principal amount as is provided hereby) of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee under the Bond Indenture.

The Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Bond Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of the Bond Indenture unless such Bondholders shall have offered to the Bond Trustee security or indemnity acceptable to it in the Bond Trustee's sole and absolute discretion against the costs, expenses and liabilities which may be incurred therein or thereby.

The Bond Trustee shall not be liable for any action taken by it and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Bond Indenture except for its own negligence or willful misconduct.

Pursuant to Article III and Article VI of the Loan Agreement, as applicable, the Borrower is obligated:

(i) to pay the Bond Trustee from time to time compensation for all services rendered by it under the Bond Indenture in accordance with the agreement between the Borrower and the Bond Trustee;

(ii) except as otherwise expressly provided in the Bond Indenture, to reimburse the Bond Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bond Trustee in accordance with any provision of the Bond Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Bond Trustee's negligence or willful misconduct; and

(iii) to indemnify the Bond Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on the Bond Trustee's part, arising out of or in connection with the acceptance or administration of this trust or the performance of its duties under the Bond Indenture, including the reasonable costs and expenses of defending itself against or investigating any claim or liability in connection with the exercise or performance of any of its powers or duties under the Bond Indenture, under the Loan Agreement or any other document related thereto.

No provision of the Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Bond Indenture, or in the exercise of any of its rights or powers.

Whether or not therein expressly so provided, every provision of the Bond Indenture, the Loan Agreement, or other documents relating to the issuance of the Bonds, relating to the conduct, or affecting the liability of or affording protection to the Bond Trustee shall be subject to the provisions of this Section.

Subject to the other provisions of this Section and the provisions under the headings "Duties, Immunities and Liabilities of Bond Trustee" above or "Right of Bond Trustee to Rely on Documents" below, the Bond Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Bond Trustee, in its discretion and at its expense, may make such further investigation or inquiry into such facts of matters as it may deem fit, and, if the Bond Trustee shall determine to make such further inquiry or investigation, the Authority shall assure that the Bond Trustee shall be entitled to examine the books, records and premises of the Borrower, the Landlord and the Lessee, personally or by agent or attorney.

The Bond Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds. Neither the Bond Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Authority, the Borrower, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by any such party. The Bond Trustee may assume performance by all such Persons of their respective obligations. The Bond Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

The Bond Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Bond Indenture, except an Event of Default in Section 7.01(a) and 7.01(b) thereunder, under the Loan Agreement, or any other document related to the Bonds unless a responsible officer in the Principal Corporate Trust Office of the Bond Trustee has actual notice thereof or the Bond Trustee shall be specifically notified in writing of such Event of Default by the Authority or the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding. All notices or other instruments required by the Bond Indenture to be delivered to the Bond Trustee, must, in order to be effective, be delivered at the address of the Bond Trustee provided for in the Bond Indenture, and, in the absence of such notice so delivered, the Bond Trustee may conclusively assume that there is no Event of Default except as aforesaid.

Right of Bond Trustee to Rely on Documents.

The Bond Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, judgement, decree, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Before the Bond Trustee acts or refrains from acting, it 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 Bond Indenture and in accordance therewith.

With the exception of persons in whose names Bonds are registered on the books maintained by the Bond Trustee for such purpose, the Bond Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond 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 Bond Indenture the Bond Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be therein 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 Bond Trustee for any action taken or suffered under the provisions of the Bond Indenture in reliance upon such Certificate, but in its discretion the Bond Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

The Bond Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, under this Indenture sent by Electronic Means (as hereinafter defined); provided,

however, that the Bond Trustee shall have received an incumbency certificate listing designated persons authorized to provide such instructions ("Authorized Officers"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Bond Trustee), or another method or system specified by the Bond Trustee as available for use in connection with its services hereunder. If the parties elects to give the Bond Trustee instructions by Electronic Means and the Bond Trustee in its discretion elects to act upon such instructions, the Bond Trustee's understanding of such instructions shall be deemed controlling. The parties agrees that the Bond Trustee cannot determine the identity of the actual sender of such instructions and that the Bond Trustee shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bond Trustee have been sent by such Authorized Officer. The parties shall be responsible for ensuring that only Authorized Officers transmit such instructions to the Bond Trustee, and the parties and the Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Bond Trustee, if any. The Bond Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. The parties agree (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Bond Trustee and that there may be more secure methods of transmitting instructions than the use of Electronic Means; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Bond Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

All notices, approvals, consents, requests and any communications to the Bond Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Bond Trustee). Electronic signatures believed by the Bond Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the parties chooses to use electronic signatures to sign documents delivered to the Bond Trustee, such parties agree to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Bond Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Bond Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Bond Trustee in lieu of, or in addition to, any document signed via electronic signature.

Preservation and Inspection of Documents.

All documents received by the Bond Trustee under the provisions of the Bond Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Borrower, and any Bondholder, and their agents and representatives duly authorized in writing (if such person provides to the Bond Trustee 30 days' prior written notice and such notice specifies a date upon which such inspection shall occur), during normal business hours and under reasonable conditions.

Performance of Duties.

The Bond Trustee may execute any of the trusts or powers of the Bond Indenture and perform the duties required of it thereunder either directly or by or through attorneys or agents and shall be entitled to rely

on and shall not be liable for any action taken or omitted to be taken by the Bond Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Bond Trustee concerning all matters of trust and its duties thereunder and shall be absolutely protected in relying thereon. The Bond Trustee shall not be responsible for the acts or omissions of such attorneys or agents selected by it with due care.

Modification of Bond Indenture

Modification Without Consent of Bondholders.

Subject to the conditions and restrictions contained in the Bond Indenture, the Authority and the Bond Trustee, from time to time and at any time may enter into an indenture or indentures supplemental to the Bond Indenture, which indenture or indentures thereafter will form a part of the Bond Indenture, including, without limitation, for one or more of the following purposes, provided that the Authority and the Bond Trustee will have received an Opinion of Bond Counsel to the effect that such amendment or modification will not cause the interest on the Tax-Exempt Bonds to be included as gross income for federal income tax purposes and that such amendment or modification is permitted pursuant to the Bond Indenture:

(a) to add to the covenants and agreements of the Authority contained in the Bond Indenture, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for the Bonds, or to surrender any right or power in the Bond Indenture 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 Bonds;

(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 Bond Indenture, or in regard to such matters or questions arising under the Bond Indenture as the Authority may deem necessary or desirable and not inconsistent with the Bond Indenture; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds;

(c) to modify, amend or supplement the Bond Indenture or any indenture supplemental to the Bond Indenture in such manner as to permit the qualification of the Bond Indenture or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute after the Bond Indenture in effect, and, if they so determine, to add to the Bond Indenture or any indenture supplemental to the Bond Indenture 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 affect the interests of the Holders of the Bonds;

(d) in connection with an amendment of any agreement permitted pursuant to the Bond Indenture for the purpose of conforming the terms, conditions and covenants of the Bond Indenture to the corresponding or related provisions of such amended agreement;

(e) to modify or eliminate the book-entry registration system for the Bonds; or

(f) to comply with requirements of a Rating Agency to obtain or maintain a rating on any Bonds.

Any supplemental indenture authorized by the provisions of the Bond Indenture may be executed by the Authority and the Bond Trustee without the consent of the Holders of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of the Bond Indenture, but the Bond Trustee will not be obligated to enter into any such supplemental indenture which affects the Bond Trustee's own rights, duties or immunities under the Bond Indenture or otherwise.

The Bond Trustee will mail an executed copy of a supplemental indenture authorized pursuant to the Bond Indenture and any document related thereto or executed in connection therewith to the Borrower and each Rating Agency then rating the Bonds promptly after execution by the Authority and the Bond Trustee.

Modification with Consent of Bondholders.

With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding), the Authority and the Bond Trustee may from time to time and at any time, with an Opinion of Bond Counsel to the effect that such amendment or modification will not, in and of itself, cause the interest on the Tax-Exempt Bonds to be included as gross income for federal income tax purposes, enter into an indenture or indentures supplemental to the Bond Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture will (1) extend the fixed maturity of any Bonds 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 Bonds 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 Bond Indenture prior to or on a parity with the lien of the Bond Indenture or deprive the Holders of the Bonds of the lien created pursuant to the Bond Indenture upon the Payments or the assets pledged in the Bond Indenture, without the consent of the Holders of all of the Bonds then Outstanding. Upon the filing with the Bond Trustee of evidence of the consent of Bondholders, as aforesaid, the Bond Trustee will join with the Authority in the execution of such supplemental indenture unless such supplemental indenture affects the Bond Trustee's own rights, duties or immunities under the Bond Indenture or otherwise, in which case the Bond Trustee may in its discretion, but will not be obligated to, enter into such supplemental indenture.

It will not be necessary for the consent of the Bondholders under the Bond Indenture to approve the particular form of any proposed supplemental indenture, but it will be sufficient if such consent will approve the substance thereof.

Promptly after the execution by the Authority and the Bond Trustee of any supplemental indenture pursuant to the provisions of the Bond Indenture, will mail such a notice to the Borrower and the Bondholders at the addresses shown on the Bond registration books maintained by the Bond Trustee, at the expense of the Borrower. Any failure of the Bond Trustee to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such supplemental indenture.

The Bond Trustee will mail an executed copy of such supplemental indenture and any amendment of the Loan Agreement permitted under the Bond Indenture to the Borrower, each Rating Agency then rating the Bonds promptly after execution by the Authority, the Bond Trustee, and in the case of the Loan Agreement, the Borrower.

Effect of Supplemental Indenture.

Upon the execution of any supplemental indenture pursuant to the provisions of the Bond Indenture will be, and will be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Bond Indenture of the Authority, the Bond Trustee and all Holders of Outstanding Bonds will thereafter be determined, exercised and enforced under the Bond Indenture subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture will be part of the terms and conditions of the Bond Indenture for any and all purposes.

Opinion of Counsel as to Supplemental Indenture.

Subject to the provisions of the Bond Indenture and the requirement of the Bond Indenture for an Opinion of Bond Counsel, the Bond Trustee and the Authority may receive an Opinion of Counsel as

conclusive evidence that any supplemental indenture executed pursuant to the provisions of the Bond Indenture complies with the requirements of the Bond Indenture and will have no liability to Holders in excluding any Supplemental Indenture in reliance on an Opinion of Bond Counsel.

Notation of Modification on Bonds; Preparation of New Bonds.

Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of the Bond 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 will so provide, new Bonds, so modified as to conform, in the opinion of the Authority, to any modification of the Bond Indenture contained in any such supplemental indenture, may be prepared by the Authority, authenticated by the Bond Trustee and delivered without cost to the Holders of the Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts.

Miscellaneous

Liability of Authority Limited to Payments.

Principal of and interest on the Bonds is payable solely from Payments. Neither the State nor the Authority will be obligated to pay the Bonds or the interest thereon except from certain Payments set forth in the Bond Indenture, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof will be pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds will not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority will not be treated or deemed as having incurred any liability under the Bond Indenture or by reason of or in connection with the Bond Indenture, the Loan Agreement or any of the transactions contemplated by any thereof except to the extent payable from certain Payments set forth in the Bond Indenture or other amounts available therefor under and pursuant to the Bond Indenture. Nevertheless, the Authority may, but will not be required to, advance for any of the purposes of the Bond Indenture any funds of the Authority which may be made available to it for such purposes.

Limitation of Rights to Parties, Borrower and Bondholders.

Nothing in the Bond Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Bond Trustee, the Borrower and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of the Bond Indenture or any covenant, condition or provision therein contained; and all such covenants, conditions and provisions are and will be held to be for the sole and exclusive benefit of the Authority, the Bond Trustee, the Borrower and the Holders of the Bonds.

Evidence of Rights of Bondholders.

Any request, consent or other instrument required or permitted by the Bond Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders 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 Bonds transferable by delivery, will be sufficient for any purpose of the Bond Indenture and will be conclusive in favor of the Bond Trustee and of the Authority if made in the manner provided herein.

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 Bonds will be proved by the bond registration books held by the Bond Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond will bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bond Trustee or the Authority in accordance therewith or reliance thereon.

Disqualified Bonds.

In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Bond Indenture, Bonds 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 will be disregarded and deemed not to be Outstanding for the purpose of any such determination. In determining whether the Bond Trustee will be protected in relying upon any such approval or consent of an Holder, only Bonds which a Responsible Officer of the Bond Trustee actually knows to be 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 will be disregarded unless all Bonds are so owned, in which case such Bonds shall be considered outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this paragraph if the pledgee will establish to the satisfaction of the Bond Trustee the pledgee's right to vote such Bonds 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 Bond Trustee taken upon the advice of counsel will be full protection to the Bond Trustee. Upon request of the Bond Trustee, the Authority and the Borrower will specify in a certificate to the Bond Trustee those Bonds disqualified pursuant to this paragraph and the Bond Trustee may conclusively rely on such certificate.

Money Held for Particular Bonds.

The money held by the Bond Trustee for the payment of the interest, principal due on any date with respect to particular Bonds will, 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 Bonds entitled thereto.

Funds and Accounts.

Any fund required by the Bond Indenture to be established and maintained by the Bond Trustee may be established and maintained in the accounting records of the Bond 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 will 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 Bond Indenture (and the Tax Certificate) and for the protection of the security of the Bonds and the rights of every Holder thereof. In addition to the funds and accounts hereby established, and subject to the foregoing, the Bond Trustee may establish such additional accounts or subaccounts, including of a temporary nature, as may be necessary or convenient for the administration of the Bond Indenture.

Waiver of Personal Liability.

No member, officer, agent or employee of the Authority will be individually or personally liable for the payment of the principal (or redemption price) of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained will relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the Bond Indenture.

LOAN AGREEMENT

General

The Loan Agreement is an agreement between the Authority and the Borrower whereby the Authority agrees to lend the proceeds of the Bonds to the Borrower and the Borrower agrees to make payments to the Bond Trustee sufficient to pay debt service on the Bonds.

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete or definitive and reference is made to the Loan Agreement for the complete terms thereof.

Findings, Representations, Covenants and Warranties

Findings by the Authority.

The Authority finds and determines, based upon the representations, warranties and agreements of the Borrower and such other information as the Authority deems necessary, that (i) the Borrower using proceeds of the Bonds is a "participating party" as such term is defined in the Act; (ii) the Loan to be made under the Loan Agreement with proceeds of the Bonds will promote the purposes of the Act by providing funds to pay the costs of a "project" as defined in the Act; (iii) said Loan is in the public interest, serves a public purpose and meets the requirements of the Act; and (iv) the amount of the Loan (corresponding to the portion of the proceeds of the Bonds allocated under the Bond Indenture to the funding of the Series 2026CD Project) does not exceed the costs of the Series 2026CD Project as determined by the Borrower.

Representations and Warranties of the Borrower.

The Borrower represents and warrants to the Authority that, as of the date of the execution of the Loan Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The Borrower is a duly organized limited liability company 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 limited liability company action has duly authorized the execution, delivery and performance of the Borrower Documents.

(b) The sole member of the Borrower (the "Sole Member") is Citrus Springs Charter School, Inc. a California nonprofit public benefit corporation.

(c) The manager or officers of the Borrower or of the Sole Member, as the case may be executing the Borrower Documents are duly and properly in office and fully authorized to execute the same.

(d) The Borrower Documents have been duly authorized, executed and delivered by the Borrower.

(e) The Borrower Documents, when assigned to the Bond Trustee pursuant to the Bond Indenture, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Bond Trustee in accordance with their terms for the benefit of the Holders of the Bonds, and any rights of the Authority and obligations of the Borrower not so assigned to the Bond 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, or the exercise of judicial discretion in appropriate cases.

(f) 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.

(g) 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 therein contemplated, or the fulfillment of or compliance with the terms and conditions thereof, except as have been obtained or made and as are in full force and effect.

(h) 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, and 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) 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. The Borrower enjoys the peaceful and undisturbed possession of the Series 2026CD Facility, subject to the Series 2026CD Lease.

(i) No written information, exhibit or report furnished to the Authority by the Borrower in connection with the negotiation of the Borrower Documents contains any untrue statement of a material fact or

omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) The Sole Member 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.

(k) The Loan will be used by the Borrower solely to satisfy one or more of the Sole Member's 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.

(l) All financial statements and information heretofore delivered to the Authority by the Borrower, including without limitation, information relating to the financial condition of the Sole Member, the Members of the Obligated Group, the Series 2026CD Project, and/or any guarantor, and including the audited consolidated balance sheets of the Sole Member at June 30, 2025 and June 30, 2024 and the related consolidated statements of income and consolidated statements of cash flows for the years ended June 30, 2025 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.

(m) The Sole Member'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; the Sole Member has not and will not 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; the Sole Member has not operated, and will not 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 Sole Member's activities has acquired or received, nor will such Persons be allowed to acquire or receive, directly or indirectly, any of the Sole Member'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 Sole Member'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; the Sole Member has not devoted and will not 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 the Sole Member has not taken any action, nor knows of any action that any other Person has taken, nor knows of the existence of any condition that would cause the Sole Member to lose its exemption from federal income taxation under Section 501(c)(3) of the Code or cause interest on the Bonds to be includable in the income of the recipients thereof for federal income tax purposes. As long as the Bonds are Outstanding, the Sole Member will not take, permit to be taken, fail to take, or permit to fail to be taken, any action that would cause the interest on the Bonds to become includable in the gross income of the owners of the Bonds for federal income tax purposes.

(n) The Borrower will not use (or permit the use of) any proceeds of the Bonds, or any income from the investment thereof or any property financed or refinanced with such proceeds or income, in any trade or business carried on by any Person that is not an Exempt Person or in any unrelated trade or business, as defined in Section 513(a) of the Code, of an Exempt Person or permit the direct or indirect loan of any such proceeds, income, or property to any Person other than an Exempt Person or to any Person that is an Exempt

Person for use in an unrelated trade or business, as defined in Section 513(a) of the Code, if the amount of such proceeds, income, or property so used or loaned or portions thereof so used in the aggregate, when added to the cost of issuance financed directly or indirectly with the Bond proceeds, exceeds 5% of the proceeds of the Bonds.

(o) Except as provided in the Bond 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 and shall not 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 Bonds.

(p) The Borrower has made and shall continue to make all required contributions to all employee benefit plans, if any, and Borrower has no knowledge of any material liability which has been incurred by the Borrower and 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.

(q) The Borrower has no known material contingent liabilities, and has no material financial obligation 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 obligations incurred in connection with the ownership and operation of the Series 2026CD Facility and other charter school facilities incurred in the ordinary course of business.

(r) The Borrower has not entered into any 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. The Borrower does not intend to, and does not believe 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).

(s) 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.

(t) The Borrower reasonably believes that the Gross 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.

(u) The Borrower has not applied for the Authority's assistance in financing the Loan for the purpose of covering any long term budget deficit or shortfall in operating funding of the Borrower or any of the other Member of the Obligated Group.

(v) All representations, warranties and certifications made by the Lessee or the Borrower in connection with the delivery of the Bonds on the Closing Date, including, but not limited to, those

representations, warranties and certifications contained in any certificate or agreement concerning the status of the interest on the Bonds as tax exempt executed by the Borrower, are true, correct, and complete in all material respects as of the Closing Date.

(w) The Borrower has and will have title to or a leasehold estate in the Series 2026CD Facility sufficient to carry out the purposes of the Loan Agreement and Series 2026CD Lease.

(x) The Borrower is a "participating party" as defined in the Act, and the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of the Series 2026CD Project is a "project" as defined in the Act. The Borrower shall use the Loan to finance or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of the Series 2026CD Project.

(y) The Borrower does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(z) 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 Series 2026CD Project and will be acquired, constructed, expanded, remodeled, renovated, improved, furnished, equipped and/or installed (as applicable) and the Series 2026CD Facility will be operated pursuant to and in accordance with such certificates, approvals, permits and authorizations.

(aa) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing and refinancing of the Series 2026CD Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing and refinancing to which the Borrower is a party or of which it is a beneficiary, including the Bond 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 Bond Indenture or otherwise relied on the Authority for any advice.

(bb) The Series 2026CD Project and the Series 2026CD Facility are not in violation of any federal, state or local Environmental Regulations. Neither the Borrower nor the Series 2026CD Facility is the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

Loan Financing; Loan Repayments; Indemnification; Construction Draws

Agreement to Issue Bonds and Application of Bond Proceeds.

To fund the Loan and for the other purposes set forth in the Bond Indenture, the Authority, concurrently with the execution of the Loan Agreement, will issue, sell and deliver the Bonds and direct the proceeds thereof to be deposited with the Bond Trustee and applied as provided in the Bond Indenture. The Borrower pursuant to the Loan Agreement agrees that the proceeds of the Bonds will be applied solely in accordance with the Bond Indenture.

The Borrower pursuant to the Loan Agreement approves the terms and provisions of the Bond Indenture and, to the extent applicable, agrees to be bound by such terms.

The Borrower agrees that, except as otherwise provided in the Loan Agreement, so long as any Bond remains Outstanding, Obligation No. 2 will be issuable only as a single obligation without coupons, registered as to principal and interest in the name of the Bond Trustee, and no transfer of Obligation No. 2 will be registered under the Master Indenture or be recognized by the Borrower except for transfers to a successor Bond Trustee. Upon the principal of Obligation No. 2 being declared immediately due and payable,

Obligation No. 2 may be transferred if and to the extent that the Bond Trustee requests that the aforementioned restrictions on transfers of the Loan Agreement be terminated.

The Loan; Loan Repayments; Intercept; Additional Payments.

(a) *The Loan*. The Authority agrees, upon the terms and conditions therein specified, to loan to the Borrower that portion of the proceeds received by the Authority from the sale of the Bonds by causing such proceeds to be deposited with the Bond Trustee for disposition as provided in the Bond Indenture. The obligation of the Authority to make the Loan is limited solely to such sale proceeds of the Bonds received by the Authority and will be deemed fully discharged upon the deposit of the proceeds of the Bonds with the Bond Trustee pursuant thereto.

(b) *Loan Repayments*. In consideration of the issuance of the Bonds by the Authority and the loan of the proceeds thereof to the Borrower, the Borrower agrees that, on or before the 25th day of each month and as long as any of the Bonds remain Outstanding, it will pay to the Bond Trustee for deposit in the Revenue Fund such amount as is required by the Bond Trustee to make the transfers and deposits required on such date by the Bond Indenture. Notwithstanding the foregoing, if five business days prior to any interest or principal payment date with respect to the Bonds, 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 Bonds then becoming due (whether by maturity, redemption or acceleration), the Borrower will promptly provide written notice to each Member and forthwith pay (or cause to be paid) the amount of any such deficiency (which, in the event there is more than one Member of the Obligated Group, such deficiency will be made up by the various Members of the Obligated Group as set forth in the Master Indenture of Trust) to the Bond Trustee. Each payment by the Borrower to the Bond Trustee under the Loan Agreement (the "Loan Repayments") will be in lawful money of the United States of America and paid to the Bond Trustee at its designated corporate trust office and held, invested, disbursed and applied as provided in the Bond Indenture. Notwithstanding anything to the contrary in the Loan Agreement, the Borrower will instruct the Lessee to pay any shortfall in Base Rent directly to the Bond Trustee for deposit in the Revenue Fund.

The Borrower will pay, or cause to be paid, the Loan Repayments from the Gross Revenues, including the Rental Payments, or from any other legally available funds of the Borrower, without any further notice thereof except as may be specifically required by the Loan Agreement. The Loan Repayments payable by the Borrower under the Loan Agreement are expected to be equal in the aggregate to an amount which, together with other funds in the Revenue Fund then available for the payment of principal and interest on the Bonds, will be sufficient to provide for the payment in full of the interest on, premium, if any, and principal of the Bonds as the same become due and payable.

(c) *Intercept.* Simultaneously with the execution and delivery of the Bonds, the Borrower will cause the Lessee to deliver an Intercept Notice to the State Controller. For so long as the Bonds are outstanding, the Borrower shall cause the Lessee to maintain in effect an Intercept Notice specifying transfers to the Bond Trustee necessary to pay the amounts due under the Loan Agreement and other costs necessary or incidental to the financing pursuant to the Act relating to the Bonds, as the same become due, and to cure any delinquency in payment of such amounts.

Not later than the fifteenth (15th) calendar day of any month in which a payment is scheduled, the Lessee may revise any Intercept Notice and cause such revision to be delivered to the State Controller from time to time as necessary or appropriate (including without limitation as a result of redemption prior to maturity) to specify transfers to the Bond Trustee necessary to pay the amounts due under the Loan Agreement and other costs necessary or incidental to the financing pursuant to the Act relating to the Bonds, as the same become due, and to cure any delinquency in payment of such amounts. The Borrower will, and will cause the Lessee to, cooperate with the Bond Trustee in any manner the Bond Trustee may request (but has no duty to request) in connection with revising an Intercept Notice. If at any time an Intercept Notice is revised for any reason, the Borrower will cause the Lessee to promptly provide to the Authority, the Department of Education

and the Bond Trustee a copy of such revised Intercept Notice. An Intercept Notice may provide additional amounts payable to the Bond Trustee for purposes set forth in the Bond Indenture; provided the Lessee will not grant preference or any prior right of funding access or security in respect of any payment indicated in the Intercept Notice or any other notice delivered pursuant to Section 17199.4 of the Education Code or any successor provision.

All deposits of moneys derived from any Intercept will be made at the corporate trust office of the Bond Trustee set forth in each Intercept Notice. The Borrower will cause the Lessee to timely revise the Intercept Notices to require transfers to such other location as may be designated in writing by the Bond Trustee.

Additional Payments. In addition to the Loan Repayments, the Borrower will also pay to the Authority or to the Bond Trustee, or to the appropriate payee, as the case may be, "Additional Payments," as follows:

(i) All taxes and assessments of any type or character charged to the Authority or to the Bond Trustee affecting the amount available to the Authority or the Bond Trustee from payments to be received under the Loan Agreement 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 Bond Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Bond 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 Bond Trustee;

(ii) All reasonable fees, charges and expenses of the Bond Trustee for services rendered under the Bond Indenture and all amounts referred to in Section 8.03(f) of the Bond Indenture, as and when the same become due and payable;

(iii) All reasonable fees, charges and expenses of the Master Trustee for services rendered under the Master Indenture and all amounts referred to in Section 5.05 of the Master Indenture, as and when the same become due and payable;

(iv) The fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Loan Agreement, the other Borrower Documents or the Bond Indenture;

(v) All fees and expenses of any Rating Agency, including any Surveillance Fee (if any), and the Rebate Analyst, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to the Bond Indenture, the amount of such deposit, which shall be deposited in the Rebate Fund not later than the tenth day of the calendar month immediately following the date on which such calculation was made pursuant to the Bond Indenture;

(vi) All amounts necessary for deposit into the Repair and Replacement Fund pursuant to the Bond Indenture;

(vii) The annual fee of the Authority and the fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection

with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving the Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture or any of the other documents contemplated thereby, or in connection with the supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Loan Agreement and the other Borrower Documents; and

(viii) The amount necessary to replenish any fund established under the Bond Indenture, but only to the extent then required under Section 5.02 of the Bond Indenture.

All such payments shall be made by the Borrower from the Gross Revenues or other legally available funds for payment to the Person or Persons entitled to such payments or for deposit to the appropriate fund or account held by the Bond Trustee under the Bond Indenture.

Failure to Make Payments.

In the event the Borrower shall fail to deposit, or fail to cause to be deposited, with the Bond 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 from such Gross Revenues shall continue to be an obligation under the Loan Agreement of the Borrower until the amount in default shall have been fully paid.

Obligations of Borrower Unconditional.

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 Bonds and the making of the Loan to the Borrower in the Loan Agreement, or otherwise as a result of the transactions contemplated by the Borrower Documents or the Bond Indenture.

Subject to the provisions of the following paragraph, the obligation of the Borrower to make the payments as required in the Loan Agreement, and to perform and observe any and all of the other covenants and agreements on its part contained herein, 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, with the exception of any Intercept Payments received, which shall be credited against any amounts due. The Borrower shall not: (1) suspend, discontinue, or abate any payment required by the Loan Agreement (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 Bonds, the Bond 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.

Notwithstanding anything herein to the contrary, the liability of the Borrower or any of its Affiliates under the Loan Agreement to any person or entity, including, but not limited to, the Bond Trustee or the Authority and their respective successors and assigns, is limited to the Gross Revenues and the amounts held in the funds and accounts created under the Bond Indenture (except the Rebate Fund) or under the Loan Agreement, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of the Loan Agreement or any other agreement securing the obligations of the Borrower with respect to the Loan or the Bonds.

The Authority covenants that it shall not take recourse against the Borrower or any of its Affiliates with respect to the failure by the Borrower or any of its Affiliates to make any payment under the Loan Agreement or the Bonds except recourse to the Gross Revenues and the amounts held in the funds and

accounts created under the Bond Indenture (except the Rebate Fund) or under the Loan Agreement, or to such other security as may from time to time be given for the payment of obligations arising out of the Loan Agreement or any other agreement securing the obligations of the Borrower with respect to the Loan or the Bonds.

Costs of Issuance and Other Expenses.

In addition to the payments required to be paid by the Borrower under the Loan Agreement, the Borrower agrees that it will pay from the proceeds of the Bonds or Gross Revenues or other legally available funds of the Borrower, all Costs of Issuance of the Bonds. 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 or the Bond Indenture.

The Borrower acknowledges that certain provisions of the Bond Indenture set forth Administrative Fees and Expenses of the Bond Trustee as the amount of annual compensation and reimbursement payable from funds held under the Bond Indenture to the Bond Trustee. In the event that the Bond 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 Bond Indenture, the Borrower agrees to compensate and reimburse the Bond Trustee from Gross Revenues or other funds of the Borrower, for Administrative Fees and Expenses and for any extraordinary fees and expenses, which compensation to the Bond 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, the State Treasurer and the Bond 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 Bond Trustee, without negligence) and arising out of or in connection with the Borrower Documents, the Bonds or the Bond Indenture. These obligations and those in the following paragraph shall remain valid and in effect notwithstanding repayment of the Loan under the Loan Agreement or the Bonds or termination of the Loan Agreement or the Bond Indenture or resignation or removal of the Bond Trustee.

Indemnification.

To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Authority, the State Treasurer, the Bond Trustee, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, attorneys' fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Bond Indenture, the Borrower Documents or the Tax Certificate or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Borrower or the Lessee or any of their agents, contractors, servants, employees or licensees in connection with the Loan, the Series 2026CD Facility, the 2026CD Project or the 2026CD Lease, the operation of the Series 2026CD Facility or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Series 2026CD Facility, including the 2026CD Project, or any part thereof;

(iii) any lien or charge upon payments by the Borrower or the Lessee to the Authority or the Bond Trustee, as the case may be, under the Loan Agreement or under the 2026CD Lease, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Bond Trustee in respect of any portion of Series 2026CD or the Series 2026CD Facility;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances at, on or under the Series 2026CD Facility or any part thereof;

(v) any defeasance or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or any failure to timely file any continuing disclosure document in connection with the Bonds required by any undertaking or by any applicable law, rule or regulation;

(vii) any declaration that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes, or allegations that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes or any regulatory audit or inquiry regarding whether interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; and

(viii) the Bond Trustee's acceptance or administration of the trust of the Bond Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Bond 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 the State Treasurer 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, or in the case of the Authority or the State Treasurer or any of its officers, members, directors, employees, attorneys and agents, such Indemnified Party engages the Attorney General of the State as separate 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 Loan Agreement shall survive the final payment or defeasance of the Bonds and in the case of the Bond Trustee any resignation or removal. The provisions of this section shall survive the termination of the Loan Agreement.

Construction Draws.

The Borrower may draw the amounts from the Project Fund for construction advances subject to the requirements of the Bond Indenture and the Loan Agreement, upon submission to the Bond Trustee of a Requisition of the Borrower (which includes an acknowledgment by the Lessee), pursuant to the Bond Indenture. Upon the final disbursement from the Project Fund, an Authorized Representative of the Borrower, on behalf of the Borrower, shall provide a Certificate of the Borrower certifying the same to the Authority and the Bond Trustee. In the event the moneys in the Project Fund should be insufficient to pay the costs of the 2026CD Project in full, the Borrower agrees to pay directly, or to deposit in the Project Fund moneys sufficient to pay, any costs of completing the 2026CD Project in excess of the moneys available for such purpose in such Project Fund. The Authority makes no express or implied warranty that the moneys deposited in the Project Fund and available for payment of the 2026CD Project costs under the provisions of the Loan Agreement, will be sufficient to pay all the amounts which may be incurred for such 2026CD Project costs. The Borrower agrees that if, after exhaustion of the moneys in the Project Fund, the Borrower should pay, or deposit moneys in the Project Fund for the payment of, any portion of the Series 2026CD Project costs pursuant to the provisions of this section, it shall not be entitled to any reimbursement therefor from the Authority, the Bond Trustee or the Holders of any of the Bonds, nor shall it be entitled to any diminution of the amounts payable under the Loan Agreement. Upon Completion of the 2026CD Project, the Borrower shall file with the Bond Trustee and the Authority the Completion Certificate with respect to the 2026CD Project pursuant to the Bond Indenture.

Additional Covenants and Agreements of Borrower

Inspection of Books.

The Authority and the Bond Trustee shall have the right, but not obligation, upon reasonable notice, during business hours, to inspect the facilities, to examine and audit any and all of the Borrower's records or accounts pertaining to the Loan, the 2026CD Lease, the Bond Indenture, the Intercept 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 Bond Trustee, their agents, employees or attorneys, the Borrower shall furnish to the Authority and the Bond 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.

Within sixty days of the Authority's request, which request is to be made on or about July 1 of each year (commencing January 1, 2027), the Borrower shall provide information to the Authority needed for the Authority to comply with the reporting requirements contained in California Government Code Section 8855(k)(1). This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

Notice.

Promptly following obtaining knowledge of an Event of Default under any Borrower Document, the Borrower hereby agrees to provide to the Bond 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).

Reports and Budgets.

The Borrower shall, within 60 days after the end of each quarter, provide to the Bond Trustee a copy of the unaudited quarterly financial statements of the Sole Member on a consolidated basis, together with a certificate signed by an Authorized Representative of the Borrower stating whether any Event of Default (or any event that with the giving of notice or passage of time would constitute an Event of Default) has occurred and is continuing under the Loan Agreement as of the date of such certificate.

Reliance.

The Borrower 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 Bonds and in the exemption from federal income taxation of the interest on the Tax-Exempt Bonds including, without limitation, the Bond Trustee for the benefit of the Owners of the Bonds. In performing its duties and obligations under the Loan Agreement, the Bond 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 Bond Trustee, in its name or as assignee of the Authority, may, for and on behalf of the Bondholders, enforce all rights of the Authority which have been assigned to and are held by the Bond 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 Bond 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 Bond Trustee under the Loan Agreement 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 Bond 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 Bond Trustee by the Borrower with respect to the occurrence or absence of a default.

Tax Covenants.

It is the intention of the Borrower that interest on the Tax-Exempt Bonds shall be and remain excluded from the gross income of the Beneficial Owners thereof for federal income tax purposes, and to that end the covenants and agreements of the Borrower in this Section and in the Tax Certificate are for the benefit of the Bond Trustee on behalf of and for each and every Beneficial Owner of the Tax-Exempt Bonds.

The Borrower covenants and agrees that it will not use or permit the use of any of the funds provided by the Authority under the Loan Agreement or any other funds of the Borrower, directly or indirectly, or direct the Bond Trustee to invest any funds held by it under the Loan Agreement or under the Bond Indenture, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Tax-Exempt Bonds that would, or take or omit to take any other action that would cause any Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time under the Bond Indenture.

In the event that at any time the Borrower is of the opinion or becomes otherwise aware, including from the Lessee, that for purposes of this Section or the tax covenants within the Bond Indenture it is necessary to restrict or to limit the yield on the investment of any moneys held by the Bond Trustee under the Bond Indenture, the Borrower shall determine the limitations and so instruct the Bond Trustee in writing and cause the Bond Trustee to comply with those limitations under the Bond Indenture. The Borrower will take such

action or actions as may be reasonably necessary in the opinion of Bond Counsel, or of which it otherwise becomes aware, to comply fully with Section 148 of the Code.

The Borrower shall not, pursuant to an arrangement, formal or informal, purchase Tax-Exempt Bonds in an amount related to the amount of the Loan, except as otherwise permitted under the Bond Indenture.

To maintain the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal income purposes and to assure compliance with the laws of the State, the Borrower agrees that it shall, concurrently with or before the execution and delivery of the Tax-Exempt Bonds, execute and deliver the Tax Certificate, and shall comply with every term of the Tax Certificate. The Borrower covenants with the Authority, for the benefit of the Owners of the Tax-Exempt Bonds from time to time outstanding, that so long as any Tax-Exempt Bonds remain Outstanding, moneys on deposit in any fund, or account in connection with the Tax-Exempt Bonds, whether or not such moneys were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other sources, and moneys pledged directly or indirectly to the payment or for the securing of the Tax-Exempt Bonds, will not be used by or for the Borrower in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower expressly recognizes that, to the extent required by Section 148 of the Code, "proceeds" of the Tax-Exempt Bonds (including investment proceeds and "replacement" proceeds) may be required to be invested at a yield not exceeding the yield on the Bonds to comply with this Section. In furtherance of the covenant in this Section, the Borrower agrees that it will not direct any investments or reinvestments that would contravene either the investment representations made by the Authority in the Tax Certificate or any investment directions provided by the Authority and deemed reasonably necessary in the opinion of Bond Counsel to preserve the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes.

The Borrower acknowledges that the Internal Revenue Service mandates certain filing requirements with respect to post-issuance tax compliance, private use and/or unrelated trade or business use, including the proper method for computing whether any such use has occurred under Section 145 of the Code. The Borrower covenants that it will undertake to determine (or have determined on its behalf) the information required to be reported on the IRS Form 990 (Schedule K) Supplemental Information on Bonds on an annual basis and will undertake to comply with the aforementioned filing requirements and any related requirements that may be applicable to the Tax-Exempt Bonds (collectively, the "Post-Issuance Requirements"). Further, the Borrower covenants that it has adopted, or, if not, will promptly adopt, management practices and procedures to ensure the Borrower complies with the Post-Issuance Requirements with respect to the Tax-Exempt Bonds. The Borrower initially has designated [Trevor Johnson, Acting Assistant Superintendent, Business], to be responsible for providing certain post-issuance tax compliance services that may be required from time to time with respect to the Tax-Exempt Bonds.

In the event of any conflict between the terms of the Loan Agreement and the requirements of the Tax Certificate, the Tax Certificate shall control.

Notwithstanding any other provision of the Loan Agreement, the sole membership of the Borrower may be transferred as permitted under the Master Indenture.

Continuing Disclosure.

The Borrower 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 Bond 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 Bond 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 Bond 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.

Facilities Consultant Report.

No later than April 1, 2031, and each fifth anniversary thereafter, the Borrower shall engage an Independent Facilities Consultant who shall, within 60 days of each engagement, provide to the Borrower (copies of which shall be provided to the Bond Trustee and the Master Trustee) (i) a Facilities Consultant Report and (ii) recommendations as to any required change in the Repair and Replacement Fund Requirement to provide for the proper maintenance and upkeep of the Series 2026CD Facility. Within fourteen Business Days of its receipt of the Facilities Consultant Report, the Borrower shall either (i) accept the recommendations of the initial Independent Facilities Consultant or (ii) engage and immediately accept the recommendations (which shall be made within 60 days of such engagement) of a different Independent Facilities Consultant in the event the recommendations outlined in the initial Facilities Consultant Report are deemed by the Borrower to be unreasonable or inconsistent with the applicable school's operation and maintenance practices.

Prohibited Uses.

No portion of the proceeds of the Bonds shall be used to finance or refinance 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 and the Lessee) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code. The Borrower shall not make or allow any changes to the 2026CD Project, or to the operation thereof, that would affect the eligibility of the 2026CD Project under the Act or impair the exemption from federal income taxation of the interest on the Bonds.

Defaults and Remedies

Events of Default.

Any one of the following which occurs and continues will constitute an Event of Default under the Loan Agreement:

(a) failure by the Borrower to pay or cause to be paid the Loan Repayments when due; or

(b) 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 10 Business Days following the giving of written notice thereof to the Borrower; or

(c) 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 as referred to in the Loan Agreement, and other than as provided in subparagraph (d) below) after the Borrower will have been given 60 days' written notice specifying such default and requesting it be remedied, unless the Bond Trustee will have consented to an extension beyond such 60-day period, which extension will not exceed 90 days; provided that the Borrower,

Landlord or a Member of the Obligated Group will have commenced cure and be diligently pursuing cure thereof in good faith; or

(d) voluntary initiation by the Borrower or any Member of the Obligated Group 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 or any Member of the Obligated Group of any such proceeding that will remain undismissed for 60 calendar days, or failure by the Borrower or any Member of the Obligated Group to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower or any Member of the Obligated Group to carry on its operations, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower or any Member of the Obligated Group into an agreement of composition with creditors or the failure generally by the Borrower or any Member of the Obligated Group to pay its debts as they become due;

(e) occurrence and continuance of an "Event of Default" under the Bond Indenture or any of the Borrower Documents, provided, however, that an Event of Default under the Bond Indenture arising solely from the actions or inactions of the Authority or the Bond Trustee will not be an Event of Default under the Loan Agreement; or

(f) 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 in accordance with the provisions described above under the caption "Events of Default" and at any time thereafter during the continuance of such Event of Default, the Bond Trustee, subject to the Bond Trustee's right and protections under the Bond Indenture, may take one or more or any combination of the following remedial steps:

(i) By written notice to the Borrower, declare the unpaid indebtedness on the Bonds and all amounts then due and payable under the Loan Agreement, whether by acceleration of maturity or otherwise, to be immediately due and payable, whereupon the same will become immediately due and payable; and

(ii) 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 or the Landlord under the Loan Agreement, the Bonds or any other Borrower Document.

Any amounts collected pursuant to action taken by the Bond Trustee under the Loan Agreement will be applied in accordance with provisions of the Bond Indenture. Notwithstanding anything therein 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 Bonds.

(b) If the Bond Trustee will have proceeded to enforce the rights of the Authority under the Loan Agreement and such proceedings will have been discontinued or abandoned for any reason or will have been determined adversely to the Bond Trustee or the Authority, then the Borrower, the Bond Trustee and the Authority will be restored respectively to their several positions and rights under the Loan Agreement, and all rights, remedies and powers of the Borrower, the Authority and the Bond Trustee will 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 Bond Trustee will 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 Bond Trustee and 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. To entitle the Bond Trustee or the Authority to exercise any remedy reserved to it under the heading "Events of Default and Remedies" herein, 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 Bond Trustee on behalf of the Holders of the Bonds, who shall be entitled to the benefit of all covenants and agreements contained in the Loan Agreement.

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 Bond 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 Authority and the Bond Trustee all reasonable fees and disbursements of such Persons and their respective agents (including attorneys' fees and expenses) that are reasonably connected therewith or incidental thereto, except with respect to the Bond Trustee and the Authority, such payment obligation shall be reduced to the extent such fees and disbursements are paid to the Bond Trustee and the Authority from money available therefor under the Bond Indenture.

Miscellaneous

Amendments; Modifications in Writing.

Except as otherwise provided in the Loan Agreement or the Bond Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Bond Indenture, the Loan Agreement may be effectively amended, changed, modified, altered or terminated only as permitted under the Bond Indenture, by written instrument executed by the parties to the Loan Agreement. The Authority agrees pursuant to the Loan Agreement that it will not consent to an amendment of the Bond 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 Bonds, except from certain Payments. 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 Bonds. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or the Bond Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

The Borrower hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower to the Bond Trustee pursuant to the Loan Agreement, together with other amounts received by the Bond Trustee pursuant to the Bond Indenture and investment income on certain funds and accounts held by the Bond Trustee under the Bond Indenture, and hereby agrees that if such amounts shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bond 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 Bond Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Bond Trustee, the Authority or any such third party, as the case may be, therefor.

Waiver of Personal Liability.

No member, officer, agent or employee of the Borrower, any Member, or the Lessee or of the Authority shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds 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.

Authority's Performance.

None of the provisions of the Loan Agreement shall require the Authority to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Loan Agreement, unless payable from the Payments pledged under the Bond Indenture, or the Authority shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Authority shall not be under any obligation under the Loan Agreement to perform any administrative service with respect to the Bonds and the Series 2026CD Facility (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Bond Trustee or the Borrower.

APPENDIX D

SUMMARY OF THE SERIES 2026CD LEASE

The following is a brief summary of each of the Lease. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Lease.

DEFINITIONS

Unless otherwise defined below, all capitalized terms used in this Appendix D shall have the meanings ascribed to such terms in the forepart of this Limited Offering Memorandum. Unless otherwise noted, these provisions apply to the Lease. As used in this Appendix D, the following capitalized terms shall have the following meanings:

"*Bond Trustee*" means the Trustee (as defined in the forepart of this Limited Offering Memorandum).

"Condemnation" means if the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power.

"Fair Market Base Rent" shall mean the fair market rent of comparable premises (including square footage, location and quality of the Premises) to the Premises subject to the terms and provisions of the Lease, including without limitation Tenant's obligation to pay the Additional Rent (if any) and Expenses, and shall apply if the Loan is no longer outstanding, and means the Base Rent component of Rent for the Extension Term (or so much thereof during which the Loan is not outstanding), which shall be the "*Fair Market Base Rent*" determined in accordance with the Lease.

"Landlord" means Orange Springs Facilities II LLC, a California limited liability company.

"Lease" means that certain Lease Agreement dated as of October 1, 2026, between the Landlord and the Tenant.

"Lease Commencement Date" means the date of the funding of the Loan.

"*Schools"* means Orange Springs Charter School and Citrus Springs Charter School, which both operates under separate county-wide benefit charters issued to Tenant by the Orange County Board of Education.

"Tenant" means Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation in its capacity as operator of and holder of the charter for the School.

PROVISIONS RELATED TO EACH OF THE LEASES

Tenant shall lease the Premises, as defined in the Lease, from the Landlord pursuant to the Lease.

The Premises. The *"Premises"* consist of Landlord's interest in all of the land and all of the current and future buildings and improvements, on the parcel of real property commonly referred to as 3401 N. Harbor Blvd., Fullerton, in the County of Orange, California.

Term. The term of the Lease shall be for approximately forty (40) years commencing on October 1, 2026, and ending on July 1, 2066 (the "Initial Term"), or such other later date if Tenant exercises any of the Extension Options described in the Lease (such date, as it may be extended, the "Expiration Date").

Extension Options. Tenant shall have three (3) six-year options to extend the Initial Term for the Lease (such extension terms collectively, the "Extension Term" and, collectively with the Initial Term, the *"Term"*) on the terms and conditions, and at the Rent, set forth in the Lease.

RENT DEFINED

Subject to the terms of the Lease, "Rent" is defined as and shall consist of the sum of (i) Base Rent, (ii) Additional Rent, (iii) Extraordinary Rent; and (iv) Expenses (all as defined below), together with all other monetary obligations of Tenant to Landlord or to third parties arising under the terms of the Lease.

BASE RENT

So long as the Loan is outstanding, Base Rent under the Lease shall be payable in accordance with the schedule set forth in Exhibit B attached to the Lease, subject to downward adjustment in the event of any defeasance of all or a portion of the Bonds or prepayment of all or a portion of the Loan. In the event of defeasance of all of the Bonds prior to the Expiration Date of the Lease such that no Bonds remain outstanding and prepayment of all of the Loan prior to the Expiration Date and without termination of the Lease, commencing on the first day of the first calendar month following such defeasance or full prepayment, the Base Rent of the Lease shall be revised to be the Fair Market Base Rent determined in accordance with the Lease.

ADDITIONAL RENT

Tenant shall be responsible for the payment of Additional Rent. Additional Rent shall be paid to the Landlord on demand or, if such Additional Rent is ongoing and can be calculated on a periodic basis, on a monthly basis pursuant to a written schedule from time to time delivered by the Landlord. The amount projected as Additional Rent during the Term of the Lease is as set forth on Exhibit B to the Lease. Additional Rent shall consist of the following:

(a) All amounts required to reimburse the Landlord, or satisfy the Landlord's obligations, for any fees, expenses, taxes, indemnities, assessments or other payments that the Landlord is obligated to pay under the terms of the Bond Documents, including, but not limited to any such amounts payable pursuant to the Loan Agreement.

(b) Any other amounts required to be paid by the Landlord in order for the Landlord to meet its obligations under the Bond Documents on a full and timely basis.

EXTRAORDINARY RENT

In the event that the Tenant under the Lease receives a notice (an "Extraordinary Monthly Rent Notice") from either the Landlord under such lease (the "Lessor") or the Bond Trustee stating that the Bond Trustee has not received the payment of Rent or Loan Repayment with respect to a Related Project on or before that date that such required payment is due, then Tenant shall pay the Extraordinary Monthly Rent to the Bond Trustee within three (3) business days after such Tenant's receipt of the Extraordinary Monthly Rent Notice. The Lessor shall covenant in such Lease to immediately provide the Lessee with a copy of any Extraordinary Monthly Rent Notice received by Lessor pursuant to the terms of the Master Indenture.

EXPENSES

Tenant shall be responsible for all Expenses, which Tenant shall pay directly to the providers of any of the items comprising Expenses prior to delinquency, or shall pay to or reimburse the Landlord within thirty (30) days after receiving a statement from Landlord itemizing (with reasonable description) all charges included thereon.

"Expenses" shall mean and include all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Premises, as determined by standard accounting practices, including, by way of illustration only, and not by way of limitation, to the extent they apply to the Facilities, the aggregate of the "Maintenance Expenses" and the "General Expenses" set forth below:

(a) "Maintenance Expenses" means all costs of maintaining and repairing the Facilities, the parking area, athletic fields and other portions of the Facilities, deferred maintenance, installing or extending service systems and other built-in equipment, and improving the Facilities, including without limitation all of the following:

(i) all maintenance, replacement and repair costs of air conditioning, heating and ventilation equipment and systems, elevators, if any, landscaping, service areas, parking lots, athletic fields, building exteriors (including painting), signs and directories, repairing and replacing roofs, walls, structural compliments of the Facilities, and cost of compliance with applicable laws (including any required upgrades or retrofitting);

(ii) supplies, materials, labor, equipment, and utilities used in or related to the repair and maintenance of the Facilities and such common areas; and

(iii) Capital improvements made to the Facilities (whether funded in full or amortized with reasonable financing charges) which may be required by any government authority or which will improve the operating efficiency of the Facilities. If applicable, amounts payable under any ground lease that are similar in nature to the foregoing.

(b) "General Expenses" means all of the following, to the extent not included in Maintenance Expenses:

(i) gross receipts taxes, whether assessed against Borrower or assessed against Lessee and collected by Borrower;

(ii) water, sewage, and waste or refuse removal charges;

(iii) gas, electricity, telephone and other utilities;

(iv) the cost of monthly or annual contracts for systems or services such as alarm systems, security systems, internet services, janitorial services or landscaping services;

(v) all janitorial, cleaning, landscaping, sweeping and repair services relating to the Facilities;

(vi) the costs of signs and directories;

(vii) the cost of compliance with applicable laws;

(viii) reasonable costs incurred by Borrower for operating expenses, including the day-to-day management, if any, including the cost of management personnel, if any, together with any of Borrower's administrative expenses such as state filings, preparation of tax returns or notices, and all taxes, charges, or fees in connection therewith to the extent related to the Facilities;

(ix) Real Property Taxes (as defined in the Lease) and personal property taxes, if any;

(x) amounts required to be paid as deductibles in connection with any insurance required under the Loan Agreement;

(xi) any other costs or expenses incurred by Landlord under the Lease.

(xii) If applicable, amounts payable under any Ground Lease that are the responsibility of the Landlord and not otherwise paid pursuant to any other provisions of this subsection.

PAYMENT

All Rent required to be paid in monthly installments under the Lease shall be paid in advance on the twentieth (20th) day of the calendar month immediately preceding the month with respect to which such Base Rent or Additional Rent is due. All Rent shall be paid in lawful money of the United States, without any abatement, deduction or offset whatsoever (except as specifically provided in the Lease), and without any prior demand therefore.

All Base Rent and Additional Rent shall be paid to the Bond Trustee for deposit in the Revenue Fund (as that term is defined in the Bond Documents), and at such address as the Bond Trustee notifies Tenant, or at such other place as the Landlord may designate from time to time, with the approval of the Bond Trustee as long as Landlord has any obligations pursuant to the terms of the Bond Documents.

Notwithstanding the foregoing, Tenant shall receive a credit for Rent owed to Landlord to the extent the Bond Trustee receives monies on behalf of Tenant under the Intercept. Rent for any period during the Term of the Lease which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Subject to the terms of the Bond Documents, and so long as any of the Bonds or the Loan remains outstanding, Tenant shall, through the Intercept, cause the State Controller to transfer the State Apportionment attributable to the Schools to the Collateral Agent for transfer to the Bond Trustee for deposit in the Revenue Fund (as defined in the Indenture). Landlord shall have the right, but not the obligation, to collect and impound, in advance, any or all components of Expenses or other Rent based upon Landlord's reasonable estimate of Tenant's future liability for such amounts for any calendar year or other period selected by Landlord. At the end of the calendar year or other period with respect to which any such estimate was prepared, Landlord shall reconcile Tenant's actual obligation for such component of Expenses or other Rent and the estimated amounts previously paid by Tenant.

USE

In addition to any other restrictions on Tenant's use of the Premises described in the Lease, the Property shall be used by Tenant for the Schools described in the Lease, for any related and ancillary school and educational purposes, any related administrative purposes, and any related incidental legal uses. Notwithstanding the foregoing, Tenant shall use and occupy the Premises only for "educational facilities" as defined in Section 17173(f) of the Education Code of the State of California in order to operate a charter school that is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Code Section 501(c)(3) and that qualifies

as an "educational organization" as described under Code Section 170(b)(1)(A)(ii); provided that Tenant shall not rent the Premises as residential rental property to others, or permit any subtenant to rent the Premises as residential rental property to others. Tenant acknowledges and agrees that it shall comply with the terms of that certain Tax Certificate Agreement between Tenant and the Authority in connection with the use of the Premises, and that no portion of the Premises shall be used for sectarian instruction or study or as a place for devotional activities or religious worship.

MAINTENANCE; REPAIRS

Tenant Fully Responsible. During the Term, except in cases of damage or destruction due to casualty loss, or in the event of Condemnation, all repair, maintenance, restoration, retrofitting, construction or reconstruction with respect to the Improvements shall be the sole responsibility of Tenant, and Landlord shall have no duty to undertake any such repair, maintenance, restoration, retrofitting, construction or reconstruction, or to pay any costs of the same, except as contemplated by the Bond Documents. Provided, however, that Landlord shall provide Tenant access to the moneys in the Repair and Replacement Fund, and to any moneys in the Insurance and Condemnation Proceeds Fund to the extent necessary or appropriate to pay the costs of or to reimburse Tenant for its obligations under the Lease, in accordance with the terms and provisions of the Indenture related to the Repair and Replacement Fund and the Insurance and Condemnation Proceeds Fund.

Compliance With Applicable Requirements. Except as otherwise provided in the Lease, Tenant shall, at Tenant's sole expense, fully, diligently and in a timely manner, materially comply with all applicable building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances (the "Applicable Requirements"), the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Landlord's engineers and/or consultants which relate in any manner to such Applicable Requirements, without regard to whether such Applicable Requirements are now in effect or become effective after the Lease Commencement Date. Tenant shall, within ten (10) days after receipt of Landlord's written request, provide Landlord with copies of all permits and other documents, and other information evidencing Tenant's compliance with any Applicable Requirements specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Tenant or the Premises to comply with any Applicable Requirements.

Liens. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Tenant shall give Landlord and the Bond Trustee not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Landlord shall have the right to post notices of non-responsibility. If Tenant shall contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend and protect itself, Landlord, Bond Trustee and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof.

INSURANCE

Liability. Tenant shall keep in force such liability insurance policies in such amounts as required in the Bond Documents. The premium for such insurance shall be paid by Tenant and shall be deemed an "Expense" under the Lease.

Premises. Tenant shall obtain and keep in force a policy or policies of property insurance in the name, and for the benefit, of Landlord, with loss payable to Landlord, to the Bond Trustee while the Loan is outstanding, and to any other lender, insuring loss or damage to the Premises. The amount of such

insurance shall be as set forth in the Bond Documents. The premium for such insurance shall be paid by Tenant and shall be deemed an "Expense" under the Lease.

Rental Interruption. Tenant shall also obtain and keep in force, for the benefit of Landlord, rental interruption insurance insuring Landlord for the amounts of Base Rent arising from an interruption of the payment of the Base Rent, Additional Rent and Expenses otherwise payable by Tenant to Landlord under the Lease covering a period of at least 12 months. The limits of such insurance shall be based upon the highest monthly amount of Base Rent and Additional Rent shown on Exhibit B, as revised from time to time. The premium for such insurance shall be paid by Tenant and shall be deemed an "Expense" under the Lease.

Indemnity. Except for Landlord's negligence or willful misconduct, Tenant shall indemnify, protect, defend and hold harmless the Premises, Landlord, the Authority, the Bond Trustee, the Authority and their agents, partners, members, directors, and officers, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Tenant. If any action or proceeding is brought against Landlord, the Authority, or the Bond Trustee by reason of any of the foregoing matters, Tenant shall upon notice defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord, the Authority, or the Bond Trustee, and Landlord, the Authority and the Bond Trustee, shall cooperate with Tenant in such defense

DAMAGE OR DESTRUCTION

(a) Definitions

(i) "Damage" shall mean damage or destruction to the improvements on the Premises from fire or other casualty.

ii) "Insured Loss" shall mean Damage that was caused by an event required to be covered by the insurance described in the Lease, irrespective of any deductible amounts or coverage limits involved.

(b) Damage. Subject to the terms of the Bond Documents, Landlord shall be entitled to any and all insurance proceeds that are available as a result of any Insured Loss, and Landlord may at its election proceed to reconstruct the Improvements subject to such Damage to their condition existing immediately prior to the Damage, utilizing available insurance proceeds and any amounts voluntarily contributed by Landlord in its sole discretion. If Landlord elects not to undertake such restoration, Tenant may (i) if such damage is material, terminate the Lease by providing written notice to Landlord, Bond Trustee, and Authority, within 30 days after receipt by Tenant of Landlord's notice of its election not to undertake such restoration, or (ii) require Landlord to restore and rebuild the Premises, so long as the following conditions are met:

(i) The amount of insurance proceeds that are available for restoration, plus any funds that may have been deposited by Tenant, are sufficient to restore and rebuild the Premises to their character, condition and utility immediately prior to the casualty (or to such other condition as Tenant reasonably demonstrates will generate sufficient revenue for Tenant to meet its obligation to pay all Rent thereafter accruing);

(ii) The amount of available proceeds of rental interruption insurance plus any funds deposited by Tenant equals an amount determined by Landlord to be sufficient to pay the Rent

accruing during the period between the date of such casualty and the date the restoration or rebuilding is substantially completed.

(iii) The restoration or rebuilding is estimated by Landlord to be completed at least twelve (12) months prior to the maturity date of the Bonds.

(iv) In lieu of making any deposit of funds as described above, Tenant shall have the right to provide other assurances of the payment of restoration costs and Rent acceptable to Landlord in its sole discretion with consent of the Bond Trustee, such as a letter of credit

(c) Damage—Uninsured Loss. If Damage that is not an Insured Loss occurs, (a) Tenant shall repair such damage as soon as reasonably possible at Tenant's expense, and the Lease shall continue in full force and effect.

ASSIGNMENT AND SUBLETTING

By Tenant. Tenant shall not sublease, assign, mortgage, pledge, hypothecate or encumber the Lease or any of Tenant's interest under the Lease without the prior written consent of Landlord (which shall not be unreasonably withheld). Tenant acknowledges that, pursuant to the Bond Documents, Landlord may be required to obtain the Authority's and the Bond Trustee's approval to a sublease, assignment or other transfer of Tenant's interest in the Lease and that Landlord's disapproval shall be deemed reasonable if based on any such disapproval by the Authority or the Bond Trustee. Tenant acknowledges that the financing of the Premises through the Bonds may restrict the assignees which could be approved by Landlord. In addition, Tenant shall not sublease, assign, mortgage, pledge, hypothecate, or encumber this Lease unless it receives an Opinion of Bond Counsel confirming that such action will not cause the use or operation of the Premises to be not in conjunction with a charter school under the Act.

By Landlord. Tenant acknowledges that Landlord's interest in the Premises are subject to a deed of trust and assignment of rents in favor of the Bond Trustee and that the Lease and all rights of Landlord under the Lease are assigned to the Bond Trustee as security for the Loan, and Tenant consents to the foregoing. The Lease is subordinate to the Deed of Trust without any requirement for non-disturbance.

DEFAULT; EVENT OF DEFAULT

A "*Default"* is defined as a failure by Tenant to comply with or perform any of the terms, covenants or other obligations of Tenant under the Lease. An "Event of Default" is defined as the occurrence of one or more of the following Defaults, and the failure of Tenant to cure such Default within any applicable grace period:

(a) The abandonment of the Premises.

(b) The failure of Tenant to make any payment of Rent required to be made by Tenant under the Lease within five (5) days of its due date, whether to Landlord or to a third party, when due, to provide reasonable evidence of insurance or surety bond required under the Lease, or to fulfill any obligation under the Lease that endangers or threatens life or property.

(c) Any material representation or warranty made in the Lease, or in any report, certificate, financial statement, or instrument furnished in connection with the Lease, proves to have been false or misleading when made, in any material respect, and is not promptly corrected.

(d) Tenant violates or fails to observe or perform any covenant contained in Exhibit C of the Lease, and fails to cure the same within any notice or grace period contained in Exhibit C of the Lease.

(e) A Default by Tenant as to the terms, covenants, conditions or provisions of the Lease, other than those described in subparagraphs (a) through (e) above, where such Default continues for a period of thirty (30) days after written notice; provided, however, that if the nature of Tenant's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion, provided such default is cured within 90 days.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within 90 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where possession is not restored to Tenant within sixty (60) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where such seizure is not discharged within sixty (60) days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The probation, nonrenewal, termination or revocation of the Charter of any Obligated Group School after waiver or exhaustion of any right to appeal; provided that any form of probation shall have a one year period to cure.

REMEDIES

Upon the occurrence of any Event of Default, Landlord may, with the consent of the Bond Trustee, or shall at the direction of the Bond Trustee, with or without further notice or demand, and without limiting Landlord in the exercise of any right or remedy that Landlord may have by reason of such Event of Default:

(c) Terminate Tenant's right to possession of the Premises by any lawful means, in which case the Lease shall terminate and Tenant shall immediately surrender possession to Landlord. In such event Landlord shall be entitled to recover from Tenant: (i) the unpaid Rent that had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent that would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or that in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees of Landlord, the Bond Trustee, and the Authority, and that portion of any leasing commission paid by Landlord in connection with the Lease applicable to the unexpired term of the Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Landlord to mitigate damages caused by Tenant's Event of Default of the Lease shall not waive Landlord's right to recover damages under the Lease. If termination of the

Lease is obtained through the provisional remedy of unlawful detainer, Landlord shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Landlord may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under the Lease was not previously given, a notice to pay Rent or quit, or to perform or quit given to Tenant under the unlawful detainer statute shall also constitute the notice required by the Lease. In such case, the applicable grace period required by the Lease and the unlawful detainer statute shall run concurrently, and the failure of Tenant to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and an Event of Default under the Lease entitling Landlord to the remedies provided for in the Lease and/or by said statute.

(b) Continue the Lease and Tenant's right to possession and recover the Rent as it becomes due. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect Landlord's interests, shall not constitute a termination of Tenant's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of the Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under the Lease, including under any indemnity provisions of the Lease as to matters occurring or accruing during the term of the Lease or by reason of Tenant's occupancy of the Premises.

DEFAULT INTEREST

Any monetary payment due Landlord under the Lease not received by Landlord when due as to scheduled payments (such as Base Rent) or within thirty (30) days following the date on which it was due for non-scheduled payments, shall bear interest computed at the rate of 10% per annum (but not in excess of the maximum rate allowed by law) ("Default Interest Rate") from the date when due as to scheduled payments, or the 31st day after it was due as to non-scheduled payments. Such interest shall be payable in addition to any late charges or default rate due under the Bonds, to the extent Tenant is liable for the payment thereof.

AMENDMENTS

Subject to the terms of the Bond Documents, the Lease may be modified only in writing, signed by the Parties in interest at the time of the modification and only with the consent of the Bond Trustee, if any of its obligations are adversely affected thereby. As long as they do not materially change Tenant's obligations under the Lease, Tenant agrees to make such reasonable non-monetary modifications to the Lease as may be reasonably required by a lender in connection with the obtaining of normal financing or refinancing of the Premises.

PLEDGE AND SECURITY AGREEMENT

To secure the payment and performance of Lessee's obligations under the Lease, the Tenant shall pledge and grant to the Landlord a lien on and security interest in Gross School Revenues, subject only to Permitted Liens. From time to time, Lessee may own or hold funds or other assets subject to a statutory, regulatory, grantor-imposed or donor-imposed restriction on use that prohibits the use of such funds or assets to satisfy the obligations of Lessee under the Lease and/or prohibits the encumbrance of such funds or assets to secure such obligations. The foregoing pledge and grant of security interest shall not encumber, attach to, or transfer, and the holder of any claims of Landlord under the Lease shall have no recourse under the Lease to, any funds or assets of Lessee to the extent that any transfer of such funds or assets to or for the benefit of such holder would violate any such restriction on the use of such funds or assets.

SOURCE OF RENT PAYMENTS

Notwithstanding anything in the Lease to the contrary, Tenant's obligation to pay the Rent and the other monetary payments provided for in the Lease to any person, including the Landlord, the Authority, or the Bond Trustee, and their respective successors and assigns, shall be limited to, and shall not exceed, the Gross School Revenues, if any, and under no circumstances shall Tenant be required to advance any moneys derived from any source of income other than, or pay Rent or any other monetary obligation under the Lease that is in excess of, the Gross School Revenues, nor shall any other funds or property of Tenant be liable for the payment of Rent or any other monetary obligation under the Lease, and such persons shall look exclusively thereto for satisfaction of any claims hereunder. Landlord covenants that Landlord shall not take recourse against Tenant with respect to the failure by Tenant to make any payment under the Lease except recourse to the Gross School Revenues.

Nothing contained in the Lease shall be construed to release Landlord from the performance of any of the agreements on its part herein contained, and in the event Landlord shall fail to perform any such agreements on its part, Tenant may institute such action against Landlord as Tenant may deem necessary to compel performance so long as such action does not abrogate the obligations of Tenant contained in the first sentence of the preceding paragraph. Tenant may, however, at Tenant's own cost and expense and in Tenant's own name or in the name of Landlord prosecute or defend any action or proceeding or take any other action involving third persons which Tenant deems reasonably necessary in order to secure or protect Tenant's right of possession, occupancy and use hereunder, and in such event Landlord hereby agrees to cooperate fully with Tenant and to take such action necessary to effect the substitution of Tenant for Landlord in such action or proceeding if Tenant shall so request.

FINANCIAL AND OPERATING COVENANTS - EXHIBIT C TO THE LEASE

Pursuant to Exhibit C to the Lease, Tenant agrees to comply with the financial covenants and reporting obligations described in the portions of the forepart of this Limited Offering Memorandum entitled THE LEASE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of October 1, 2026, is executed and delivered by and between Orange Springs Facilities II LLC, a California limited liability company (the "Borrower"), Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation (the "Lessee") and U.S. Bank Trust Company, National Association, as dissemination agent (the "Dissemination Agent") in connection with the issuance by the California School Finance Authority (the "Authority") of its (i) Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C (the "Series 2026C Bonds") and (ii) Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable) (the "Series 2026D Bonds" and together with the Series 2026C Bonds, the "Bonds"). The Bonds are being issued pursuant to an Indenture dated as of October 1, 2026 (the "Bond Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement dated as of October 1, 2026 (the "Loan Agreement"). Pursuant to the Loan Agreement, the Borrower has covenanted and agreed to provide the continuing disclosure of certain financial information and operating data and 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 and the Lessee for the benefit of the Registered Owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered Registered Owners of the Bonds) and to assist Stifel, Nicolaus & Company, Incorporated (the "Participating Underwriter"), in complying with the Rule.

Section 2. Defined Terms. In addition to the definitions set forth in the Bond Indenture, the Lease (as herein defined) 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:

"Annual Report" shall mean any Annual Report provided by the Lessee pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Authority" means the California School Finance 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bonds" means the Series 2026C Bonds and the Series 2026D Bonds.

"Borrower" means Orange Springs Facilities II LLC, a California limited liability company.

"Disclosure Representative" shall mean the chief executive officer of the Lessee or such other officer, agent or employee as the Lessee 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 Lessee pursuant to Section 5 of this Disclosure Agreement.

"Bond Indenture" means the Indenture, dated as of October 1, 2026, between the Authority and the Trustee.

"*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 Lessee ending June 30 of each year; provided, however, the Lessee, 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.

"Lease" means that certain Lease Agreement, dated as of October 1, 2026, by and between the Lessee, as tenant, and the Borrower, as landlord.

"Limited Offering Memorandum" means the Limited Offering Memorandum dated October __, 2026, relating to the Bonds.

"Master Trust Indenture" means that certain Master Indenture of Trust, dated as of April 1, 2026, by and between the Orange Springs Facilities LLC, as the representative of the Obligated Group and as the initial Member of the Obligated Group, the Members, and U.S. Bank Trust Company, National Association, as Master Trustee thereunder.

"Member" shall have the meaning ascribed thereto in the Master Trust Indenture; as of the date hereof, as of the date hereof, the only Members are the Obligated Group Representative and the Borrower.

"MSRB" means the Municipal Securities Rulemaking Board, located at 1300 I Street NW, Suite 1000, Washington, DC 20005, its successors and assigns.

"Operations Report" means the financial information and operating data required to be transferred by the Lessee to the Dissemination Agent pursuant to the Section 3(a)(3) of this Disclosure Agreement.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Bonds, its successors and assigns.

"Quarterly Report" means the financial information and operating data required to be transferred by the Lessee to the Dissemination Agent pursuant to the Section 3(a)(2) of this Disclosure Agreement.

"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.

"Schools" shall mean Orange Springs Charter School and Citrus Springs Charter School, each operated by the Lessee.

"SEC" means the Securities and Exchange Commission, its successors and assigns.

"Series 2026C Bonds" means the Authority's Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C.

"Series 2026D Bonds" means the Authority's Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable).

"Trustee" means U.S. Bank Trust Company, National Association, its successors and assigns.

Section 3. Provision of Annual Reports.

(a) The Lessee shall provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than 180 days after the end of the Lessee's Fiscal Year, commencing with the Fiscal Year ending June 30, 2026, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Lessee (and any information determined from the audited financial statement) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Lessee's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Borrower hereby agrees to provide to the Lessee any information required from the Borrower for the Annual Report. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify Bonds by name and CUSIP number, if available.

(b) The Lessee shall be responsible for the preparation of the Annual Report. Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Lessee shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Lessee to determine if the Lessee is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Annual Report to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 4. Content of Annual Reports.

(a) The Annual Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) The audited financial statements of the Lessee and the School, and to extent the financial operations of the School and/or the Borrower are not accounted for in the audited financial statements of the Lessee, the audited financial statements of the School and/or the Borrower, prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available; provided that the audited financial statements of each such party may be submitted separately from the balance of the Annual Report and later than the date required for the filing of the Annual Report if they are not available by that date. In such case, they will be filed within 10 business days of receipt thereof by such party.

(ii) An Executed Certificate for Annual Filing of Certain Financial and Operating Covenants completed substantially in the form attached hereto as Exhibit A.

(b) Any or all of the items listed above may be included by specific reference to other documents, including any official statement or prospectus of debt issues for the benefit of the School or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Lessee shall clearly identify each such other document so included by reference. The Lessee and the Borrower are solely responsible for the content and format of the Annual Report, and the Dissemination Agent shall have no liability or responsibility for content, format, accuracy or completeness of such Annual Report.

(c) If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Lessee is to include in the next Disclosure Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Lessee shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Bonds, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

(iv) unless described in Section 5(b)(vii) below, other material notices or determinations with respect to the tax exempt status of Series 2026C Bonds or other events affecting the tax exempt status of Series 2026C Bonds;

(v) release, substitution or sale of property securing repayment of Bonds;

(vi) the consummation of a merger, consolidation or acquisition involving any Member or the Lessee or the sale of all or substantially all of the assets of any Member or the Lessee (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 Lessee or any Member, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Lessee or any Member, any of which affect security holders.

(b) Pursuant to the provisions of this Section 5, the Lessee shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Bonds:

(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 Series 2026C Bonds, 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 Lessee or any Member, any of which reflect financial difficulties; and

(x) bankruptcy, insolvency, receivership or a similar proceeding by the Lessee or any Member.

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 Lessee or either of 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 Lessee or 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 Lessee or the Borrower.

(c) Upon the occurrence of a Listed Event specified in Section 5(a), the Lessee 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 Lessee 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 Lessee 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 Lessee 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 copies to the Participating Underwriter and the Authority in a timely manner not in excess of ten business days after the occurrence of the event.

(f) The Borrower hereby agree to provide to the Lessee notice of any events specified in this Section 5 of which it has actual notice within five (5) days of receipt of such notice by the Borrower.

Section 6. Provision of Quarterly Reports.

(a) the Lessee agrees to provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than 60 days after the end of each of the Lessee's fiscal quarters, commencing with the fiscal quarter ending December 31, 2026, a Quarterly Report which is consistent with the requirements of Section 7 of this Disclosure Agreement. The Quarterly Report may be submitted as a single document or as separate documents constituting a package, and may include by reference other information as provided in Section 7 of this Disclosure Agreement. The Borrower hereby agree to provide to the Lessee any information required from the Borrower for the Quarterly Reports.

(b) The Lessee shall be responsible for the preparation of the Quarterly Report. Not later than five (5) business days prior to the date specified in subsection (a) for providing the Quarterly Report to the MSRB, the Lessee agrees to provide the Quarterly Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Quarterly Report, the Dissemination Agent shall contact the Lessee to determine if the Lessee is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Quarterly Report to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 7. Content of Quarterly Reports.

(a) The Lessee's Quarterly Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) For the Obligated Group, the Officer Certificate executed in connection with any addition or withdrawal of a Member pursuant to Sections 3.11 and 3.12, respectively, of the Master Trust Indenture, if applicable.

(ii) The unaudited financial statements and operating data for the previous fiscal quarter of the type and in the format provided in audited financial statements of the School for the prior Fiscal Year.

(iii) For the School, enrollment data by grade for the previous fiscal quarter.

(iv) For the final fiscal quarter of each Fiscal Year, a copy of the School's budget for the subsequent Fiscal Year.

(v) A year-to-date comparison of the revenues and expenditures in the unaudited financial statements to the annual budget for the School.

(vi) Recommendations of any consultant received in accordance with the Master Trust Indenture during such fiscal quarter.

(vii) Notice of any threatened termination of any license, charter or other official approval or accreditation which is material to the activities of the Lessee or any School, or of the commencement of any litigation or other governmental or judicial proceeding in which an outcome adverse to the Lessee could result in a judgment in excess of available insurance coverage or otherwise have a material adverse effect on the operations or financial condition of the Lessee, and any other event which reasonably could be expected to have a material adverse effect on the operations or financial condition of the Lessee.

(viii) Management discussion of any significant variance between budgeted and actual revenues and expenditures during the previous fiscal quarter.

(ix) Any change in Key Management Personnel for the Lessee's Executive Team as shown on page A-__ of Appendix A to the Limited Offering Memorandum.

(b) Any or all of the items listed in subsection (a) above may be included by specific reference to other documents, including any official statement or prospectus of debt issues for the benefit of the Lessee or related public entities, which have been submitted to each of the MSRB. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. the Lessee shall clearly identify each such other document so included by reference. The Lessee is solely responsible for the content and format of the Quarterly Report, and the Dissemination Agent shall have no liability or responsibility for content, format, accuracy or completeness of such Quarterly Report.

Section 8. 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 9. Termination of Reporting Obligation. The obligations of the Lessee, 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 Bonds. If such termination occurs prior to the final maturity of Bonds, the Lessee shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) hereof.

Section 10. Annual Conference Calls. The Lessee shall schedule annual conference calls (following the end of the 2025-26 School Year) for Beneficial Owners to be held during normal business hours (for both prevailing Eastern Time and prevailing Pacific Time), and shall provide the Dissemination Agent and the Participating Underwriter with a notice of date and time for such call and contact telephone information. The Dissemination Agent shall transmit such notice to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 11. Failure to File. If the Lessee does not provide to the Dissemination Agent a copy of an Annual Report or a Quarterly Report by the applicable dates required in Section 3(a) or Section 6(a) above, the Dissemination Agent in a timely manner shall send a notice to the Borrower, the Lessee and the Participating Underwriter in substantially the form attached as Exhibit B. If the Borrower or the Lessee files any report directly with MSRB, the Borrower or the Lessee shall promptly provide the Dissemination Agent with a confirmation or documentation reasonably required by the Dissemination Agent confirming that the filing of such report was made in a timely manner on or before the date required herein (or if not as of such date, specifying the date of filing) and that such filing contained the information required by this Disclosure Agreement. If the Borrower or the Lessee do not promptly provide such confirmation to the Dissemination Agent that the filing of such report was made in a timely manner on or before the date required therein, the Dissemination Agent shall, in a timely manner, transmit a notice of failure to file in substantially the form attached as Exhibit B to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 12. Dissemination Agent. The Lessee may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Lessee pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Lessee 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 Lessee.

Section 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Lessee, 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 Sections 3(a), 4, or 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 Bonds, 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 Bonds, 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 Bonds in the same manner as provided in the Bond Indenture for amendments to the Bond Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel or another party unaffiliated with the Lessee, materially impair the interests of the Holders or Beneficial Owners of Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Lessee shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Lessee. In addition, 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 14. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Lessee from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Lessee chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Lessee shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 15. Default. In the event of a failure of the Lessee, 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 Bonds then outstanding and upon being indemnified to its satisfaction therefor, shall, or the Participating Underwriter or any Holder of Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Lessee 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 Bonds, the Bond Indenture, or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Lessee 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 Lessee to comply with its obligations under this Dissemination Agreement other than those specifically set forth in Section 3 hereof.

Section 16. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations of the Dissemination Agent shall arise in this Disclosure Agreement. The Lessee and the Borrower agree jointly and severally 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 Lessee under this Section shall survive resignation or removal of the Dissemination Agent, termination of this Disclosure Agreement and payment of Bonds. The Dissemination Agent shall have no liability for the Lessee's failure to report any event or any financial information or operating data as to which the Lessee 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 Lessee 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 Annual Reports or 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 Lessee. The Lessee shall not be liable for the fees and expenses of any such counsel consulted by the Dissemination Agent without the prior consent of the Lessee. The Dissemination Agent shall not be bound to make any investigation into the facts or matters stated in and Annual Report or description of a Listed Event. To the extent not otherwise provided in this Disclosure Agreement, the Dissemination Agent shall be entitled to discharge its obligation hereunder in like manner as specified in the Bond Indenture for the discharge of the obligations of the Trustee thereunder.

Section 17. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Lessee or the Borrower:
Citrus Springs Charter School, Inc.
Attn: Assistant Superintendent, Business
27740 Jefferson Avenue
Temecula, California 92590

To Dissemination Agent:
U.S. Bank Trust Company, National Association
Attn: Global Corporate Trust Services
633 W. Fifth Street, 24th Floor
Los Angeles, CA 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, CA 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 18. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Lessee, the Dissemination Agent, the Participating Underwriter, the Trustee and Holders and Beneficial Owners from time to time of Bonds, and shall create no rights in any other person or entity, except that the Authority is a third-party beneficiary for purpose of notice of Listed Events under section 5(e).

Section 19. Fees and Expenses. Except to the extent limited by Section 15 hereof, the Dissemination Agent shall be entitled to payment and reimbursement from the Lessee for its services rendered hereunder and all rightful advances and other expenses reasonably made or incurred by the Dissemination Agent.

Section 20. 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 21. 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 22. 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 23. Other Instruments. The Lessee 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 24. 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 25. 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.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Dissemination Agent

By: _____
Its: Authorized Officer

ORANGE SPRINGS FACILITIES II LLC, a California limited liability company

By: _____
[Name]
[Title]

CITRUS SPRINGS CHARTER SCHOOL, INC., a California nonprofit public benefit corporation

By: _____
[Name]
[Title]

EXHIBIT A

FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN FINANCIAL AND OPERATING COVENANTS

Name of Issuer:	California School Finance Authority
Name of Bond Issue:	California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C and Series 2026D (Taxable)
Dissemination Agent:	U.S. Bank Trust Company, National Association
Name of Borrower:	Orange Springs Facilities II LLC
Date of Issuance:	October __, 2026

The undersigned authorized representative of Citrus Springs Charter School, Inc. (the "Lessee"), is providing to the Dissemination Agent the following operational information as required under Section 4 of the Continuing Disclosure Agreement, dated as of October 1, 2026 (the "Disclosure Agreement"), between the Dissemination Agent, the Borrower and the Lessee. The Disclosure Agreement requires that this information be provided to the Dissemination Agent within 180 days of the end of each fiscal year. Defined terms used in this certificate and not defined herein shall have the meaning granted to such terms in the Disclosure Agreement or, if not defined therein, in the Master Trust Indenture. The information contained below is unaudited.

1. The undersigned is familiar with the provisions of the Lease, and based on such review and familiarity, the Lessee has fulfilled all of its obligations thereunder throughout Fiscal Year preceding the date hereof, and there have been no Defaults or Events of Default under the Lease (or, if there has been a Default or Event of Default in the fulfillment of any such obligation in such Fiscal Year, attached hereto as Appendix I is additional information specifying each such Default or Event of Default known to the undersigned and the nature and status thereof and the actions taken or being taken to correct such Default or Event of Default).

2. All insurance required by the Lease is in full force and effect as of the date hereof.

3. Obligated Group – Financial Covenants (To be completed for Fiscal Years ending June 30, 2026, and thereafter.) As of June 30, 20__:

(a) The Debt Service Coverage Ratio pursuant to Section 3.07 of the Master Indenture for the Fiscal Year ended June 30, 20__ was ___x.

4. Individual School Tenants – Financial Covenants As of June 30, 20__:

(a) The Consolidated Days Cash on Hand for the Obligated Group for the Fiscal Year ended June 30, 20__ was ___ days, which [does/does not] comply with the liquidity covenant in the Lease. (This financial covenant calculation only needs to be calculated once among the Obligated Group Financed Schools.) (To be completed by the Lessee for Fiscal Years ending June 30, 2026 and thereafter.)

(b) The Consolidated Payment Obligations Coverage Ratio was ___x which [does/does not] comply with the Consolidated Payment Obligations Coverage Ratio covenant in the Lease. (To be completed by the Lessee for Fiscal Years ending June 30, 2027 and thereafter.)

5. The following information with respect to the School:

(a) Enrollment by grade (actual for prior and projected for two following years).

(b) Average daily attendance and % of unduplicated EL/LI student enrollment.

(c) Student retention (prior year).

(d) Teacher Retention (prior year).

(e) Waitlist by grade.

(f) The State's Smarter Balanced Assessment Consortium results (prior year), indicating for each English language arts and literacy ("ELA/L") and mathematics ("Math") the aggregate percentages of students meeting or exceeding the State's standards.

This certificate is being provided by the Lessee to the Dissemination Agent on a date which is [within][outside] of 180 days from the end of its prior fiscal year.

Dated: _____

CITRUS SPRINGS CHARTER SCHOOL, INC., a California nonprofit public benefit corporation

_____

By: [Name]
Its: [Title]

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL OR QUARTERLY REPORT

Name of Issuer:	California School Finance Authority
Name of Bond Issue:	California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C and Series 2026D (Taxable)
Dissemination Agent:	U.S. Bank Trust Company, National Association
Name of Borrower:	Orange Springs Facilities II LLC
Date of Issuance:	October __, 2026

NOTICE IS HEREBY GIVEN that Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation (the "Lessee") has not provided an [Annual Report][Quarterly Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of October 1, 2026, between the undersigned Dissemination Agent, the Borrower and the Lessee. The Lessee anticipates that the [Annual Report] [Quarterly Report] will be filed by _____.

Dated: _____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Dissemination Agent

By_____
Authorized Signatory

cc: Stifel, Nicolaus & Company, Incorporated

APPENDIX F

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of each Series of Bonds, each in the aggregate principal amount of that maturity of Bonds, 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believe to be reliable, but neither the Authority nor the Borrower take responsibility for the accuracy thereof.

APPENDIX G

FORMS OF OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Authority, proposes to deliver its final approving opinion with respect to the Tax-Exempt Bonds in substantially the following form:

[Closing Date]

California School Finance Authority
Los Angeles, California

$_____
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(Orange Springs Obligated Group)
SERIES 2026C

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings relating to the issuance by the California School Finance Authority (the "Authority") of California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C (the "Bonds"). The Bonds are issued pursuant to the provisions of Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act"), an indenture, dated as of October 1, 2026 (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 January 29, 2026. The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to Orange Springs Facilities II LLC, a California limited liability company (the "Borrower"), pursuant to a Loan Agreement, dated as of October 1, 2026 (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 Bond Counsel to the Authority, 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 Master Indenture of Trust (the "Master Indenture"), dated as of April 1, 2026, by and among Orange Springs Facilities LLC, as representative of the Obligated Group and as the initial Member of the Obligated Group, the Members, and U.S. Bank Trust Company, National Association, as master trustee thereunder (the "Master Trustee"), (iv) the Supplemental Master Indenture for Obligation No. 2 (the "Supplemental Master Indenture"), dated as of October 1, 2026, by and between Orange Springs Facilities LLC, as representative of the Obligated Group, and the Master Trustee, (v) Obligation No. 2, issued pursuant to the Master Indenture and the Supplemental Master Indenture, (vi) those certain Lease Agreements, each dated as of October 1, 2026 (collectively, the "Lease"), by and between the Borrower and Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation (the "Lessee"), (vii) the Tax Certificate relating to the Bonds, dated October __, 2026, (viii) the Limited Offering Memorandum, dated September__, 2026 (the "Limited Offering Memorandum"), (ix) the Bond Purchase Agreement concerning the Bonds, dated October __, 2026, (the "Purchase Agreement"), by and among the Authority, the Treasurer of the State of California, as agent for sale on behalf of the Authority, the Borrower, the Lessee, and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), (x) letters, certificates and opinions of counsel to the Authority, the Borrower, Lessee, the Trustee and others delivered pursuant to the Purchase Agreement, and (xi) such other laws,

documents, certifications, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinions of Young, Minney & Corr LLP, counsel to the Borrower and the Lessee, regarding, among other matters, the status of the Borrower as a disregarded entity for federal income tax purposes, the sole member of which is the Lessee, and the current qualification of the Lessee as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). We note that such opinions are subject to a number of qualifications and limitations. We have also relied upon representations of the Borrower and the Lessee regarding the use of the facilities financed with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Borrower and Lessee within the meaning of Section 513 of the Code. Failure of the Lessee to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed facilities in activities that are considered unrelated trade or business activities of the Lessee or Borrower within the meaning of Section 513 of the Code, may result in interest (and original issue discount) on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

We have assumed, but have not independently verified, that the signatures on all documents, letters, opinions and certificates that 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, the Master Indenture, the Supplemental Master Indenture, the Lease, the Intercept Notice, the Tax Certificate 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 Bonds 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 Bonds 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 Bonds, of the Payments (except Payments with respect to the Intercept Notice) and any other amounts (excluding proceeds of the sale of the Bonds) held by the Trustee in the funds and accounts established pursuant to the Indenture (except the Rebate 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 Bonds, of the right, title and interest of the Authority in the Loan Agreement (to the extent more particularly described in the Indenture).

3. The Bonds 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 Bonds 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, assuming compliance by the Authority, the Borrower and the Lessee with certain covenants of the Indenture, the Loan Agreement, the Tax Certificate and other documents pertaining to the Bonds and certain requirements of the Code, regarding the organization and operation of the Borrower and the Lessee, the use, expenditure and investment of Bond proceeds and the timely payment of certain investment earnings to the United States Treasury, interest (and original issue discount) on the Bonds is excluded from gross income of the owners of the Bonds for purposes of federal income taxation and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Code, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. Furthermore, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. We can give no opinion or assurance about the future activities of the Borrower or the Lessee, or about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure to comply with the covenants and requirements described above or failure of the Borrower or Lessee to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of status as an organization described in Section 501(c)(3) of the Code may cause interest (and original issue discount) on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

7. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less than (under certain circumstances) the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

We express no opinion regarding other federal or state income tax consequences caused by ownership of, or the receipt of interest on, the Bonds.

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 Bonds 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 (and original issue discount) on the Bonds from gross income of the owners of the Bonds 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 Bonds 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, the Master Indenture, the Supplemental Master Indenture, the Lease, the Intercept Notice, the Tax Certificate and the Bonds 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 Bonds and express no opinion with respect thereto.

Respectfully submitted,

Upon the delivery of the Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Authority, proposes to deliver its final approving opinion with respect to the Taxable Bonds in substantially the following form:

[Closing Date]

California School Finance Authority
Los Angeles, California

$_____
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(Orange Springs Obligated Group)
SERIES 2026D (TAXABLE)

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings relating to the issuance by the California School Finance Authority (the "Authority") of California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable) (the "Bonds"). The Bonds are issued pursuant to the provisions of Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act"), an indenture, dated as of October 1, 2026 (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 January 29, 2026. The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to Orange Springs Facilities II LLC, a California limited liability company (the "Borrower"), pursuant to a Loan Agreement, dated as of October 1, 2026 (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 Bond Counsel to the Authority, 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 Master Indenture of Trust (the "Master Indenture"), dated as of April 1, 2026, by and among Orange Springs Facilities LLC, as representative of the Obligated Group and as the initial Member of the Obligated Group, the Members, and U.S. Bank Trust Company, National Association, as master trustee thereunder (the "Master Trustee"), (iv) the Supplemental Master Indenture for Obligation No. 2 (the "Supplemental Master Indenture"), dated as of October 1, 2026, by and between Orange Springs Facilities LLC, as representative of the Obligated Group, and the Master Trustee, (v) Obligation No. 2, issued pursuant to the Master Indenture and the Supplemental Master Indenture, (vi) those certain Lease Agreements, each dated as of October 1, 2026 (collectively, the "Lease"), by and between the Borrower and Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation (the "Lessee"), (vii) the Limited Offering Memorandum, dated October __, 2026 (the "Limited Offering Memorandum"), (viii) the Bond Purchase Agreement concerning the Bonds, dated October __, 2026, (the "Purchase Agreement"), by and among the Authority, the Treasurer of the State of California, as agent for sale on behalf of the Authority, the Borrower, the Lessee, and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), (ix) letters, certificates and opinions of counsel to the Authority, the Borrower, Lessee, the Trustee and others delivered pursuant to the Purchase Agreement, and (x) 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 that 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, the Master Indenture, the Supplemental Master Indenture, the Lease and the Purchase Agreement.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof we are of the opinion that:

1. The Bonds 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 Bonds, of the Payments (except Payments with respect to the Intercept Notice) and any other amounts (excluding proceeds of the sale of the Bonds) held by the Trustee in the funds and accounts established pursuant to the Indenture (except the Rebate 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 Bonds, of the right, title and interest of the Authority in the Loan Agreement (to the extent more particularly described in the Indenture).

3. The Bonds 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 Bonds 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 Bonds 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 Bonds is exempt from State of California personal income tax.

7. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond.

8. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond, and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

Any federal tax advice contained herein with respect to the Bonds is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. The federal tax advice contained herein with respect to the Bonds was written to support the promoting and marketing of the Bonds. Before purchasing any of the Bonds, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

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 Bonds 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. Other than expressly stated herein, we express no opinion regarding other federal or state income tax consequences caused by ownership of, or the receipt of interest on, the Bonds.

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 Bonds 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, the Master Indenture, the Supplemental Master Indenture, the Lease, the Intercept Notice, and the Bonds 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 Bonds and express no opinion with respect thereto.

Respectfully submitted,

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APPENDIX H

FORMS OF INVESTOR LETTER

FORM OF INVESTOR LETTER FOR PURCHASER

The Honorable Fiona Ma
Treasurer of the State of California
915 Capitol Mall, Room 261
Sacramento, California 95814

California School Finance Authority
304 South Broadway
Los Angeles, California 90013

U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2050
Los Angeles, California 90067

Re: $_____ California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C and $_____ California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable)

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges that it is purchasing $_____ aggregate principal amount of California School Finance Authority (the "Authority") Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C (the "Series 2026C Bonds") and $_____ aggregate principal amount of California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable) (the "Series 2026D Bonds" and, together with the Series 2026C Bonds, the "Bonds"), issued pursuant to an Indenture, dated as of October 1, 2026 (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 Bond Purchase Agreement, dated October __, 2026 (the "Purchase Agreement"), among the Authority, the Treasurer of the State of California, as agent for sale on behalf of the Authority, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), and approved by Orange Springs Facilities II LLC, a California limited liability company (the "Borrower"), and Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation (the "Lessee").

The undersigned acknowledges that the Bonds are being delivered for the purpose of financing and/or refinancing the acquisition, construction, expansion, rehabilitation, renovation, furnishing and/or equipping of certain charter school facilities located in Fullerton, California (the "Project") on behalf of the Borrower, as more particularly described in the Loan Agreement, dated as of October 1, 2026 (the "Loan Agreement"), by and between the Authority and the Borrower. The undersigned further acknowledges that the Borrower will lease the charter school facility to the Lessee pursuant to those certain lease agreements (collectively, the "Lease") between the Borrower and the Lessee.

The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 2 relating to the Bonds ("Obligation No. 2") issued by the Borrower in an amount equal to the aggregate principal amount of the Bonds pursuant to a Master Indenture of Trust, dated as of April 1, 2026 (the "Master Indenture"), as supplemented by a Supplemental Master Indenture for Obligation No. 2, dated as of October 1, 2026 (the "Supplemental Master Indenture"), each by and between Orange Springs Facilities LLC, as the Obligated Group Representative, as the initial Member of the Obligated Group, the Members, and U.S. Bank Trust Company, National Association, as

master trustee (the "Master Trustee"). The Indenture, the Loan Agreement, the Lease, the Master Trust Indenture, and the Supplemental Master Indenture are referred to herein as the "Bond Documents."

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

2. The Investor is either (a) a "qualified institutional buyer" as defined in Rule 144A of the Securities Act of 1933, as amended (the "Act"), or (b) an "accredited investor" as described in paragraphs (a)(1), (2), (3), (7), (8), (9), (12), or (13) of Rule 501 of Regulation D promulgated under the Act, and therefore has sufficient knowledge and experience in financial and business matters, including in the purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

3. The Bonds are being acquired by the Investor for investment and not with a current view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate, subject to the transfer restrictions set forth in the Bonds and in the Indenture. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since a sale of the Bonds, or any portion thereof, prior to maturity may not be possible.

4. The Investor understands that the Bonds are not registered under the Act and that such registration is not legally required as of the date hereof and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will be delivered in a form which may not be readily marketable due to restrictions on transfer.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, which it has requested from the Borrower and to which a reasonable investor would attach significance in making investment decisions, which information is included in the Preliminary Limited Offering Memorandum, dated October __, 2026 (the "Preliminary Limited Offering Memorandum"), and the Limited Offering Memorandum, dated October __, 2026 (the "Limited Offering Memorandum"), and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Borrower, the Project, the Lessee, the Bond Documents and the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Bonds.

6. The Investor has received a copy of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum. The Investor acknowledges that it has not relied upon any advice, counsel, representation or information of the Authority in connection with the Investor's purchase of the Bonds.

7. The Investor acknowledges that the obligations of the Authority under the Indenture are special, limited obligations payable solely from amounts paid to the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 2 and the Authority shall not be directly or indirectly or contingently or morally obligated to use any moneys or assets of the Authority to pay any portion of the costs of the Project, the Costs of Issuance, or any other costs or expense in connection with the Project, the Costs of Issuance, the Bonds or the Bond Documents. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Authority (which has no taxing power), the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of California or any political subdivision

thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal of or interest on the Bonds and that the liability of the Authority and the State of California with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

8. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Investor is aware that the business of the Borrower and the Lessee involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds. The Investor has reviewed the documents executed in conjunction with the issuance of the Bonds, or summaries thereof, including, without limitation, the Indenture, the Master Indenture, the Supplemental Master Indenture, the Lease and the Loan Agreement.

9. The Investor acknowledges and agrees that the Authority takes no responsibility for, and makes no representation to the Investor, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Bonds in violation of the provisions hereof, or any securities law or income tax law consequences thereof. The Investor also acknowledges that, with respect to the Authority's obligations and liabilities, the Investor is solely responsible for compliance with the sales restrictions on the Bonds in connection with any subsequent transfer of the Bonds made by the Investor.

10. The Investor agrees that it is bound by and will abide by the provisions of the Indenture relating to transfer, the restrictions noted on the face of the Bonds and this Investor Letter. The Investor also covenants to comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Bonds by the Investor.

11. The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

12. The Investor hereby waives any and all claims, actions, or causes of action which the Investor may have from and after the date hereof against the Authority, counsel to the Authority, and their respective members, officers, agents, and employees, growing out of any action (other than willful misconduct) which the Authority took or could have taken in connection with the authorization, execution, delivery, and sale of the Bonds or the purchase of the Bonds by the undersigned or in connection with any statements or representations which induced the undersigned to purchase the Bonds. This waiver does not go to the Borrower, the Underwriter, Bond Counsel, the Lessee, or their counsel, their respective members, officers, agents, or employees.

The interpretation of the provisions hereof shall be governed and construed in accordance with California law without regard to principles of conflicts of laws.

Date: October __, 2026

Very truly yours,

_____
NAME OF INVESTOR
By: _____
Name: _____
Title: _____

FORM OF BONDHOLDER REPRESENTATIVE LETTER

The Honorable Fiona Ma
Treasurer of the State of California
915 Capitol Mall, Room 261
Sacramento, California 95814

California School Finance Authority
304 South Broadway
Los Angeles, California 90013

U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2050
Los Angeles, California 90067

Re: $_____ California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026C and $_____ California School Finance Authority Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026D (Taxable)

Ladies and Gentlemen:

In connection with the sale of $_____ aggregate principal amount (the "Purchased Bonds") of California School Finance Authority (the "Authority") Charter School Revenue Bonds (Orange Springs Obligated Group) Series 2026CD (the "Bonds"), issued pursuant to an indenture, dated as of October 1, 2026 (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 Bond Purchase Agreement, dated October __, 2026 (the "Purchase Agreement"), among the Authority, the Treasurer of the State of California, as agent for sale on behalf of the Authority, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), and approved by Orange Springs Facilities II LLC (the "Borrower") and Citrus Springs Charter School, Inc., a California nonprofit public benefit corporation (the "Lessee").

The undersigned acknowledges that the Bonds are being delivered for the purpose of financing and/or refinancing the acquisition, construction, expansion, rehabilitation, renovation, furnishing and/or equipping of certain charter school facilities located in Fullerton, California (the "Project") on behalf of the Borrower, as more particularly described in the Loan Agreement, dated as of October 1, 2026 (the "Loan Agreement"), by and between the Authority and the Borrower. The undersigned further acknowledges that the Borrower will lease the charter school facility to the Lessee pursuant to those certain lease agreements (collectively, the "Lease") between the Borrower and the Lessee.

The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 2 relating to the Bonds ("Obligation No. 2") issued by the Borrower in an amount equal to the aggregate principal amount of the Bonds pursuant to a Master Indenture of Trust, dated as of April 1, 2026 (the "Master Indenture"), as supplemented by a Supplemental Master Indenture for Obligation No. 2, dated as of October 1, 2026 (the "Supplemental Master Indenture"), each by and between Orange Springs Facilities LLC, as the Obligated Group Representative, the Members, and U.S. Bank Trust Company, National Association, as master trustee (the "Master Trustee"). The Indenture, the Loan Agreement, the Lease, the Master Trust Indenture, and the Supplemental Master Indenture are referred to herein as the "Bond Documents."

In connection with the sale of the Purchased Bonds, the undersigned (the "Bondholder Representative") hereby makes the following representations upon which you may rely:

1. The Bondholder Representative is a "qualified institutional buyer" as defined in Rule 144A of the Securities Act of 1933, as amended (the "Act") or a registered investment adviser as defined in the Investment Advisers Act of 1940, responsible for managing at least $1 billion in assets.

2. The Bondholder Representative has discretionary authority over the investments of its clients who will be the owners of the Purchased Bonds (the "Owners"), is the duly appointed representative of the Owners of all of the Purchased Bonds and is authorized to act on behalf of the Owners.

3. Each Owner is either a "qualified institutional buyer" as defined in Rule 144A of the Act, or an "accredited investor" as described in paragraphs (a)(1), (2), (3), (7), (8), (9), (12), or (13) of Rule 501 of Regulation D promulgated under the Act, and therefore has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the Purchased Bonds.

4. The Bondholder Representative and each Owner, understands that the Bonds are not registered under the Act and that such registration is not legally required as of the date hereof and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) may not be readily marketable due to restrictions on transfer.

5. Each Owner is acquiring its Bonds for investment and not with a current view to, or for resale in connection with, any distribution of the Bonds, and each Owner intends to hold its Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of its Bonds. However, each Owner, or the Bondholder Representative on behalf of such Owner, may sell such Owner's Bonds at any time such Owner, or the Bondholder Representative on behalf of such Owner, deems appropriate, subject to the transfer restrictions set forth in the Bonds and in the Indenture. Each Owner understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. The Bondholder Representative, on behalf of itself and each Owner, acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, which it has requested from the Borrower and to which the Bondholder Representative, on behalf of itself and each Owner, would attach significance in making investment decisions, which information is included in the Preliminary Limited Offering Memorandum, dated September __, 2026 (the "Preliminary Limited Offering Memorandum"), and the Limited Offering Memorandum, dated October __, 2026 (the "Limited Offering Memorandum"), and the Bondholder Representative, on behalf of itself and each Owner, has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Borrower, the Project, the Lessee, the Bond Documents and the Bonds and the security therefor so that, as a reasonable investor, the Bondholder Representative, on behalf of itself and each Owner, has been able to make a decision to purchase the Bonds.

7. The Bondholder Representative, on behalf of itself and each Owner, has received a copy of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum. The Bondholder Representative, on behalf of itself and each Owner, acknowledges that it has not relied upon any advice, counsel, representation or information of the Authority in connection with the Bondholder Representative's purchase, on behalf of each Owner, of the Bonds.

8. The Bondholder Representative, on behalf of itself and each Owner, acknowledges that the obligations of the Authority under the Indenture are special, limited obligations payable solely from amounts paid to the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 2 and the Authority shall not be directly or indirectly or contingently or morally obligated to use any moneys or assets of the Authority to pay any portion of the costs of the Project, the Costs of Issuance, or any other costs or expense in connection with the Project, the Costs of Issuance, the Bonds or the Bond Documents. The Bondholder Representative, on behalf of itself and each Owner, understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Authority (which has no taxing power), the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of California or any political

subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal of or interest on the Bonds and that the liability of the Authority and the State of California with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

9. The Bondholder Representative, on behalf of itself and each Owner, has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Bondholder Representative and each Owner are aware that the business of the Borrower and the Lessee involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds. The Bondholder Representative, on behalf of itself and each Owner, has also reviewed the documents executed in conjunction with the issuance of the Bonds, or summaries thereof, including, without limitation, the Indenture, the Master Indenture, the Supplemental Master Indenture, the Lease and the Loan Agreement.

10. The Bondholder Representative, on behalf of itself and each Owner, acknowledges and agrees that the Authority takes no responsibility for, and makes no representation to the Bondholder Representative or such Owner, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Bonds in violation of the provisions hereof, or any securities law or income tax law consequences thereof. The Bondholder Representative, on behalf of itself and each Owner, also acknowledges that, with respect to the Authority's obligations and liabilities, the Bondholder Representative and such Owner are solely responsible for compliance with the sales restrictions on the Bonds in connection with any subsequent transfer of the Bonds made by such Owner or by the Bondholder Representative on behalf of such Owner.

11. The Bondholder Representative, on behalf of itself and each Owner, agrees that it is bound by and will abide by the provisions of the Indenture relating to transfer, the restrictions noted on the face of the Bonds and this Investor Letter. The Bondholder Representative and each Owner will comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Purchased Bonds by such Owner, or by the Bondholder Representative on behalf of such Owner.

12. The Bondholder Representative, on behalf of itself and each Owner, acknowledges that the sale of the Bonds to such Owner is made in reliance upon the certifications, representations and warranties herein by such Owner and by the Bondholder Representative on behalf of itself and on behalf of such Owner.

13. The Bondholder Representative, on behalf of itself and each Owner, hereby waives any and all claims, actions, or causes of action which such Owner or the Bondholder Representative on behalf of such Owner may have from and after the date hereof against the State Treasurer, the Authority, counsel to the Authority, counsel to the State Treasurer and their respective members, officers, agents, and employees, growing out of any action (other than willful misconduct) which the Authority or the State Treasurer took or could have taken in connection with the authorization, execution, delivery, and sale of the Bonds or the purchase of the Bonds by the Owner or by the Bondholder Representative on behalf of such Owner or in connection with any statements or representations which induced the Owner or by the Bondholder Representative on behalf of such Owner to purchase the Bonds. This waiver does not go to the Borrower, the Underwriter, Bond Counsel, the Lessee, or their counsel, their respective members, officers, agents, or employees.

14. The interpretation of the provisions hereof shall be governed and construed in accordance with California law without regard to principles of conflicts of laws.

Date: October __, 2026

Very truly yours,

_____
NAME OF BONDHOLDER REPRESENTATIVE
By: _____
Name: _____